

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

IN THE MATTER OF:)
)
Infinity Security Insurance Company)
500 East 96th Street, Suite 100)
Indianapolis, Indiana 46240)

Examination of: **Infinity Security Insurance Company**


NOTICE OF ENTRY OF ORDER

Enclosed is the Final Order entered by Amy L. Beard, Commissioner of the Indiana Department of Insurance, after fully considering and reviewing the Verified Report of Examination of Infinity Security Insurance Company, any relevant examination work papers, and any written submissions or rebuttals. The Verified Report of Examination, as sent to you on May 26, 2023, 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 Infinity Security 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 26, 2023
Date


Roy Eft
Chief Financial Examiner

CERTIFIED MAIL NUMBER: 7019 0700 0000 3590 2775

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

IN THE MATTER OF:)
)
Infinity Security Insurance Company)
500 East 96th Street, Suite 100)
Indianapolis, Indiana 46240)

Examination of: **Infinity Security Insurance Company**

FINDINGS AND FINAL ORDER

The Indiana Department of Insurance conducted an examination into the affairs of the Infinity Security Insurance Company (hereinafter “Company”) for the time period January 1, 2017 through December 31, 2021.

The Verified Report of Examination was filed with the Commissioner of the Department of Insurance (hereinafter “Commissioner”) by the Examiner on April 13, 2023.

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 26, 2023 and was received by the Company on May 26, 2023.

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 Infinity Security Insurance Company as of December 31, 2021.
2. That the Examiner’s Recommendations are reasonable and necessary in order for the Infinity Security 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 26 day of
June, 2023.



Amy L. Beard
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

INFINITY SECURITY INSURANCE COMPANY

NAIC Co. CODE 38873
NAIC GROUP CODE 0215

As of

December 31, 2021

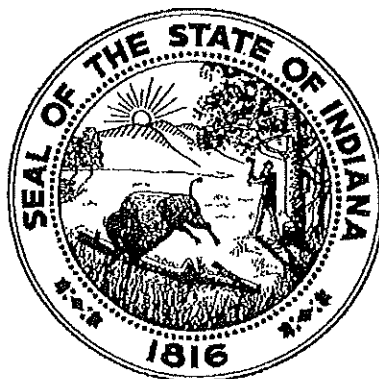


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STATE OF INDIANA

ERIC J. HOLCOMB, GOVERNOR

Indiana Department of Insurance

Amy L. Beard, Commissioner
311 W. Washington Street, Suite 103
Indianapolis, Indiana 46204-2787
Telephone: 317-232-2385
Fax: 317-232-5251
Website: in.gov/idoi

April 13, 2023

Honorable Amy L. Beard, 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 4104, an examination has been made of the affairs and financial condition of:

Infinity Security Insurance Company
500 East 96th Street, Suite 100
Indianapolis, Indiana 46240

hereinafter referred to as the "Company", or "Security", an Indiana domestic stock, property and casualty insurance company. The examination was conducted remotely with assistance from the Company in Chicago, Illinois, the corporate headquarters.

The Report of Examination, reflecting the status of the Company as of December 31, 2021, is hereby respectfully submitted.

ACCREDITED BY THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

| | | | | | | |
|-----------------|--------------------|-----------------------------|--------------------|---------------------|-----------------|--------------------------------|
| AGENCY SERVICES | COMPANY COMPLIANCE | CONSUMER SERVICES | FINANCIAL SERVICES | MEDICAL MALPRACTICE | COMPANY RECORDS | STATE HEALTH INSURANCE PROGRAM |
| 317-232-2389 | 317-232-3495 | 317-232-2395/1-800-622-4461 | 317-232-2390 | 317-232-2402 | 317-232-5692 | 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, 2012 through December 31, 2016. The present risk-focused examination was conducted by Noble Consulting Services, Inc., and covered the period from January 1, 2017 through December 31, 2021, 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 Illinois Department of Insurance called the examination in accordance with the Handbook guidelines, through the NAIC's Financial Examination Electronic Tracking System. The INDOI served as the facilitating state on the examination, Ohio Department of Insurance, and Texas Department of Insurance served as participants.

