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

IN THE MATTER OF:	)
	)
Hoosier Insurance Company	)
8500 Keystone Crossing	)
Indianapolis, Indiana 46204	)

Examination of Hoosier 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 Hoosier Insurance Company, any relevant examination work papers, and any written submissions or rebuttals. The Verified Report of Examination, as sent to you on June 18, 2014, 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 Hoosier 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 30, 2014
Date

Cynthia D. Donovan
Cynthia D. Donovan
Chief Financial Examiner

CERTIFIED MAIL NUMBER: 9214 8901 0661 5400 0034 9472 16

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

IN THE MATTER OF:	)
	)
Hoosier Insurance Company	)
8500 Keystone Crossing	)
Indianapolis, Indiana	)

Examination of Hoosier Insurance Company

FINDINGS AND FINAL ORDER

The Indiana Department of Insurance conducted an examination into the affairs of the Hoosier Insurance Company (hereinafter "Company") for the time period January 1, 2009 through December 31, 2012.

The Verified Report of Examination was filed with the Commissioner of the Department of Insurance (hereinafter "Commissioner") by the Examiner on February 28, 2014.

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 June 18, 2014 and was received by the Company on June 24, 2014.

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 Hoosier Insurance Company as of December 31, 2012.
2. That the Examiner's Recommendations are reasonable and necessary in order for the Hoosier 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 and Sealed this 30 day of June, 2014.

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.

STATE OF INDIANA

Department of Insurance

REPORT OF EXAMINATION

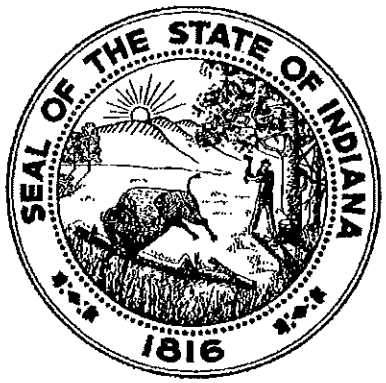
OF

HOOSIER INSURANCE COMPANY

NAIC CO. CODE 27570
NAIC GROUP CODE 796

As of

December 31, 2012



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STATE OF INDIANA

IDOI

MICHAEL R. PENCE, Governor

Indiana Department of Insurance
311 W. Washington Street, Suite 300
Indianapolis, Indiana 46204-2787
Telephone: (317) 232-2385
Fax: (317) 232-5251
Stephen W. Robertson, Commissioner

February 28, 2014

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 3738, an examination has been made of the affairs and financial condition of:

Hoosier Insurance Company
8500 Keystone Crossing
Indianapolis, Indiana 46240-2456

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

The Report of Examination, reflecting the status of the Company as of December 31, 2012, is hereby respectfully submitted.

SCOPE OF EXAMINATION

The Company was last examined by representatives of the Indiana Department of Insurance (INDOI) as of the period ending December 31, 2008. The present risk-focused examination was conducted by Noble Consulting Services, Inc., (Noble) and covered the period from January 1, 2009 through December 31, 2012, 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 and identify prospective risks of the Company by obtaining information about the Company, including corporate governance, identifying and assessing inherent risks within the Company, and evaluating system controls and procedures used to mitigate those risks. An examination also includes assessing the principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation, management's compliance with Statutory Accounting Principles and Annual Statement instructions, when applicable to domestic state regulations.

The examination of the Pennsylvania domestic insurance company QBE North America (QBENA) was called by the Pennsylvania Department of Insurance (PADOI) in accordance with the Handbook guidelines, through the NAIC's Financial Examination Electronic Tracking System. The PADOI served as the lead state on the examination, and the INDOI, California Department of Insurance, Minnesota Department of Commerce, North Dakota Insurance Department, Texas Department of Insurance and Wisconsin Office of the Commissioner of Insurance served as participants.

The PADOI staff provided all actuarial services throughout the examination and conducted a review of the Company's loss reserves and loss adjustment expense reserves as of December 31, 2012.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process.

No comments and recommendations were noted from the most recent Report of Examination for the Company.

HISTORY

The Company was incorporated on December 2, 1986, as a stock property and casualty insurance company under the laws of the state of Indiana and commenced business on December 31, 1986.

The Company is a wholly owned subsidiary of General Casualty Company of Wisconsin (GCW), which acquired the Company on October 2, 1995, effective September 30, 1995, from Protective Insurance Company, a subsidiary of Baldwin & Lyons, Inc.

