

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

IN THE MATTER OF:)

Meridian Security Insurance Company)
518 East Broad Street)
Columbus, OH 43215)

Examination of: **Meridian Security Insurance Company**

NOTICE OF ENTRY OF ORDER

Enclosed is the Final Order entered by Holly W. Lambert, Commissioner of the Indiana Department of Insurance, after fully considering and reviewing the Verified Report of Examination of Meridian Security Insurance Company, any relevant examination work papers, and any written submissions or rebuttals. The Verified Report of Examination, as amended by the Final Order, 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 Meridian 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.

6/25/2011
Date

R.E.
Roy Eft
Chief Financial Examiner

CERTIFIED MAIL NUMBER: 7004 1160 0000 3835 5977

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

IN THE MATTER OF:

Meridian Security Insurance Company
518 East Broad Street
Columbus, OH 43215

Examination of: **Meridian Security Insurance Company**

FINDINGS AND FINAL ORDER

The Indiana Department of Insurance conducted an examination into the affairs of the Meridian Security Insurance Company (hereinafter “Company”) for the time period January 1, 2019, through December 31, 2023.

The Verified Report of Examination was filed with the Commissioner of the Department of Insurance (hereinafter “Commissioner”) by the Examiner on May 22, 2025.

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 23, 2025, and was received by the Company on June 4, 2025.

On June 13, 2025, pursuant to Ind. Code § 27-1-3.1-10, the Company filed a response to the Verified Report of Examination. The Commissioner has fully considered the Company's response.

NOW THEREFORE, based on the Verified Report of Examination and the response filed by the Company, the Commissioner hereby FINDS as follows:

1. The suggested modifications to the Verified Report of Examination submitted by the Company are reasonable and shall be incorporated into the Verified Examination Report. A copy of the Verified Report of Examination, as amended, is attached hereto.

2. The Verified Report of Examination, as amended, is true and accurate report of the financial condition and affairs of the Company as of December 31, 2023.
3. The Examiners' recommendations are reasonable and necessary in order for the Company to comply with the insurance 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, as amended, 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, as amended. 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 25th day of
June, 2025.



Holly W. Lambert
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

MERIDIAN SECURITY INSURANCE COMPANY

NAIC Co. Code 23353

NAIC GROUP CODE 0111

As of

December 31, 2023

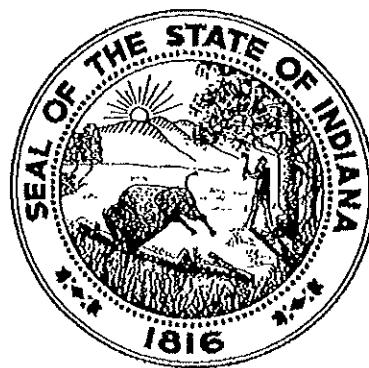


TABLE OF CONTENTS

SALUTATION.....	1
SCOPE OF EXAMINATION.....	2
HISTORY.....	3
CAPITAL AND SURPLUS.....	3
DIVIDENDS TO STOCKHOLDERS	3
MANAGEMENT AND CONTROL.....	4
Directors.....	4
Officers.....	5
CONFLICT OF INTEREST	5
OATH OF OFFICE.....	5
CORPORATE RECORDS.....	5
Articles of Incorporation	5
Bylaws.....	5
Minutes.....	6
AFFILIATED COMPANIES.....	6
Organizational Structure	6
Affiliated Agreements.....	7
FIDELITY BOND AND OTHER INSURANCE.....	8
TERRITORY AND PLAN OF OPERATION.....	8
REINSURANCE.....	8
Reinsurance Pool.....	8
Ceded Reinsurance.....	9
Assumed Reinsurance.....	9
FINANCIAL STATEMENTS	9
Assets	10
Liabilities, Surplus and Other Funds.....	11
Statement of Income.....	12
Reconciliation of Capital and Surplus Account	13
COMMENTS ON THE FINANCIAL STATEMENTS	14
OTHER SIGNIFICANT ISSUES	14
SUBSEQUENT EVENTS.....	14
AFFIDAVIT.....	15



STATE OF INDIANA

MIKE BRAUN, GOVERNOR

Indiana Department of Insurance
Holly W. Lambert, Commissioner
311 W. Washington Street, Suite 103
Indianapolis, Indiana 46204-2787
Telephone: 317-232-3520
Fax: 317-232-5251
Website: in.gov/doi

May 22, 2025

Honorable Holly W. Lambert, 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 4193, an examination has been made of the affairs and financial condition of:

Meridian Security Insurance Company
518 East Broad Street
Columbus, OH 43215

hereinafter referred to as the "Company," or "MSIC," an Indiana domestic stock, property and casualty insurance company. The examination was conducted remotely with assistance from the corporate office staff in Boston, Massachusetts.