Robert P. Daniel, ACAS, MAAA of Merlinos & Associates, Inc. provided all actuarial services throughout the examination and conducted a review of the Company's actuarial related risks as of December 31, 2021.

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 mentioned 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 November 1987, the Company was incorporated as Regal Insurance Company, an Indiana domestic insurer. Upon its initial capitalization, all of the authorized capital stock of the Company was purchased by Infinity Standard Insurance Company (Standard). At that time, Standard was an indirect, wholly owned subsidiary of American Financial Group, Inc. (AFG). Effective December 31, 2002, AFG contributed all of the issued and outstanding common stock of Standard 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.

Effective January 1, 2005, IPCC contributed all of the common capital stock of the Company to Infinity Insurance Company (IIC). IIC is an Indiana domestic insurance company and a wholly owned subsidiary of IPCC. Effective January 12, 2006, the Company changed its name to Infinity Security Insurance Company.

IPCC operated as a publicly traded company until July 2, 2018, at which time IPCC was acquired by Kemper Corporation (Kemper). Kemper is a Delaware corporation with its principal offices in Chicago, Illinois; it is publicly traded with its shares listed on the New York Stock Exchange.

IPCC is a subsidiary holding company of Kemper and, through its twelve (12) direct and indirect insurance company subsidiaries, is engaged primarily in the private passenger automobile insurance business. IPCC is the sole shareholder of IIC.

CAPITAL AND SURPLUS

The authorized capital of the Company shall consist of 100,000 shares of common stock with a \$100 par value. As of December 31, 2021, IIC owned all 25,000 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 IIC during the examination period:

| Year | Total | Ordinary Dividends | Extraordinary Dividends |
|-------|-------------------|-----------------------|----------------------------|
| 2021 | \$ 200,000 | \$ 200,000 | \$ - |
| 2020 | - | - | - |
| 2019 | 50,000 | 50,000 | - |
| 2018 | - | - | - |
| 2017 | 175,000 | - | 175,000 |
| Total | <u>\$ 425,000</u> | <u>\$ 250,000</u> | <u>\$ 175,000</u> |

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 dividends 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 Company's ultimate parent, Kemper, is a large insurance holding group that is engaged, through its subsidiaries, in property and casualty and life and health insurance businesses. Kemper conducts its operations through three (3) operating segments: Specialty Property & Casualty Insurance (Specialty), Preferred Property & Casualty Insurance, and Life & Health Insurance. The IPCC companies are part of Kemper's Specialty segment.

Kemper's subsidiaries employ approximately 10,300 associates supporting their operations, of which approximately 5,775 are employed in the Specialty segment. The Specialty segment distributes their products primarily through independent agents and brokers who are paid commissions for their services. The Company provides automobile insurance with a concentration in non-standard private passenger auto insurance.

Security is licensed in nine (9) states but did not write any direct premium.

GROWTH OF THE COMPANY

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

| Year | Admitted Assets | Liabilities | Surplus and Other Funds | Premiums Earned | Net Income |
|------|--------------------|-------------|----------------------------|--------------------|------------|
| 2021 | \$ 4,379,964 | \$ 3,589 | \$ 4,376,375 | - | \$ 65,727 |
| 2020 | 4,513,682 | 2,899 | 4,510,783 | - | 60,557 |
| 2019 | 4,505,940 | 56,647 | 4,449,293 | - | 76,415 |
| 2018 | 5,873,928 | 1,454,428 | 4,419,500 | 1,336,744 | 201,405 |
| 2017 | 5,696,483 | 1,438,374 | 4,258,109 | 1,371,336 | 102,894 |

The decrease in assets, liabilities, and surplus from 2017 to 2018 was primarily due to the transfer of assets that occurred after the acquisition by Kemper, specifically the quota share agreement and the associated transactions.

Net income between 2017 and 2018 is not comparable due to the purchase by Kemper in 2018 and the related operational changes that occurred under new ownership.

Pursuant to the 100% quota share reinsurance agreement with an affiliate, premiums were 100% ceded and reported net premiums were zero for 2019, 2020 and 2021. In addition, beginning in 2019, as losses, loss adjustment and underwriting expenses were fully ceded under the terms of the agreement, Net Income is derived solely from investment income.