The owner of GCW was Winterthur Swiss Insurance Company which was owned by the ultimate controlling parent, The Credit Suisse Group. On December 22, 2006, Credit Suisse Group finalized the sale of Winterthur Swiss Insurance Company to AXA. Effective May 31, 2007, AXA finalized the sale of Winterthur U.S. Holdings, Inc., and its consolidated subsidiaries to QBE Holdings, Inc., a subsidiary of QBE Insurance Group Limited, a publicly traded company incorporated under the laws of Australia. Winterthur U.S. Holdings, Inc., was renamed QBE Regional Companies (N.A.), Inc.

CAPITAL AND SURPLUS

As of December 31, 2012, the Company had 50,000 authorized shares, 25,000 issued and outstanding, with a par value per share of $100.00. GCW owned 100% of the Company's common stock during the current exam period.

The Company has no preferred stock outstanding and has not issued any surplus notes.

DIVIDENDS TO STOCKHOLDERS

The Company paid the following dividend during the examination period, $1,000,000 in 2009. The Company paid a return of capital on September 30, 2009, in the amount of $1,000,000.

In accordance with Indiana Code (IC) 27-1-23-4(h), the payment of dividends to holding companies or affiliated insurers may not exceed the greater of ten percent (10%) of the prior year's surplus or the net gains from operations of such insurer of the prior year. 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 Company writes full coverage auto, commercial multi-peril, general liability, homeowners, workers' compensation, and other miscellaneous coverages.

The Company is a member of the General Casualty Group (Group) which is part of the QBE Regional Companies, N.A. The Company is only licensed in Indiana and writes business through approximately 250 independent agencies in the state. The Company participates in a pooling agreement and is one of seventeen companies within the Group. The Group targets the mid-western and eastern states with recent emphasis on the less catastrophe exposed mid-western states. The commercial business targets contractor/construction business and workers' compensation.

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
2012	$ 83,721,728	$ 60,003,763	$ 23,717,965	$ 38,698,799	$ (1,600,500)
2011	91,735,673	66,193,835	25,541,839	42,072,670	(4,067,459)
2010	88,290,167	59,749,286	28,540,881	39,252,242	1,448,817
2009	97,827,644	68,293,435	29,534,209	40,860,335	(768,819)

The decrease in the Company's net income from 2010 to 2011, was primarily due to the deterioration in underwriting results. Unprecedented storm losses in the second and third quarters of 2011 affected many property and casualty companies. The results in net income of 2012 were better overall due to the improvement in the underwriting results. Surplus decreased by approximately 7% since December 31, 2011, primarily due to net loss of $1.6 million and a negative change in deferred income tax of $1.6 million.

MANAGEMENT AND CONTROL

Directors

The Company's Bylaws state that the Board of Directors (Board) shall consist of at least five (5) members. All directors shall be at least eighteen (18) years of age and the majority of the members of the Board shall be citizens and residents of the United States of America. The shareholders elect the Board at the annual meeting by plurality vote.

The following is a listing of persons serving as directors at December 31, 2012, and their principal occupations as of that date:

Name and Address	Principal Occupation
Harvey J. Bazaar North Caldwell, New Jersey	Retired BFK Capital, Inc.
Christopher D. Davies Sunset, South Carolina	Chief Executive Officer QBE FIRST
Gregory J. Deal Minnetonka, Minnesota	President, Chief Executive Officer NAU Country Insurance Company
Roger M. Droste Fishers, Indiana	Insurance Company Executive QBE Americas, Inc.
Rodney P. Farrell Daufuskie Island, South Carolina	Retired KPMG LLP
Christopher C. Fish Montvale, New Jersey	Chief Financial Officer QBE Americas, Inc.
Susan S. Harnett New York, New York	Chief Operating Officer QBE Americas, Inc.
John G. Langione Allentown, New Jersey	Head of Internal Audit QBE Americas, Inc.
Marc G. Metcalf San Francisco, California	Management Consultant QBE Americas, Inc.
John D. Neal Sydney NSW, Australia	Chief Executive Officer, Global Underwriting Operations QBE Insurance Group Ltd.
Anthony R. Przybyszewski Brooklyn, New York	Director QBE Reinsurance Corporation
John Rumpler New York, New York	President, Chief Executive Officer QBE Americas, Group
Michael N. Scala New York, New York	General Insurance Management QBE Insurance Group

Officers

The Company's Bylaws state that the Board shall appoint officers of the Company as it deems appropriate. At a minimum, the Board shall appoint a President, Treasurer, and Corporate Secretary.

