REPORT OF EXAMINATION

OF THE

TOPA INSURANCE COMPANY

AS OF

DECEMBER 31, 2016

Filed On June 27, 2018

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Los Angeles, California
May 30, 2018

Honorable Dave Jones
Insurance Commissioner
California Department of Insurance
Sacramento, California

Dear Commissioner:

Pursuant to your instructions, an examination was made of the

TOPA INSURANCE COMPANY

(hereinafter also referred to as the Company) at its home office located at 24025 Park Sorrento, Suite 300, Calabasas, California 91302.

SCOPE OF EXAMINATION

We have performed our multi-state examination of the Company. The previous examination of the Company was as of December 31, 2012. This examination covered the period from January 1, 2013 through December 31, 2016.

The examination was conducted in accordance with the National Association of Insurance Commissioners *Financial Condition Examiners Handbook (Handbook)*. The Handbook requires the planning and performance of the examination to evaluate the Company's financial condition, assess corporate governance, identify current and prospective risks, 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.

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 findings of fact and general information about the Company and its financial condition. There might be other items identified during the examination that, due to their nature (e.g., subjective conclusions, proprietary information, etc.), were not included within the examination report but separately communicated to other regulators and/or the Company.

COMPANY HISTORY

On December 21, 2015, the Company's corporate headquarters was relocated from Century City, California to Calabasas, California, its current location.

Capitalization

On December 30, 2013 the Company received a $3,000,000 capital contribution from its ultimate parent, Topa Equities, Ltd.

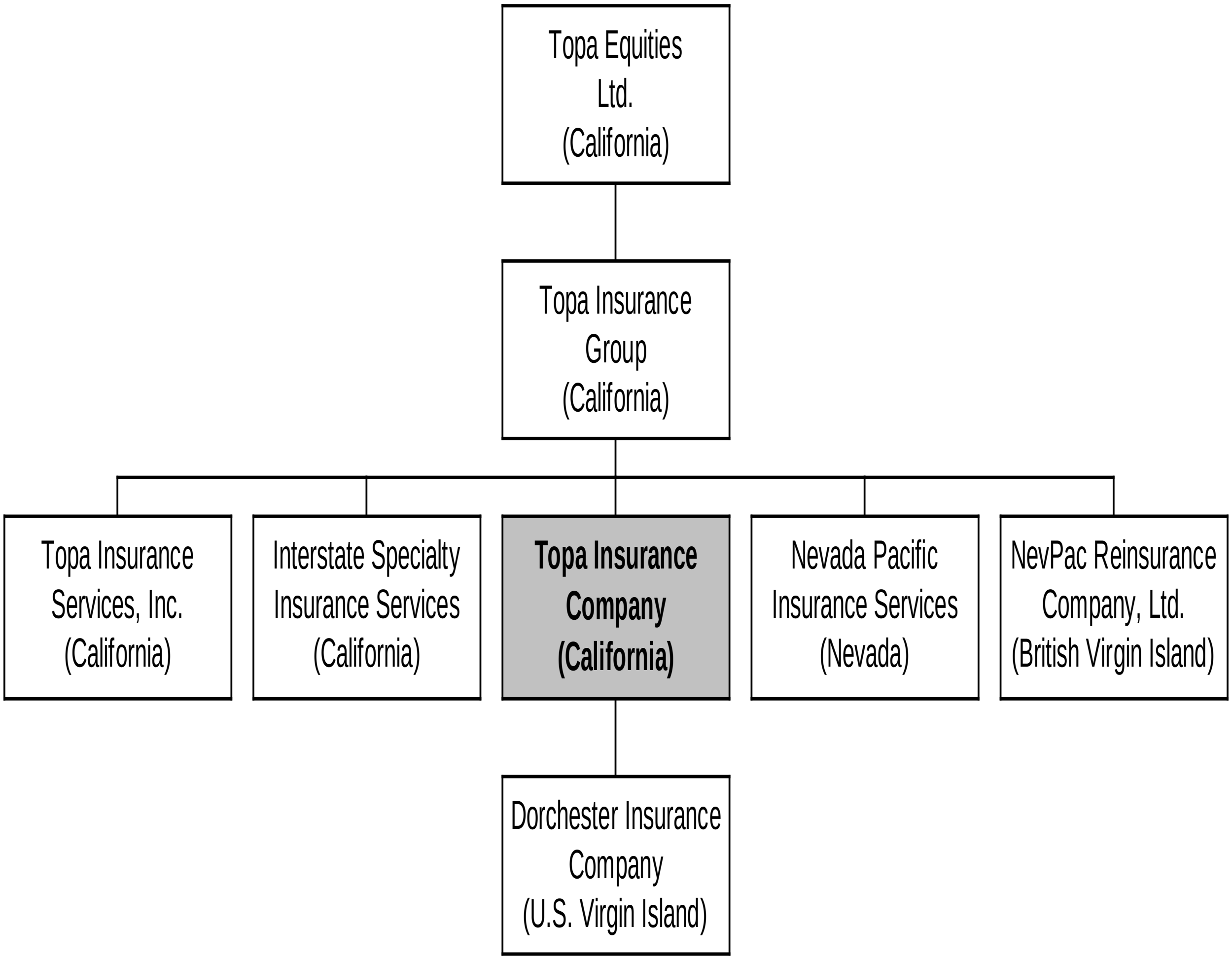
Dividends

Ordinary cash dividends paid by the Company to its immediate parent, Topa Insurance Group, totaled $2,100,000 for 2013.