MANAGEMENT AND CONTROL

Directors

The Articles of Incorporation provide that the corporate powers of the Company are to be exercised by a Board of Directors (Board). The number of directors of the Company 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 Company 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, 2021, and their principal occupations as of that date:

| <u>Name and Address</u> | <u>Principal Occupation</u> |
|---|---|
| Bradley Camden Wheaton, Illinois | Senior Vice President and Treasurer Merastar Insurance Company |
| Brenda Freije Indianapolis, Indiana | Lawyer and Consultant Charitable Allies |
| Aditya Mahajan Long Grove, Illinois | Senior Vice President, Finance Strategic Planning and Execution Merastar Insurance Company |
| Michael Marinaccio Hinsdale, Illinois | Vice President, Corporate Development Merastar Insurance Company |
| Patrick Theiler Chicago, Illinois | Senior Vice President and Chief Financial Officer Merastar Insurance Company |
| Timothy Tuller Rocky Hill, Connecticut | Senior Vice President and Chief Financial Officer, Property and Casualty Merastar Insurance Company |
| Matthew Varagona Birmingham, Alabama | Senior Vice President Merastar Insurance Company |

Officers

The Bylaws state that the elected officers of the Company shall consist of a Chairman of the Board and a President (each of whom shall be a director), one (1) or more Vice Presidents, a Treasurer, one (1) or more Secretaries, and such other Assistant Vice Presidents, Assistant Treasurers, or other officers, as from time to time, may appear to the Board necessary or desirable for the conduct of the affairs of the Company. Any two (2) offices may be held by the same person except that any person holding office as Secretary shall not also hold the office of Chairman of the Board or President.

The following is a list of key officers and their respective titles as of December 31, 2021:

| <u>Name</u> | <u>Office</u> |
|------------------|------------------------------|
| Matthew Varagona | President |
| Timothy Tuller | Vice President and Treasurer |
| Patrick Theiler | Secretary |

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 this Report of Examination have reviewed and signed their statements as of December 31, 2021.

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, 2021.

CORPORATE RECORDS

Articles of Incorporation

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

Bylaws

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

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. The Company's Bylaws do specify the annual meeting of shareholders is to be held on the last Tuesday in April of each year. For each year under review, the annual meeting of shareholders was held in compliance with the Bylaws and IC 27-1-7-7(b).

The Company's Audit Committee meeting minutes for the examination period, and through the fieldwork date, were reviewed.

AFFILIATED COMPANIES

Organizational Structure

The following abbreviated organizational chart shows the Company's parent and affiliates as of December 31, 2021:

| | <u>NAIC Co. Code</u> | <u>Domiciliary State/Country</u> |
|---|--------------------------|--------------------------------------|
| Kemper Corporation | | DE |
| Trinity Universal Insurance Company | 19887 | TX |
| Merastar Industries LLC | | DE |
| Merastar Insurance Company | 31968 | IL |
| Infinity Property and Casualty Corporation | | OH |
| Infinity Insurance Company | 22268 | IN |
| Infinity Assurance Insurance Company | 39497 | OH |
| Infinity Auto Insurance Company | 11738 | OH |
| Infinity Casualty Insurance Company | 21792 | OH |
| Infinity County Mutual Insurance Company^A | 13820 | TX |
| Infinity Indemnity Insurance Company | 10061 | IN |
| Infinity Preferred Insurance Company | 10195 | OH |
| Infinity Safeguard Insurance Company | 16802 | OH |
| Infinity Security Insurance Company^B | 38873 | IN |
| Infinity Select Insurance Company | 20260 | IN |
| Infinity Standard Insurance Company | 12599 | IN |

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.

Service Agreements

Effective January 1, 2019, the Company entered into a General Services Agreement with Merastar Insurance Company and other Kemper affiliates. Under the terms of this agreement, companies party to this agreement provide various general corporate services to one another, which include accounting and financial services, accounts payable and administrative services, cash management and financial planning services, human resources services, legal and risk management services, and other miscellaneous services.