The following is a list of key officers and their respective titles as of December 31, 2012:

Name	Office
Domingo Antonio Cid	President
Wendall William Stocker	Treasurer
Jennifer Jean Vernon	Corporate Secretary

Corporate Governance

Corporate governance was evaluated through a review of the Company's Corporate Governance Guidelines, Executive Officer and Board of Director member interviews, Board of Director general meeting minutes, committee minutes, and other examination documentation obtained from the PADOI in its coordinated examination of the Company's affiliates. The Corporate Governance review followed the format provided by Exhibit M of the Handbook.

CONFLICT OF INTEREST

Directors and officers are required to review and sign Conflict of Interest statements annually. It was determined that all directors and officers listed in the Management and Control section of the Report of Examination have reviewed and signed their statements as of December 31, 2012.

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 each director subscribed to an Oath of Office.

CORPORATE RECORDS

Articles of Incorporation

The Articles of Incorporation were amended, effective February 2, 2012. The amended Articles of Incorporation were properly filed and approved by the Board. The amendment to the Articles of Incorporation was approved by the INDOI on May 12, 2012.

Bylaws

There were no amendments made to the Bylaws during the examination period.

Minutes

The Board and shareholder meeting minutes were reviewed for the period under examination through the fieldwork date and significant actions taken during each meeting were noted. It was noted that the annual meetings and other regular Board meetings were held in accordance with the Company's Bylaws.

AFFILIATED COMPANIES

Organizational Structure

The following abbreviated organizational chart shows the Company's parent and affiliates as of December 31, 2012:

	NAIC Co. Code	Domiciliary State/Country
QBE Holdings, Inc.		
QBE Regional Companies (N.A.), Inc.		
Unigard Insurance Company	25747	WI
Unigard Indemnity Company	25798	WI
General Casualty Company of Wisconsin	24414	WI
General Casualty Insurance Company	18821	WI
Regent Insurance Company	24449	WI
Hoosier Insurance Company	**27570**	**IN**
Blue Ridge Indemnity Company	40754	WI
Southern Guaranty Insurance Company	19178	WI
Southern Pilot Insurance Company	22861	WI
Southern Fire & Casualty Insurance Company	22888	WI
National Farmers Union Property and Casualty Company	16217	WI

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.

Tax Sharing Agreement
Effective January 1, 2008, QBE Regional Companies (N.A.), Inc. and subsidiaries entered into a Tax Sharing Agreement with QBE Investment (North America) Inc., which replaced and made null all previous tax agreements. Pursuant to this agreement, the group allocates tax among its members specifically on the basis of the tax allocation method provided in Section 1552(a)(2) of the Internal Revenue Code. All intercompany tax balances are settled quarterly.

Investment Management Agreement
The Company has an Investment Management Agreement with QBE Management Services Pty Limited to manage its investment portfolio. The Company incurred fees of $68,000 in 2012, for this service.

Intercompany Cost Allocation and Management Services Agreement
QBE Americas, Inc. provides certain management and administration services to assist affiliated insurance companies in operating and managing their insurance operations and has entered into this agreement with its subsidiaries and other affiliated insurance companies owned by the Company's parent. Fees and expenses are allocated upon a reasonable and agreed upon methodology.

Reinsurance
See the reinsurance section of this Report of Examination for further information on affiliated reinsurance agreements.

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 National Union Fire Company of Pittsburgh, Pennsylvania. The bond has a single loss coverage limit of $10,000,000, with a $500,000 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 at December 31, 2012, including but not limited to Computer Systems coverage, Trading Loss coverage, and General, Soliciting & Servicing Agents coverage with the same coverage limit and deductible as mentioned above.

PENSION, STOCK OWNERSHIP, AND INSURANCE PLANS

Hoosier does not have direct employees to which pensions, stock ownership, and insurance plans would be applicable.

STATUTORY DEPOSITS

The Company reported a statutory deposit for the state of Indiana for all policyholders with a book value of $100,000 and a fair value of $108,000 at December 31, 2012.

REINSURANCE

Intercompany Pooling Agreement
The Company is a participant in the 2012 QBE the Americas Intercompany Pooling Agreement, effective January 2, 2012. This Intercompany Pooling Agreement only includes affiliated companies.

The Intercompany Pooling Agreement was amended to include additional affiliates: QBE Insurance Corporation, Praetorian Insurance Company, QBE Reinsurance Corporation, QBE Specialty Insurance Company, North Pointe Insurance Company, and NAU Country Insurance Company. The 2012 pooling percentages have been established in a manner consistent with the allocation of unstacked surplus among the member companies.