The Report of Examination, reflecting the status of the Company as of December 31, 2023, is hereby respectfully submitted.

SCOPE OF EXAMINATION

The Company was last examined by representatives of the Indiana Department of Insurance (INDOI) and covered the period from January 1, 2014, through December 31, 2018. The present risk-focused examination was conducted by Noble Consulting Services, Inc., and covered the period from January 1, 2019, through December 31, 2023, 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 Massachusetts domestic insurance companies of Liberty Mutual Group (LMG) was called by the Massachusetts Division of Insurance (Division) in accordance with the Handbook guidelines, through the NAIC's Financial Examination Electronic Tracking System. The Division served as the lead state on the examination, and the INDOI and the insurance departments from Arizona, California, Connecticut, Illinois, Iowa, Minnesota, New Hampshire, Ohio, Oregon, Texas, and Wisconsin served as participants.

The actuarial specialists of Risk & Regulatory Consulting LLC provided all actuarial services throughout the examination and conducted a review of the Company's actuarial-related risks as of December 31, 2023.

The investment specialists of Risk & Regulatory Consulting LLC provided all investment services throughout the examination and conducted a review of the Company's investment-related risks as of December 31, 2023.

The information technology specialists of Risk & Regulatory Consulting, LLC provided all information technology services throughout the examination and conducted a review of the Company's IT Environment and related risks as of December 31, 2023.

The reinsurance specialist of Risk & Regulatory Consulting, LLC provided all reinsurance services throughout the examination and conducted a review of the Company's reinsurance program and related risks as of December 31, 2023.

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

The Company was incorporated on July 27, 1967, under the laws of the state of Indiana, as Meridian Standard Insurance Company, and commenced business on October 2, 1967. Effective January 13, 1984, the Company's name was changed to Meridian Security Insurance Company. On June 1, 2001, State Automobile Mutual Insurance Company (SAM) acquired Meridian Insurance Group, Inc. and became the Company's ultimate controlling entity.

The operations of two (2) former companies within the State Auto Insurance Group, State Auto Florida Insurance Company and Beacon National Insurance Company, were merged into the Company at the close of business, December 31, 2012. Effective July 2, 2014, Meridian Citizens Mutual Insurance Company was merged into SAM leaving the Company as the only Indiana domestic insurer in the Group.

Effective March 1, 2022, MSIC was acquired as part of a broader transaction governed by the terms and conditions set forth in an agreement and plan of merger and combination, dated as of July 12, 2021, by and among LMHC, two wholly-owned subsidiaries of LMHC, SAM, a property and casualty mutual insurance company domiciled in Ohio, and State Auto Financial Corporation (STFC), a publicly traded Ohio corporation, pursuant to which LMHC acquired SAM, STFC and all downstream subsidiaries of SAM and STFC. A Form A was filed with the INDOI on August 5, 2021 and was approved on December 28, 2021.

CAPITAL AND SURPLUS

The Company had 100,000 authorized shares of common stock with a par value of \$200 per share and 25,000 shares issued and outstanding throughout the examination period.

No capital contributions were made or received during the examination period.

DIVIDENDS TO STOCKHOLDERS

The Company paid the following dividends to State Auto Holdings, Inc. during the examination period:

Year	Total	Ordinary Dividends	Extraordinary Dividends
2023	\$ 38,396,772	\$ -	\$ 38,396,772
2022	7,500,000	7,500,000	-
Total	<u>\$ 45,896,772</u>	<u>\$ 7,500,000</u>	<u>\$ 38,396,772</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 extraordinary dividend during the examination period. 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.

MANAGEMENT AND CONTROL

Directors

The Company's Bylaws provide that the business affairs of the Company are to be managed by a Board of Directors (Board) consisting of no less than five (5) and no more than twenty-one (21) directors. At least one (1) of the directors must be a resident of Indiana. The shareholders, at each annual meeting, elect the members of the Board.

