

STATE OF INDIANA )  
 ) SS: BEFORE THE INDIANA  
COUNTY OF MARION ) COMMISSIONER OF INSURANCE

IN THE MATTER OF: )  
 )  
**Hillstar Insurance Company** )  
**2201 4<sup>th</sup> Avenue North** )  
**Birmingham, AL 35203-3863** )

Examination of: **Hillstar Insurance Company**


**NOTICE OF ENTRY OF ORDER**

Enclosed is the Final Order entered by Stephen W. Robertson, Commissioner of the Indiana Department of Insurance, after fully considering and reviewing the Verified Report of Examination of Hillstar Insurance Company, any relevant examination work papers, and any written submissions or rebuttals. The Verified Report of Examination, as sent to you on May 31, 2018, has been adopted by the Commissioner.

Pursuant to Ind. Code § 27-1-3.1-12(b), within thirty (30) days of receipt of the Final Order, each director of Hillstar Insurance Company shall file an affidavit with the Indiana Department of Insurance stating that he/she has received a copy of the Verified Report of Examination and the Final Order.

The Final Order is a final administrative decision that may be appealed pursuant to Ind. Code § 4-21.5-5.

June 27, 2018  
Date

  
Roy Eft  
Chief Financial Examiner

**CERTIFIED MAIL NUMBER: 7005 3110 0002 4444 0090**

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**Hillstar Insurance Company** )  
**2201 4<sup>th</sup> Avenue North** )  
**Birmingham, AL 35203-3863** )

Examination of: **Hillstar Insurance Company**

### FINDINGS AND FINAL ORDER

The Indiana Department of Insurance conducted an examination into the affairs of the Hillstar Insurance Company (hereinafter “Company”) for the time period January 1, 2012 through December 31, 2016.

The Verified Report of Examination was filed with the Commissioner of the Department of Insurance (hereinafter “Commissioner”) by the Examiner on February 13, 2018.

A copy of the Verified Report of Examination, along with a Notice of Opportunity to Make Written Submission or Rebuttal, was mailed to the Company via Certified Mail on May 31, 2018 and was received by the Company on June 4, 2018.

The Company did not file any objections.


NOW THEREFORE, based on the Verified Report of Examination, I hereby make the following **FINDINGS**:

1. That the Verified Report of Examination is a true and accurate report of the financial condition and affairs of the Hillstar Insurance Company as of December 31, 2016.
2. That the Examiner’s Recommendations are reasonable and necessary in order for the Hillstar Insurance Company to comply with the laws of the State of Indiana.

Based on the FINDINGS, the Commissioner does hereby ORDER:

1. Pursuant to Ind. Code § 27-1-3.1-11(a)(1), the Verified Report of Examination is adopted and shall be filed. Hereafter the Verified Report of Examination, may constitute prima facie evidence of the facts contained therein in any action or proceeding taken by the Indiana Department of Insurance against the Company, its officers, directors, or agents.
2. The Company shall comply with the Examiner's Recommendations enumerated in summary form and throughout the text of the Verified Report of Examination. A written response to these recommendations should be provided to the Department within 30 days of receipt of this order.
3. Compliance with the Examiner's recommendations shall be completed on or before the filing of the subsequent annual statement. In the event it is not feasible to comply with a recommendation before the filing of the subsequent annual statement, the Company shall submit a written explanation as to why it was not feasible with the filing of the annual statement.

Signed this 27 day of  
June, 2018.

  
Stephen W. Robertson  
Insurance Commissioner  
Indiana Department of Insurance

**ABOUT AFFIRMATIONS**

The following pages for affirmations need to be signed by each Board Member and returned to the Indiana Department of Insurance within thirty (30) days in accordance with I.C. §27-1-3.1-12(b).

If your affirmations list individuals that are no longer on your Board of Directors, you may simply retype the form on plain white paper with the correct names and a line to the right for signature. If the names are misspelled, you may do the same, simply re-type the corrected form with a line to the right for signature.