The participating companies and their respective percentage of the pool are as follows:

	NAIC Co. Code	Pool Percentage
QBE Insurance Corporation **	39217	23.7%
Praetorian Insurance Company	37257	14.5%
QBE Reinsurance Corporation	10219	10.4%
QBE Specialty Insurance Company	11515	9.7%
General Casualty Company of Wisconsin	24414	9.6%
Regent Insurance Company	24449	1.8%
General Casualty Insurance Company	18821	1.3%
Hoosier Insurance Company	**27570**	**1.1%**
Blue Ridge Indemnity Company	40754	0.3%
National Farmers Union Property and Casualty Company	16217	2.7%
Southern Guaranty Insurance Company	19178	1.7%
Southern Pilot Insurance Company	22861	0.4%
Southern Fire & Casualty Company	22888	0.2%
Unigard Insurance Company	25747	5.1%
Unigard Indemnity Company	25798	0.8%
North Pointe Insurance Company	27740	1.0%
NAU Country Insurance Company	25240	15.7%
		100%

** Lead Company

The Companies cede/assume a portion of their business to/from various affiliates and non-affiliated reinsurers on a quote share, excess of loss, and catastrophe coverage basis prior to the cession to and assumption from QBE Insurance Corporation under the pooling agreement.

Quota Share Reinsurance Agreement
Effective January 1, 2012, the Company entered into an agreement with Equator Reinsurances Limited (Equator Re). Under this agreement, the Company will cede to Equator Re a 40% part of a 100% quota share reinsurance of the Company's Net Liability under all policies, contracts, and binders of insurance or reinsurance.

Commutation Agreement
Effective September 30, 2010, the agreement between Blue Ridge Insurance (BRIS) and Equator Re commutes BRIS's participation in the Quota Share Reinsurance Agreement and the Loss Portfolio Reinsurance Agreement between the Company and Equator Re.

Reinsurance Trust Agreement
Effective January 1, 2008, the agreement between the Company and Brown Brothers Harriman Trust Company, N.A. in which Equator Re secures its obligations to the Company under the Quota Share Reinsurance Agreement between the Company and Equator Re. Effective September 29, 2009, the Resignation, Appointment and Acceptance, and Amendment Agreement replaces Brown Brothers Harriman, N.A. with Citibank, N.A.

Intercompany Allocation Agreement
The Company is a participant in this agreement which applies to all reinsurance agreements where the Companies are named as multiple cedants. The agreement reflects how loss and loss adjustment expenses recoverable from reinsurers, and premium expenses payable to reinsurers will be allocated amongst the Companies, in order to comply with SSAP No. 62.

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, 2011 and 2012, were agreed to the respective Annual Statements. The Annual Statements for the years ended December 31, 2009 through December 31, 2012, were agreed to each year's independent audit report without material exception. The Company's accounting procedures, practices, and account records were deemed satisfactory.

HOOSIER INSURANCE COMPANY
Assets
As of December 31, 2012

	Per Examination*
Bonds	$ 39,311,349
Stocks:	
Common stocks	-
Mortgage loans on real estate:	
First liens	
Cash, cash equivalents and short-term investments	15,346,193
Other invested assets	-
Receivables for securities	-
Subtotals, cash and invested assets	54,657,542
Investment income due and accrued	50,296
Premiums and considerations:	
Uncollected premiums and agents' balances in course of collection	3,833,077
Deferred premiums, agents' balances and installments booked but deferred and not yet due	7,061,738
Accrued retrospective premiums	
Reinsurance:	
Amounts recoverable from reinsurers	6,846,592
Other amounts receivable under reinsurance contracts	(15,813)
Current federal and foreign income tax recoverable and interest thereon	
Net deferred tax asset	3,093,648
Guaranty funds receivable or on deposit	2,513
Electronic data processing equipment and software	-
Receivables from parent, subsidiaries and affiliates	512,065
Aggregate write-ins for other than invested assets	7,680,069
Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts	83,721,728
Totals	$ 83,721,728

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

HOOSIER INSURANCE COMPANY
Liabilities, Surplus and Other Funds
As of December 31, 2012

	Per Examination*
Losses	$ 26,879,840
Reinsurance payable on paid losses and loss adjustment expenses	149,744
Loss adjustment expenses	5,089,091
Commissions payable, contingent commissions and other similar charges	1,510,968
Other expenses	95,911
Taxes, licenses and fees	263,681
Current federal and foreign income taxes on realized capital gains (losses)	-
Borrowed money and interest thereon	-
Unearned premiums	13,208,301
Advance premium	41,550
Dividends declared and unpaid:	-
Policyholders	-
Ceded reinsurance premiums payable	10,182,506
Funds held by company under reinsurance treaties	-
Amounts withheld or retained by company for account of others	-
Remittances and items not allocated	510,430
Provision for reinsurance	81,200
Drafts outstanding	1,804
Payable to parent, subsidiaries and affiliates	2,059,962
Aggregate write-ins for liabilities	(71,225)
Total liabilities excluding protected cell liabilities	60,003,763
Total liabilities	60,003,763
Aggregate write-ins for special surplus funds	128,125
Common capital stock	2,500,000
Gross paid in and contributed surplus	28,000,000
Unassigned funds (surplus)	(6,910,160)
Surplus as regards policyholders	23,717,965
Totals	$ 83,721,728