The following is a listing of persons serving as directors as of December 31, 2023, and their principal occupations as of that date:

Name and Address Location	Principal Occupation
James Czapla Marblehead, Massachusetts	Deputy General Counsel, U.S. Retail Markets Liberty Mutual Group Inc.
Matthew Dolan Avon, Connecticut	President, Ironshore, Global Risk Solutions Liberty Mutual Group Inc.
Alison Erbig Stoneham, Massachusetts	Chief Financial Officer, Global Risk Solutions Liberty Mutual Group Inc.
Michael Fallon Bedford, Massachusetts	President, Major Accounts, Global Risk Solutions Liberty Mutual Group, Inc.
Damon Hart Brookline, Massachusetts	Secretary, Chief Legal Officer Liberty Mutual Group, Inc.
Matthew Johnson Boston, Massachusetts	Chief Financial Officer, U.S. Retail Markets Liberty Mutual Group, Inc.
Hamid Mirza Norwell, Massachusetts	President, U.S. Retail Markets Liberty Mutual Group Inc.
Elizabeth Morahan Newtonville, Massachusetts	Deputy General Counsel, Global Risk Solutions Liberty Mutual Group Inc.
Paul Sanghera Medfield, Massachusetts	Comptroller, Executive Vice President Liberty Mutual Group Inc.
John Seeber, Jr. Indianapolis, Indiana	Senior Underwriting Manager Liberty Mutual Group Inc.

Officers

The Company's Bylaws state that the elected officers of the Company shall consist of a President, a Secretary and a Treasurer. The President or the Chairman may appoint the number of Vice Presidents, Assistant Secretaries, Assistant Treasurers or any such officer as the President or Chairman may determine is required in the best interest of the Company. Each of these officers is elected by the Board and shall hold office for one (1) year or until their respective successors are duly chosen and have qualified.

The following is a list of key officers and their respective titles as of December 31, 2023:

Name	Office
Hamid Mirza	President and Chief Executive Officer
Damon Hart	Executive VP, Chief Legal Officer and Secretary
Nikos Vasilakos	Executive VP and Treasurer
Christopher Peirce	Executive VP and Chief Financial Officer
Paul Sanghera	Executive VP and Comptroller
Vlad Barbalat	Executive VP and Chief Investment Officer

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, 2023.

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, 2023.

CORPORATE RECORDS

Articles of Incorporation

The Articles of Incorporation were amended and restated on June 15, 2023. There was no change in the shares of the Company made by the Amendment and Restatement. The Articles of Incorporation were amended as part of the acquisition by LMHC.

Bylaws

The Bylaws were amended and restated effective March 31, 2023. The Bylaws were amended as part of the acquisition by LMHC.

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 specify the annual meeting of shareholders is to be held within five (5) months after the end of the fiscal year. For each year under review, the annual meeting of shareholders was held within five (5) months following the close of each fiscal year.

The committee meeting minutes for LMHC during the examination period, and through the fieldwork date, were reviewed for the following committees: Finance and Audit Committee, Compensation Committee, Executive Committee, Investment Committee, Governance and Sustainability Committee, and Risk Committee.

AFFILIATED COMPANIES

Organizational Structure

The following abbreviated organizational chart shows the Company's parent and affiliates as of December 31, 2023, that were included in this examination:

	NAIC Code	Co.	Domiciliary State/Country
Liberty Mutual Holding Company Inc.			MA
LMHC Massachusetts Holding Inc.			MA
Liberty Mutual Group Inc.			MA
State Automobile Mutual Insurance Company	25135		OH
State Auto Holdings, Inc.			OH
Meridian Security Insurance Company	23353		IN
Liberty Mutual Insurance Company	23043		MA
LM Property and Casualty Insurance Company	32352		IN
Ohio Casualty Corporation			OH
The Ohio Casualty Insurance Company	24074		NH
West American Insurance Company	44393		IN
Liberty Insurance Holdings, Inc.			DE
Liberty Mutual Agency Corporation			DE
Peerless Insurance Company	24198		NH
Liberty-USA Corporation			DE
The National Corporation			IN
National Insurance Association	27944		IN
Indiana Insurance Company	22659		IN
Consolidated Insurance Company	22640		IN
Safeco Corporation			WA
American States Insurance Company	19704		IN
General Insurance Company of America	24732		NH
Safeco Insurance Company of Indiana	11215		IN
American States Preferred Insurance Company	37214		IN
American Economy Insurance Company	19690		IN
American States Insurance Company of Texas	19712		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.