Should you have any questions or difficulties with these forms or you require additional time past the thirty (30) day requirement, please do not hesitate to contact this department at (317) 232-2390.

*Robert W. ...*

*...*

**STATE OF INDIANA**  
**Department of Insurance**  
**REPORT OF EXAMINATION**  
**OF**  
**HILLSTAR INSURANCE COMPANY**  
NAIC Co. CODE 10068  
NAIC GROUP CODE 3495

As of

December 31, 2016

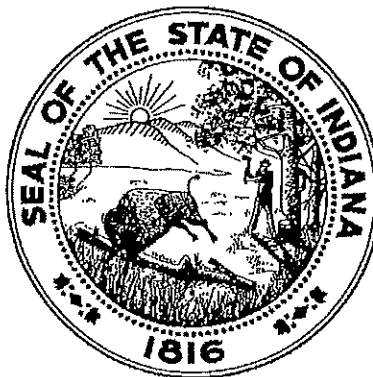


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# STATE OF INDIANA

ERIC J. HOLCOMB, GOVERNOR

## Indiana Department of Insurance

Stephen W. Robertson, Commissioner  
311 W. Washington Street, Suite 103  
Indianapolis, Indiana 46204-2787  
Telephone: 317-232-2385  
Fax: 317-232-5251  
Website: [in.gov/idoi](http://in.gov/idoi)

February 13, 2018

Honorable Stephen W. Robertson, Commissioner  
Indiana Department of Insurance  
311 West Washington Street, Suite 300  
Indianapolis, Indiana 46204-2787

Dear Commissioner:

Pursuant to the authority vested in Appointment Number 3932, an examination has been made of the affairs and financial condition of:

**Hillstar Insurance Company**  
**2201 4<sup>th</sup> Avenue North**  
**Birmingham, Alabama 35203-3863**

hereinafter referred to as the "Company", or "Hillstar", an Indiana domestic stock, property and casualty insurance company. The examination was conducted at the corporate offices of the Company in Birmingham, Alabama.

The Report of Examination, reflecting the status of the Company as of December 31, 2016, is hereby respectfully submitted.

ACCREDITED BY THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

AGENCY SERVICES 317-232-2413    COMPANY COMPLIANCE 317-232-3495    CONSUMER SERVICES 317-232-2395/1-800-622-4461    FINANCIAL SERVICES 317-232-2390    MEDICAL MALPRACTICE 317-232-2402    COMPANY RECORDS 317-232-5692    STATE HEALTH INSURANCE PROGRAM 1-800-452-4800

## SCOPE OF EXAMINATION

The Company was last examined by representatives of the Indiana Department of Insurance (INDOI), and covered the period from January 1, 2007 through December 31, 2011. The present risk-focused examination was conducted by Noble Consulting Services, Inc., and covered the period from January 1, 2012 through December 31, 2016, and included any material transactions and/or events occurring subsequent to the examination date and noted during the course of this examination.

The examination was conducted in accordance with the NAIC *Financial Condition Examiners Handbook* (Handbook). The Handbook requires that we plan and perform the examination to evaluate the financial condition, assess corporate governance, identify current and prospective risks of the Company, and evaluate system controls and procedures used to mitigate those risks. An examination also includes identifying and evaluating significant risks that could cause an insurer's surplus to be materially misstated both currently and prospectively.

The examination of the Ohio domestic insurance companies of Infinity Property and Casualty Corporation (IPCC) or (the Group) was called by the Ohio Department of Insurance (ODI) in accordance with the Handbook guidelines, through the NAIC's Financial Examination Electronic Tracking System. The examination of the Texas domestic insurance company of IPCC was called by the Texas Department of Insurance (TDI) in accordance with the Handbook guidelines, through the NAIC's Financial Examination Electronic Tracking System. The ODI and TDI served as participating states on the examination and the INDOI served as the lead state.