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

HOOSIER INSURANCE COMPANY
Statement of Income
For the Year Ended December 31, 2012

	Per Examination*
UNDERWRITING INCOME	
Premiums earned	$ 38,698,799
DEDUCTIONS	
Losses incurred	24,847,140
Loss adjustment expenses incurred	3,602,932
Other underwriting expenses incurred	11,780,439
Aggregate write-ins for underwriting deductions	-
Total underwriting deductions	40,230,510
Net underwriting gain (loss)	(1,531,712)
INVESTMENT INCOME	
Net investment income earned	395,712
Net realized capital gains (losses) less capital gains tax	(246,850)
Net investment gain (loss)	148,862
OTHER INCOME	
Net gain (loss) from agents' or premium balances charged off	(57,877)
Finance and service charges not included in premiums	112,131
Aggregate write-ins for miscellaneous income	(57,666)
Total other income	(3,412)
Net income, before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	(1,386,263)
Dividends to policyholders	214,237
Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	(1,600,500)
Federal and foreign income taxes incurred	-
Net income	$ (1,600,500)

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

COMMENTS ON THE FINANCIAL STATEMENTS

There were no recommended adjustments to the financial statements as of December 31, 2012, based on the results of this examination.

OTHER SIGNIFICANT ISSUES

There were no significant findings made as a result of this examination.

SUBSEQUENT EVENTS

Effective January 1, 2013, the Intercompany Pooling Agreement to which the Company is a party expanded the number of companies participating in the pool from 17 to a total of 18 by adding Stonington Insurance Company (STOIC). The pooling percentages were established based on an allocation of unstacked surplus among the member companies. Due to STOIC being added to the pool the loss portfolio and Quota Share Reinsurance Agreements with GCW were commuted effective January 1, 2013. The Company's assumed share of the pooling agreement went from 1.1% in 2012 to 1.0% in 2013 as a result of the change.

HOOSIER INSURANCE COMPANY
Capital and Surplus Account Reconciliation
As of December 31, 2012

	2012	2011	2010	2009	2008
Surplus as regards policyholders, December 31 prior year	$ 25,541,839	$ 28,540,881	$ 29,534,209	$ 28,392,022	$ 37,749,441
Net income	(1,600,500)	(4,067,459)	1,448,817	(768,819)	6,442,355
Change in net unrealized capital gains or (losses) less capital gains tax	-	-	(707,369)	1,771,070	(1,063,700)
Change in net unrealized foreign exchange capital gain (loss)					
Change in net deferred income tax	(262,662)	1,309,611	(1,011,261)	169,657	(21,957)
Change in non-admitted assets	(122,742)	(92,366)	255,695	2,074,935	(833,290)
Change in provision for reinsurance	(3,400)	(3,000)	-	(14,400)	(5,600)
Cumulative effect of changes in accounting principles	45,836	-	-	-	-
Capital changes:					
Paid in	1,500,000	-	-	-	-
Surplus adjustments:					
Paid in	(1,500,000)	-	-	(1,000,000)	-
Dividends to stockholders	-	-	-	(1,000,000)	(13,000,000)
Aggregate write-ins for gains and losses in surplus	119,594	(145,827)	(979,209)	(90,257)	(875,226)
Change in surplus as regards policyholders for the year	(1,823,875)	(2,999,042)	(993,328)	1,142,187	(9,357,419)
Surplus as regards policyholders, December 31 current year	$ 23,717,965	$ 25,541,839	$ 28,540,881	$ 29,534,209	$ 28,392,022

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. , hereinafter collectively referred to as the "Examiners", performed an examination of Hoosier Insurance Company, as of December 31, 2012.

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 Hoosier Insurance Company as of December 31, 2012, as determined by the undersigned.

Marc A. Moyer, CFE, MBA
Noble Consulting Services, Inc.

State of: Indiana
County of: Marion

On this 20 day of March, 2014, before me personally appeared, Marc A. Moyer, to sign this document.

IN WITNESS WHEROF, 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:

STATE OF INDIANA NOTARY SEAL
SAMANTHA LEIGH DOUGHERTY
Notary Public, State of Indiana
Hendricks County
Commission # 627605
My Commission Expires
July 04, 2019

Notary Public