Intercompany Pooling Agreement

As more fully discussed in the Reinsurance section of the Report of Examination, Security, along with other Indiana and Ohio affiliates, is a member of an Intercompany Pooling Agreement, effective January 1, 2005. Under this agreement, all the premiums, applicable liabilities, and expenses of the companies are “pooled” in accordance with the terms of the pooling agreement.

^A Infinity County Mutual Insurance Company is affiliated but not owned by Infinity Insurance Company. As a mutual insurance company, it is owned by its policyholders.

^B Effective August 1, 2022, IIC entered into a Share Purchase Agreement with Transverse Specialty Insurance Company, pursuant to which, Transverse acquired all of the issued and outstanding capital stock of Infinity Security Insurance Company.

Consolidated Federal Income Tax Allocation Agreement

Effective July 2, 2018, the Company, along with its affiliate insurance companies, joined the Kemper Federal Income Tax Agreement. The agreement provides that the affiliates pay Kemper an amount of tax that they would pay the Internal Revenue Services or receive from Kemper refunds they would receive, as if they were separate companies filing separate federal income tax returns and were not part of a consolidated group.

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 Hartford Fire Insurance Company. The bond has a single loss coverage limit of \$20 million 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, 2021, including but not limited to auto, cyber policies, directors and officers liability, employment practices liability, fiduciary, general liability, insurance company professional liability, property liability, workers' compensation, and an umbrella policy.

PENSION, STOCK OWNERSHIP, AND INSURANCE PLANS

The Company participates in a qualified defined contribution 401(k) plan sponsored by Kemper Corporation. The Company's share of net expense for the qualified defined contribution 401(k) plan was \$0 and \$0 for the years ended December 31, 2021 and 2020 respectively. The Company has no legal obligations for benefits under these plans.

SPECIAL AND STATUTORY DEPOSITS

The Company reported the following deposits as of December 31, 2021:

| <u>State</u> | <u>Book Value</u> | <u>Fair Value</u> |
|-----------------------------|---------------------|---------------------|
| All Other Special Deposits: | | |
| Georgia | \$ 35,069 | \$ 36,291 |
| Indiana | 966,916 | 1,000,584 |
| New Mexico | 210,417 | 217,744 |
| Total Deposits | <u>\$ 1,212,402</u> | <u>\$ 1,254,619</u> |

REINSURANCE

Reinsurance Pool

The Company participates in an intercompany reinsurance pool with several of its affiliates. The pooling process begins with each affiliated company ceding 100% of their direct and assumed business to IIC, acting as the capacity of Lead Pool Company. In 2021, the Company ceded premiums totaling \$0 million, case loss and expense reserves of \$0 million, and IBNR reserves of \$0 million to IIC in connection with pooling transactions.

IIC then deducts any reinsurance ceded to non-pooling parties and retrocedes a specified portion of the remaining

balance back to each pool participant. Since its acquisition by Kemper in 2018, IIC has ceded 100% of its direct and assumed business to Trinity Universal Insurance Company, a Kemper affiliate. This transaction results in a “net pool balance” of zero. Accordingly, as a result of this cession, both IIC and the Company reported zero net premium and loss in their regulatory filings.

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, 2020 and December 31, 2021, were agreed to the respective Annual Statements. The Annual Statements for the years ended December 31, 2020 and December 31, 2021, were agreed to each year’s independent audit report without material exception. The Company’s accounting procedures, practices, and account records were deemed satisfactory.

FINANCIAL STATEMENTS

INFINITY SECURITY INSURANCE COMPANY

Assets

As of December 31, 2021

| | <u>Per Examination*</u> |
|---|-------------------------|
| Bonds | \$ 4,094,224 |
| Cash, cash equivalents and short-term investments | 46,880 |
| Subtotals, cash and invested assets | <u>4,141,104</u> |
| Investment income due and accrued | 28,572 |
| Current federal and foreign income tax recoverable and interest thereon | 16,488 |
| Receivables from parent, subsidiaries and affiliates | <u>193,800</u> |
| Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts | 4,379,964 |
| Totals** | <u>\$ 4,379,964</u> |