Merlinos & Associates, Inc. staff provided all actuarial services throughout the examination and conducted a review of the Company's actuarial related risks as of December 31, 2016.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. This may include assessing significant estimates made by management and evaluating management's compliance with Statutory Accounting Principles. The examination does not attest to the fair presentation of the financial statements included herein. If, during the course of the examination an adjustment is identified, the impact of such adjustment will be documented separately following the Company's financial statements.

This examination report includes significant findings of fact, as in the Indiana Code (IC) 27-1-3.1-10 and general information about the insurer and its financial condition. There may be other items identified during the examination that, due to their nature (e.g., subjective conclusions, proprietary information, etc.), are not included within the examination report but separately communicated to other regulators and/or the Company.

## HISTORY

In October 1992, the Company commenced operations as an Alabama domestic insurer known as Infinity Southern Insurance Corporation. On December 31, 1997, the Company was re-domiciled from Alabama to Indiana and its name was changed to Infinity National Insurance Company. The Company was formerly owned by Infinity Insurance Company (IIC). Effective December 31, 2002, American Financial Group, Inc. (AFG) contributed all of the issued and outstanding common stock of IIC to Infinity Property and Casualty Corporation (IPCC). IPCC was formed to own all of the personal lines agency business of AFG for the purpose of making it available in an initial public offering.

On February 19, 2003, AFG sold 61% of IPCC in an initial public offering. Effective December 17, 2003, AFG sold its remaining shares of the issued and outstanding common stock of IPCC through a secondary public offering. As a result, AFG ceased to be the ultimate controlling entity and also ceased to be an affiliate of IPCC and its subsidiaries.



On June 1, 2007, IIC paid an extraordinary dividend in the form of all issued and outstanding shares of the Company to IPCC. Effective June 11, 2007, the Company changed its name to Hillstar.

### CAPITAL AND SURPLUS

The Articles of Incorporation, as amended, provide that the authorized capital of the Company shall consist of 25,000 shares of common stock with \$125 par value. As of December 31, 2016, IPCC owned all 19,000 issued and outstanding shares of the Company's common stock. The Company has no shares of preferred stock outstanding.

### DIVIDENDS TO STOCKHOLDERS

The Company paid the following dividends to IPCC during the examination period:

Year	Total	Ordinary Dividends	Extraordinary Dividends
2016	\$ -	\$ -	\$ -
2015	450,000	-	450,000
2014	100,000	100,000	-
2013	125,000	125,000	-
2012	425,000	425,000	-
Total	\$ 1,100,000	\$ 650,000	\$ 450,000

In accordance with IC 27-1-23-4(h), the payment of dividends to holding companies or affiliated insurers may not exceed the greater of 10% of the prior year's surplus or the net income of such insurer of the prior year. The Company paid one (1) extraordinary dividend during the examination period with the prior approval of the INDOI. Other dividends paid during the examination period were ordinary in nature and did not require prior regulatory approval. In accordance with IC 27-1-23-1.5, the Company notified the INDOI of all declared dividends to the parent during the examination period.

### TERRITORY AND PLAN OF OPERATION

The Group provides automobile insurance nationwide with a concentration in non-standard private passenger auto insurance. The Group markets its insurance products using a network of approximately 10,800 independent agents and brokers in 15,400 locations. While the Group does offer commercial auto and classic collector coverage, these products represented only 10% and 1% of gross written premiums for 2016, respectively. The remaining 89% of gross writings represents private passenger auto insurance.

The Group, through its various affiliated insurance companies, holds licenses in all fifty (50) states and the District of Columbia, but the Group is committed to growth in targeted urban areas identified within the Group's focus states. The Group has targeted urban areas in the following focus states: Arizona, California, Florida, and Texas. Business is heavily focused in California and Florida, which generate approximately 86% of the direct premiums written.

The Company is only licensed in Indiana and no direct premiums were written in Indiana during 2016.