Management Services Agreement

The Company was party to a Management Services Agreement with LMIC effective March 1, 2022, under which LMIC provides risk underwriting, claims processing, claims adjustments, policyholder services, contract management, administration, and other services determined to be reasonably necessary or desirable. The Management Services Agreement was submitted to the INDOI on September 17, 2021, and was not disapproved on December 28, 2021.

Management and Operations Agreement

The Company was party to a Management and Operations Agreement as of January 1, 2015, (the “2015 Management Agreement”) along with State Auto Mutual, State Auto Property & Casualty Insurance Company (“State Auto P&C”) and certain affiliates, which amends the Management and Operations Agreement Amended and Restated as of January 1, 2005 (the “2005 Management Agreement”) by incorporating its amendments into the body of the 2015 Management Agreement, adding five (5) new parties, deleting parties that have been merged or dissolved, and making certain other changes. Under the 2015 Management Agreement, as under the 2005 Agreement, State Auto P&C is responsible for performing all organizational, operational and management functions for each of the companies participating in the 2015 Management Agreement. All individuals providing services to the Company are employees of State Auto P&C. Under the 2015 Management Agreement, as under the 2005 Agreement, State Auto Mutual provides certain facilities, office equipment, and other tangible property to the Managed Companies as needed to conduct their respective businesses. The 2015 Management agreement is dated March 9, 2015. The First Amendment is dated October 11, 2017, and the Second Amendment is dated February 26, 2018.

The Company paid \$(26,212) for services rendered by State Auto Mutual and State Auto P&C during 2023 under the 2015 Management Agreement.

Consulting Services Agreement

The Company entered into a Consulting Services Agreement with RTW, Inc., an affiliate, for overall claims case management for the workers’ compensation program effective November 1, 2009. The Consulting Services Agreement was attached to a Form D dated September 14, 2009. The Consulting Services Agreement changed the fees from flat to actual cost and reduced a specific referral amount. MSIC made no payments under this Agreement during 2023.

Cash Management Agreement

The Company was party to a Cash Management Agreement with LMIC effective March 1, 2022, whereby LMIC will provide short-term cash liquidity pool management services to the Company. A Form D was filed with the INDOI on September 17, 2021, and was not disapproved on December 28, 2021.

Investment Agreement

The Company was party to an Investment Management Agreement with Liberty Mutual Group Asset Management Inc. (LMGAM) effective March 1, 2022, under which LMGAM provides investment management services to the Company. The Agreement was filed with the INDOI on September 17, 2021, and was approved on December 28, 2021. Pursuant to the Agreement, MSIC paid management fees LMGAM of \$96,878 in 2023.

Federal Tax Sharing Agreement

The Company was added to the Federal Tax Sharing Agreement effective March 1, 2022. The Company filed the agreement on September 17, 2021 and it was not disapproved by the INDOI on December 28, 2021. Under this Agreement, the method of allocation is based upon separate return allocation with credit applied for losses as appropriate. MSIC has the enforceable right to recoup prior year payments in the event of future losses. The Agreement may be terminated for any party when the entity is no longer a member of the consolidated group for tax filing purposes. As a result of the INDOI's acknowledgment of the Tax Sharing Agreement, all previous Tax Allocation Agreements between the Company and State Auto Companies were deleted.

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 Insurance Company of Pittsburgh, PA. The bond has an aggregate limit of liability of \$30 million and a single loss coverage limit of \$15 million with a \$10 million 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, 2023, including but not limited to automobile liability, commercial general liability, financial institution bond, miscellaneous professional liability, specialty risk and umbrella liability.

TERRITORY AND PLAN OF OPERATION

MSIC product writings include homeowners' multiple peril, private passenger auto liability, auto physical damage, workers' compensation, allied lines, fire, commercial multiple peril, other liability – occurrence, commercial auto liability, inland marine, earthquake, product liability – occurrence, boiler and machinery, other liability – claims made, fidelity, burglary and theft, and ocean marine. The Company is licensed in forty-three (43) states, with writings primarily in the Midwest and eastern United States. Approximately 55% of the Company's direct business is derived from its automobile lines.

The Company's largest states, by total Direct Written Premiums as of December 31, 2023, are Texas (\$186.2M or 50%), Virginia (\$29.9M or 8%), Mississippi (\$29.1M or 8%), Arkansas (\$25.7M or 7%), and Minnesota (\$22.1M or 6%). These states accounted for 79% of total writings in 2023.