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

** The balances include immaterial rounding differences.)

INFINITY SECURITY INSURANCE COMPANY
 Liabilities, Surplus and Other Funds
 As of December 31, 2021

| | <u>Per Examination*</u> |
|--|-------------------------|
| Net deferred tax liability | \$ 3,589 |
| Total liabilities excluding protected cell liabilities | 3,589 |
| Total liabilities | 3,589 |
| Common capital stock | 2,500,000 |
| Gross paid in and contributed surplus | 1,700,000 |
| Unassigned funds (surplus) | 176,375 |
| Surplus as regards policyholders | 4,376,375 |
| Totals** | \$ 4,379,964 |

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

** The balances include immaterial rounding differences.

INFINITY SECURITY INSURANCE COMPANY
Statement of Income
For the Year Ended December 31, 2021

| | <u>Per Examination*</u> |
|--|-------------------------|
| UNDERWRITING INCOME | |
| Premiums earned | \$ - |
| INVESTMENT INCOME | |
| Net investment income earned | 76,538 |
| Net realized capital gains (losses) less capital gains tax | 3,552 |
| Net investment gain (loss) | 80,090 |
| OTHER INCOME | |
| Net income, before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes | 80,090 |
| Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes | 80,090 |
| Federal and foreign income taxes incurred | 14,363 |
| Net income** | \$ 65,727 |

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

** The balances include immaterial rounding differences.

INFINITY SECURITY INSURANCE COMPANY
Capital and Surplus Account Reconciliation

| | 2021 | 2020 | 2019 | 2018 | 2017 |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| Surplus as regards policyholders, December 31 prior year | \$ 4,510,783 | \$ 4,449,293 | \$ 4,419,500 | \$ 4,258,109 | \$ 4,349,591 |
| Net income | 65,727 | 60,557 | 76,415 | 201,405 | 102,894 |
| Change in net deferred income tax | (690) | 1,488 | 3,378 | (40,014) | (21,570) |
| Change in nonadmitted assets | 555 | (555) | - | - | 2,194 |
| Dividends to stockholders | (200,000) | - | (50,000) | - | (175,000) |
| Change in surplus as regards policyholders for the year | (134,408) | 61,490 | 29,793 | 161,391 | (91,482) |
| Surplus as regards policyholders, December 31 current year** | <u>\$ 4,376,375</u> | <u>\$ 4,510,783</u> | <u>\$ 4,449,293</u> | <u>\$ 4,419,500</u> | <u>\$ 4,258,109</u> |

** The balances include immaterial rounding differences.

COMMENTS ON THE FINANCIAL STATEMENTS

There were no recommended adjustments to the financial statements as of December 31, 2021, based on the results of this examination.

OTHER SIGNIFICANT ISSUES

There were no other significant issues as of December 31, 2021, based on the results of this examination.

SUBSEQUENT EVENTS

As of August 1, 2022, Transverse Insurance Group LLC unit Transverse Specialty Insurance Company has acquired Infinity Security Insurance Company (ISIC). The sale of the subsidiary company was approved by the INDOI and ISIC later became a Texas domiciled company. ISIC's name was changed to TRM Specialty Insurance Company and it now operates as a subsidiary of Transverse Specialty Insurance Company.

AFFIDAVIT

This is to certify that the undersigned is a duly qualified Examiner-in-Charge appointed by the Indiana Department of Insurance and that they, in coordination with staff assistance from Noble Consulting Services, Inc., and actuarial assistance from Merlinos & Associates, Inc., performed an examination of Infinity Security Insurance Company, as of December 31, 2021.

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 the condition of the Infinity Security Insurance Company as of December 31, 2021, as determined by the undersigned.

Vitaliy Kyryk, CFE
Noble Consulting Services, Inc.

Under the Supervision of:

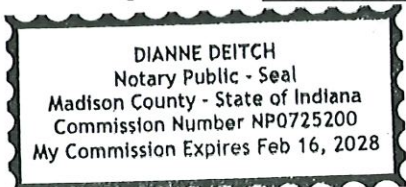
Jerry Ehlers, CFE, AES
Examinations Manager
Indiana Department of Insurance

State of: Indiana
County of: Marion

On this 28th day of April, 2023, 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: 2.16.2028



Dianne Deitch
Notary Public

Dianne Deitch
Notary Public