## GROWTH OF THE COMPANY

The following exhibit summarizes the financial results of the Company during the examination period:

Year	Admitted Assets	Liabilities	Surplus and Other Funds	Premiums Earned	Net Income
2016	\$ 3,623,768	\$ 3,081	\$ 3,620,687	\$ 0	\$ 18,924
2015	3,707,951	105,696	3,602,255	0	26,229
2014	4,455,929	430,248	4,025,681	1,325,935	165,045
2013	5,297,107	1,282,822	4,014,285	1,302,525	34,661
2012	7,457,114	3,354,393	4,102,721	1,184,090	58,551

The Company began efforts to slow new and renewal business in 2012 in order to remedy underwriting shortfalls. Under the guidance of the California Department of Insurance, the Company withdrew their programs from the California market and surrendered their certificate of authority. The Company merged into IIC effective January 1, 2018. Surplus and other funds also declined due to dividends to stockholders during the examination period.

## MANAGEMENT AND CONTROL

### Directors

The Articles of Incorporation provide that the corporate powers of the Corporation are to be exercised by a Board of Directors (Board). The number of directors of the Corporation shall be not less than seven (7) nor more than twenty-one (21), such number to be fixed from time to time by resolution adopted by a vote of a majority of the Board or by the Shareholders. The annual meetings of the Shareholders shall be held at the principal office of the Corporation or at such other place and at such time as the Board may designate. As an Indiana domiciled company, at least one (1) director is required to be a resident of Indiana.

The following is a listing of persons serving as directors as of December 31, 2016, and their principal occupations as of that date:

Name and Address	Principal Occupation
Robert Harold Bateman, Jr. Mountain Brook, Alabama	Executive Vice President and Chief Financial Officer Infinity Property and Casualty Corporation
David Glenn Blachly Indianapolis, Indiana	Attorney (Outside Director) Densborn Blachly LLP
Gregory Scott Fasking Mountain Brook, Alabama	Vice President, Consumer Marketing Infinity Property and Casualty Corporation
James Randall Gober <sup>A</sup> Birmingham, Alabama	Chairman of the Board, President, and CEO Infinity Property and Casualty Corporation
Glen Nelson Godwin <sup>B</sup> Birmingham, Alabama	Senior Vice President, Business Development Infinity Property and Casualty Corporation

<sup>A</sup> Effective August 1, 2017, James R. Gober retired as the President and CEO of IPCC. He will continue to serve as the Chairman of the Board and serve on Boards of the various company subsidiaries.

<sup>B</sup> Effective August 1, 2017, Glen N. Godwin became the CEO of IPCC.

Amy Kay Jordan  
Hoover, Alabama

Senior Vice President and Controller  
Infinity Property and Casualty Corporation

Samuel James Simon<sup>c</sup>  
Birmingham, Alabama

Executive Vice President and Secretary  
Infinity Property and Casualty Corporation

### Officers

The Bylaws state that the elected officers of the Company may consist of a Chairman of the Board and a President (each of whom shall be a Director), one (1) or more Vice Presidents (or any derivations thereof, such as Senior or Executive Vice President), a Treasurer, a Secretary, and such other Assistant Vice Presidents, Assistant Secretaries, Assistant Treasurers, and other officers, as from time to time, may appear to the Board necessary or desirable for conducting the affairs of the Corporation.

The following is a list of key officers and their respective titles as of December 31, 2016:

<u>Name</u>	<u>Office</u>
Gregory Scott Fasking	President and Chief Executive Officer
Robert Harold Bateman, Jr.	Senior Vice President and Chief Financial Officer
Amy Kay Jordan	Vice President, Treasurer, and Controller
Samuel James Simon	Secretary
Troy Perry Ballard	Assistant Treasurer
Mary Linn Clark	Assistant Treasurer
Timothy Michael Kelly	Assistant Treasurer

### CONFLICT OF INTEREST

The Company's directors and officers are required to review and sign Conflict of Interest statements every two (2) years. It was determined that all directors and officers listed in the Management and Control section of this Report of Examination have reviewed and signed their statements as of December 31, 2015 for years 2015 and 2016.