REINSURANCE

Reinsurance Pool

Prior to January 1, 2013, LMIC was organized with two (2) separate and distinct intercompany reinsurance pools, the Pool and the Peerless Pool. Effective January 1, 2013, the Peerless Pool was merged into the Pool and thus dissolved.

Effective April 1, 2022, MSIC is party to Addendum 2 Second Amendment to the Second Amended and Restated Intercompany Reinsurance Agreement. Addendum 2 amends the Pooling Agreement to add the following new affiliates, American Compensation Insurance Company, Bloomington Compensation Insurance Company, Meridian Security Insurance Company, Milbank Insurance Company, Patrons Mutual Insurance Company of Connecticut, Plaza Insurance Company, Rockhill Insurance Company, State Auto Insurance Company of Ohio, State Auto Insurance Company of Wisconsin, State Auto P&C and SAM, which were acquired on March 1, 2022. A Form D was filed with the INDOI on October 22, 2021, and the was not disapproved on December 28, 2021.

LMIC shares the results of its underwriting operations through the Pool with a number of subsidiaries and affiliates. LMIC is the lead insurer of the LMIC Pool and as such is the principal administrator of most pooling operations. After recording all of the affiliate transactions, LMIC records 100% of its external assumed and ceded reinsurance and the net underwriting activity is retroceded to the LMIC Pool participants in accordance with each company's pro-rata pooling participation percentage as noted below, except for Wausau Business Insurance Company, Wausau General Insurance Company and Wausau Underwriters Insurance Company, which cede 100% of its underwriting activity to Employers Insurance Company of Wausau, which then 100% retrocedes to LMIC to be included in the LMIC Pool.

Following is a list of the companies within LMG receiving a share of the Pool and its respective contract percentage:

Name of Pool Members	Percentage of Pool	Domiciliary State
Liberty Mutual Insurance Company	50.0%	MA
Peerless Insurance Company	20.0%	NH
Employers Insurance Company of Wausau	8.0%	WI
Liberty Mutual Fire Insurance Company	8.0%	WI
The Ohio Casualty Insurance Company	8.0%	NH
Safeco Insurance Company of America	6.0%	NH
American Economy Insurance Company ^A	0.0%	IN
American States Insurance Company ^A	0.0%	IN
American States Preferred Insurance Company ^A	0.0%	IN
Consolidated Insurance Company ^A	0.0%	IN
Indiana Insurance Company ^A	0.0%	IN
Meridian Security Insurance Company ^A	0.0%	IN
National Insurance Association ^A	0.0%	IN
Safeco Insurance Company of Indiana ^A	0.0%	IN
West American Insurance Company ^A	0.0%	IN
Total	100.0%	

^A Indiana domiciled insurers that are party to the Intercompany Reinsurance Agreement, but do not participate in the retrocession of pool business. Including the Indiana domiciled insurers that have 0% of the reinsurance Pool, there are a total of sixty-two (62) insurance companies with 0% of the reinsurance Pool.

Ceded Reinsurance

No business was ceded by the Company during the examination period.

Assumed Reinsurance

No business was assumed by the Company during the examination period.

FINANCIAL STATEMENTS

The following financial statements are based on the statutory financial statements filed by the company with the INDOI and present the financial condition of the company for the period ending December 31, 2023. The accompanying comments on financial statements reflect any examination adjustments to the amounts reported in the annual statement and should be considered an integral part of the financial statements.

MERIDIAN SECURITY INSURANCE COMPANY
Assets
As of December 31, 2023

	<u>Per Company</u>
Bonds	\$ 30,378,136
Cash, cash equivalents and short-term investments	2,038,144
Subtotals, cash and invested assets	<u>32,416,280</u>
Investment income due and accrued	202,247
Premiums and considerations:	
Uncollected premiums and agents' balances in course of collection	100,592
Reinsurance:	
Amounts recoverable from reinsurers	104,880,319
Aggregate write-ins for other than invested assets	8,684
Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts	<u>137,608,122</u>
Totals	<u><u>\$ 137,608,122</u></u>

MERIDIAN SECURITY INSURANCE COMPANY
Liabilities, Surplus and Other Funds
As of December 31, 2023

	<u>Per Company*</u>
Losses	\$ -
Reinsurance payable on paid losses and loss adjustment expenses	54,857
Current federal and foreign income taxes on realized capital gains (losses)	241,796
Ceded reinsurance premiums payable	54,162,163
Provision for reinsurance	19,000
Payable to parent, subsidiaries and affiliates	50,928,911
Aggregate write-ins for liabilities	(993)
Total liabilities excluding protected cell liabilities	<u>105,405,733</u>
Total liabilities	<u>105,405,733</u>
Common capital stock	5,000,000
Gross paid in and contributed surplus	25,609,636
Unassigned funds (surplus)	1,592,753
Surplus as regards policyholders	32,202,389
Totals	<u>\$ 137,608,122</u>

*The balances include immaterial rounding differences.

MERIDIAN SECURITY INSURANCE COMPANY
Statement of Income
For the Year Ended December 31, 2023

	<u>Per Company</u>
INVESTMENT INCOME	
Net investment income earned	\$ 1,740,617
Net realized capital gains (losses) less capital gains tax	<u>(966,897)</u>
Net investment gain (loss)	<u>773,720</u>
OTHER INCOME	
Aggregate write-ins for miscellaneous income	<u>(4,960)</u>
Total other income	<u>(4,960)</u>
Net income, before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	<u>768,760</u>
Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	768,760
Federal and foreign income taxes incurred	<u>559,238</u>
Net income	<u>\$ 209,522</u>

MERIDIAN SECURITY INSURANCE COMPANY
Reconciliation of Capital and Surplus Account

	2023	2022	2021*	2020	2019
Surplus as regards policyholders, December 31 prior year	\$ 70,089,640	\$ 78,948,730	\$ 77,566,518	\$ 76,289,553	\$ 74,577,999
Net income	209,522	(1,005,493)	1,301,521	1,227,467	1,739,822
Change in net unrealized capital gains or (losses) less capital gains tax	-	(180,006)	129,408	49,926	72,719
Change in net deferred income tax	523,000	(205,591)	(16,718)	(6,428)	(94,987)
Change in nonadmitted assets	(204,000)				
Change in provision for reinsurance	(19,000)	32,000	(32,000)	6,000	(6,000)
Dividends to stockholders	(38,396,772)	(7,500,000)	-	-	-
Aggregate write-ins for gains and losses in surplus	(1)	-	-	-	-
Change in surplus as regards policyholders for the year	(37,887,251)	(8,859,090)	1,382,212	1,276,965	1,711,554
Surplus as regards policyholders, December 31 current year	<u>\$ 32,202,389</u>	<u>\$ 70,089,640</u>	<u>\$ 78,948,730</u>	<u>\$ 77,566,518</u>	<u>\$ 76,289,553</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, 2023, based on the results of this examination.

OTHER SIGNIFICANT ISSUES

There were no significant recommendations noted by the examination team for improvements in process, activities and/or controls that should be noted in this report.

SUBSEQUENT EVENTS

On July 25, 2024, Liberty Mutual announced that Julie Haase was named Executive Vice President and Chief Financial Officer, effective January 1, 2025. Current Executive Vice President and Chief Financial Officer Chris Peirce announced retirement at the end of 2024.

On March 4, 2025, Liberty Mutual announced it will market and sell all of its personal lines products solely under the Liberty Mutual brand starting in 2026. Safeco Insurance, the company's brand within the independent agent channel, will retire as a brand.

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 Risk & Regulatory Consulting LLC, performed an examination of Meridian Security Insurance Company, as of December 31, 2023.

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

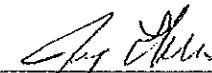
This examination was performed in accordance with those procedures required by the NAIC Financial Condition Examiners Handbook and other procedures tailored for this examination. Such procedures performed on this examination do not constitute an audit made in accordance with generally accepted auditing 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 Meridian Security Insurance Company as of December 31, 2023, as determined by the undersigned.



Daniel Schnepf, CFE
Noble Consulting Services, Inc.

Under the Supervision of:



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

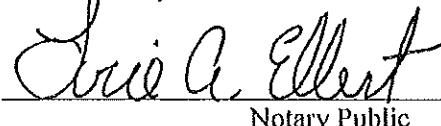
State of: Indiana
County of: Marion

Lorie A Ellert
Notary Public
SEAL
Marion County, State of Indiana
My Commission Expires July 11, 2025
Commission #702622

On this 23rd day of June, 2025, before me personally appeared, Daniel Schnepf 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:

July 11, 2025 

Notary Public