### OATH OF OFFICE

IC 27-1-7-10(i) stipulates that every director, when elected, shall take and subscribe to an oath stating that he or she will faithfully, honestly, and diligently administer the affairs of the Company and will not knowingly violate any of the laws applicable to such Company. It was determined that all directors listed in the Management and Control section of this Report of Examination have subscribed to an oath as of December 31, 2016.

<sup>c</sup> Effective August 1, 2017, Samuel J. Simon became the President of IPCC.

## CORPORATE RECORDS

### Articles of Incorporation

There were no amendments made to the Articles of Incorporation during the examination period.

### Bylaws

The Bylaws were amended on July 28, 2014. The amendment was for the following items: (a) changed the definition of a "Regular Meeting"; (b) deleted a sentence entitled "Board Action Without a Meeting"; and (c) changed the sentence entitled "Officers".

### Minutes

The Board and Shareholders meeting minutes were reviewed for the period under examination through the fieldwork date. Significant actions taken during each meeting were noted.

IC 27-1-7-7(b) states an annual meeting of shareholders, members, or policyholders shall be held within five (5) months after the close of each fiscal year of the Company and at such time within that period as the Bylaws may provide. For all years under examination the meeting was found to be held within this time frame.

The Company's finance committee meeting minutes for the examination period, and through the fieldwork date, were reviewed, as well as the minutes for the following IPCC committees: Audit Committee, Compensation Committee, Executive Committee, Investment Committee, and Nominating and Corporate Governance Committee.

## AFFILIATED COMPANIES

### Organizational Structure

The following organizational chart shows the Company's parent and subsidiaries as of December 31, 2016:

	<u>NAIC Co. Code</u>	<u>Domiciliary State/Country</u>
Infinity Property and Casualty Corporation		
<b>Hillstar Insurance Company</b>	10068	IN
Infinity Financial Centers, LLC		
<b>Infinity Insurance Company</b>	22268	IN
Infinity Insurance Agency, Inc.		
Infinity Agency of Texas		
<b>Infinity Indemnity Insurance Company</b>	10061	IN
<b>Infinity Select Insurance Company</b>	20260	IN
<b>Infinity Security Insurance Company</b>	38873	IN
<b>Infinity Standard Insurance Company</b>	12599	IN
Infinity Property and Casualty Services, Inc.		
Casualty Underwriters, Inc.		
Infinity Assurance Insurance Company	39497	OH
Infinity Auto Insurance Company	11738	OH
Leader Managing General Agency, Inc.		
Leader Group, Inc.		
Infinity Casualty Insurance Company	21792	OH

Infinity Preferred Insurance Company	10195	OH
Infinity Safeguard Insurance Company	16802	OH
Infinity County Mutual Insurance Company <sup>D</sup>	13820	TX

Affiliated Agreements

The following affiliated agreements and transactions were disclosed as part of the Form B – Holding Company Registration Statement and were filed with the INDOI, as required, in accordance with IC 27-1-23-4:

*Consolidated Tax Allocation Agreement*

IPCC and certain of its subsidiaries are parties to a Tax Allocation Agreement whereby federal income taxes resulting from the filing of a consolidated federal tax return are allocated among members of the federal consolidated tax group. The Tax Allocation Agreement was entered into on December 31, 2003, and was effective February 13, 2003.

*Inter-Company Pooling Agreement*

All affiliate insurers, except for Hillstar and Infinity County Mutual Insurance Company (County Mutual), are members of an Inter-Company Pooling Agreement, effective January 1, 2005, under which all the premiums, applicable liabilities, and expenses of the companies are “pooled” in accordance with the terms of the pooling agreement. On December 31, 2014, an Amendment was made to the pooling agreement terminating Hillstar’s participation.

Effective December 31, 2014, Hillstar and IIC executed an Assumption Reinsurance Agreement under which IIC assumes 100% of the direct liabilities and obligations of Hillstar to its California policyholders as part of Hillstar’s withdrawal from the state of California as an insurer.

**FIDELITY BOND AND OTHER INSURANCE**

The Company protects itself against loss from any fraudulent or dishonest acts by any employees through a fidelity bond issued by Travelers Casualty and Surety Company of America. The bond has a single loss coverage limit of \$5,000,000, with a \$250,000 deductible. The fidelity bond is adequate to meet the prescribed minimum coverage specified by the NAIC.

The Company had additional types of coverage in-force as of December 31, 2016, including but not limited to claim expense liability, computer fraud liability, fraudulent instruction liability, in transit liability, on premises liability, securities liability, and umbrella liability.

**PENSION, STOCK OWNERSHIP, AND INSURANCE PLANS**

The Company does not have any pension, stock ownership, and insurance plans.

<sup>D</sup> Infinity County Mutual Insurance Company is affiliated but not owned by Infinity Insurance Company. As a mutual insurance company, County Mutual is owned by its policyholders.

### SPECIAL AND STATUTORY DEPOSITS

The Company reported the following special and statutory deposits as of December 31, 2016:

<u>State</u>	<u>Book Value</u>	<u>Fair Value</u>
For All Policyholders:		
Indiana	\$ 1,200,642	\$ 1,201,372
All Other Special Deposits:		
-	-	-
Total Deposits	<u>\$ 1,200,642</u>	<u>\$ 1,201,372</u>

### ACCOUNTS AND RECORDS

The Company's accounting procedures, practices, account records, and supporting data were reviewed and tested to the extent deemed necessary. The trial balances prepared from the Company's general ledger for the years ended December 31, 2015 and December 31, 2016, were agreed to the respective Annual Statements. The Annual Statements for the years ended December 31, 2012 through December 31, 2016, were agreed to each year's independent audit report without material exception. The Company's accounting procedures, practices, and account records were deemed satisfactory.

HILLSTAR INSURANCE COMPANY  
 Assets  
 As of December 31, 2016

	Per Examination*
Bonds	\$ 3,581,336
Cash, cash equivalents and short-term investments	(2,465)
Subtotals, cash and invested assets	3,578,871
Investment income due and accrued	7,813
Current federal and foreign income tax recoverable and interest thereon	565
Receivables from parent, subsidiaries and affiliates	36,519
Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts	3,623,768
TOTAL	\$ 3,623,768

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\* There were no adjustments to the as-filed financial statements, therefore the Annual Statement amounts agree to the examination amounts.

HILLSTAR INSURANCE COMPANY  
 Liabilities, Surplus and Other Funds  
 As of December 31, 2016

	Per Examination*
Other expenses	\$ 507
Net deferred tax liability	2,574
Total liabilities excluding protected cell liabilities	3,081
Total liabilities	3,081
Common capital stock	2,375,000
Gross paid in and contributed surplus	1,075,000
Unassigned funds (surplus)	170,687
Surplus as regards policyholders	3,620,687
TOTAL	\$ 3,623,768

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\* There were no adjustments to the as-filed financial statements, therefore the Annual Statement amounts agree to the examination amounts.



HILLSTAR INSURANCE COMPANY  
Statement of Income  
For the Year Ended December 31, 2016

	Per Examination*
UNDERWRITING INCOME	
DEDUCTIONS:	
Other underwriting expenses	1,150
Total underwriting deductions	1,150
Net underwriting gain (loss)	(1,150)
INVESTMENT INCOME	
Net investment income earned	26,930
Net realized capital gains (losses) less capital gains tax	340
Net investment gain (loss)	27,270
OTHER INCOME	
Finance and service charges not included in premiums	492
Aggregate write-ins for miscellaneous income	1,275
Total other income	1,767
Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	27,887
Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	27,887
Federal and foreign income taxes incurred	8,963
Net income	\$ 18,924

\* There were no adjustments to the as-filed financial statements, therefore the Annual Statement amounts agree to the examination amounts.

HILLSTAR INSURANCE COMPANY  
Capital and Surplus Account Reconciliation

	2016	2015	2014	2013	2012
Surplus as regards policyholders, December 31 prior year	\$ 3,602,255	\$ 4,025,681	\$ 4,014,285	\$ 4,102,721	\$ 4,462,376
Net income	18,924	26,229	165,045	34,661	58,551
Change in net deferred income tax	(492)	345	(56,040)	4,294	6,260
Change in nonadmitted assets	-	-	2,391	(2,391)	534
Surplus adjustments:					
Paid in**	-	(450,000)	-	-	-
Dividends to stockholders	-	-	(100,000)	(125,000)	(425,000)
Change in surplus as regards policyholders for the year	18,432	(423,426)	11,396	(88,436)	(359,655)
Surplus as regards policyholders, December 31 current year	<u>\$ 3,620,687</u>	<u>\$ 3,602,255</u>	<u>\$ 4,025,681</u>	<u>\$ 4,014,285</u>	<u>\$ 4,102,721</u>

\*\* The balance represents extraordinary dividend and was reported as a negative paid in surplus adjustment by the Company.

## COMMENTS ON THE FINANCIAL STATEMENTS

There were no recommended adjustments to the financial statements as of December 31, 2016, based on the results of this examination.

## OTHER SIGNIFICANT ISSUES

There were no issues noted that require a disclosure in this Report of Examination.

## SUBSEQUENT EVENTS

In late August and early September 2017, the southern United States suffered the effects of back-to-back hurricanes which struck multiple sites along the Gulf of Mexico and southeastern Florida. Hurricane Harvey was recorded as making "landfall" near Houston, Texas on August 24 and Hurricane Irma struck the southeastern Florida coast on September 6, 2017. Both hurricanes were rated by National Oceanic and Atmospheric Administration as Category 4 or higher at the time of their coastal impact. It was calculated that the net-of-reinsurance losses arising from both hurricanes totaled less than \$15 million for IPCC as a group.

Furthermore, the Company completed its merger into IIC effective January 1, 2018.




**AFFIDAVIT**

This is to certify that the undersigned is a duly qualified Examiner-in-Charge appointed by the Indiana Department of Insurance and that he, in coordination with staff assistance from Noble Consulting Services, Inc., and actuarial assistance from Merlinos & Associates, Inc., hereinafter collectively referred to as the "Examiners", performed an examination of Hillstar Insurance Company, as of December 31, 2016.


The Indiana Department of Insurance is accredited under the National Association of Insurance Commissioners Financial Regulation Accreditation Standards.

This examination was performed in accordance with those procedures required by the NAIC Financial Condition Examiners Handbook and other procedures tailored for this examination. Such procedures performed on this examination do not constitute an audit made in accordance with generally accepted auditing standards and no audit opinion is expressed on the financial statements contained in this report.

The attached Report of Examination is a true and complete report of condition of Hillstar Insurance Company as of December 31, 2016, as determined by the undersigned.

  
\_\_\_\_\_  
Vitaliy Kyryk, CFE  
Noble Consulting Services, Inc.

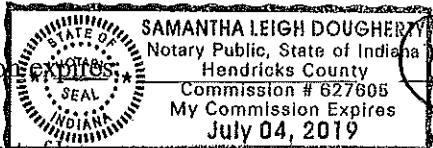
Under the Supervision of:

  
\_\_\_\_\_  
Jerry Ehlers, CFE  
Examinations Manager  
Indiana Department of Insurance

State of: Indiana  
County of: Marion

On this 13 day of February, 2018, before me personally appeared, Vitaliy Kyryk and Jerry Ehlers, to sign this document.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal in said County and State, the day and year last above written.

My commission expires \_\_\_\_\_  
 \_\_\_\_\_  
Notary Public