The Company received cash dividends from its wholly-owned subsidiary, Dorchester Insurance Company, in the amount of $1,100,000, $800,000, $800,000, and $600,000 in 2013, 2014, 2015, and 2016, respectively.

MANAGEMENT AND CONTROL

The Company is a wholly-owned subsidiary of Topa Insurance Group (TIG). TIG, in turn, is a wholly-owned subsidiary of Topa Equities, Ltd., a privately held California insurance holding company, which at December 31, 2016 was controlled by Mrs. Marion Anderson. The following abridged organizational chart is limited to the entities the Company had interrelationships with during the exam period within the holding company system as of December 31, 2016 (all ownership is 100% unless otherwise noted):



The seven members of the board of directors, who are elected annually, manage the business and affairs of the Company. Following are members of the board and principal officers of the Company serving at December 31, 2016:

Directors

Name and Location	Principal Business Affiliation
Marion Anderson[a] Los Angeles, California	Chairman of the Board Topa Equities, Ltd.
William S. Anderson Los Angeles, California	Founder and Chief Executive Officer First Beverage Group, LLC

Name and Location	Principal Business Affiliation
Michael S. Day Walnut Creek, California	Director Topa Insurance Company
John E. Donahue Marina del Rey, California	President and Chief Executive Officer Topa Insurance Company
Judy L. Mann Los Angeles, California	Director Topa Insurance Company
Judith G. Munzig Ojai, California	Director Topa Insurance Company
Brenda M. Seuthe Los Angeles, California	Chief Financial Officer Topa Equities, Ltd.

Principal Officers

Name	Title
John E. Donahue	President and Chief Executive Officer
Anthony L. Manzitto[b]	Executive Vice President and Chief Operating Officer
Cynthia M. Morrison	Senior Vice President and Chief Financial Officer
Brian K. Schween	Senior Vice President and Chief Information Officer
William J. Robinson	Vice President, Human Resources
Charles J. Williamson	Assistant Vice President
Diana Daubenspeck	Assistant Vice President, Internal Audit

The following changes in management occurred subsequent to the examination date:

[a] Marion Anderson, Chairman of the Board passed on May 14, 2017, and William S. Anderson assumed the Chairman of the Board position.

[b] Anthony L. Manzitto, Executive Vice President and Chief Operating Officer resigned effective May 26, 2017, and was not replaced.

Management Agreements

Amended Investment Management Agreement: Effective October 1, 2001, the Company entered into an Amended Investment Management Agreement with its former affiliate, Kayne Anderson Rudnick Investment Management, LLC (KARIM). The amended agreement, which was approved by the California Department of Insurance (CDI) on the above referenced effective date. The Company paid a management fee of $27,500 per month to KARIM. During the years under review, the Company paid KARIM $330,000 per year. This agreement was terminated on March 31, 2018.

Intercompany Agreements

Tax Savings Agreement: Since January 1, 1998, the Company has been party to a Tax Savings Agreement with its ultimate parent, Topa Equities, Ltd. (TEL). Under the terms of this Agreement, the allocation of the Company's consolidated federal income tax liability or benefit is determined as if it filed on a separate return basis, with the settlement of the tax liability or benefit made within 45 days following the filing of the consolidated return. For 2013, 2014, and 2015, the Company recovered federal income taxes of ($4,314,934), ($2,228,468), and ($489,641), respectively.

On January 1, 2016, the Company's direct parent, Topa Insurance Group (TIG) and certain subsidiaries, including the Company, separated from the aforementioned agreement and established a new consolidated tax filing group with TIG as the primary filer. However, no written agreement was composed to memorialize this newly affiliated arrangement. Under this arrangement, each entity calculates its share of the federal income tax liability or benefit on a separate return basis and settlement is to be made quarterly based on the consolidated return. There were no taxes paid/recovered in 2016. The Company did not file a Form D, nor obtained prior approval for a new tax sharing agreement with the California Department of Insurance (CDI) pursuant to California Insurance Code (CIC) Section 1215.5(b)(4). Additionally, Note 9(F)(2) of the Notes to Financials in the filed financial statements did not fully disclose the reason a written agreement had not been executed in accordance to the National Association of Insurance Commissioners (NAIC) Annual Statement Instructions pursuant to CIC Section 923.

Therefore, the Company is not in compliance with CIC Section 1215.5(b)(4), CIC Section 923, NAIC Statement of Statutory Accounting Principles (SSAP) No. 25, and SSAP No. 101. In accordance with CIC Section 1215.5(b)(4) the Company must file and obtain prior approval for all affiliated agreements. CIC Section 923 requires the Company to file financial statements in conformity with Accounting Practices and Procedures Manual adopted by the NAIC. SSAP No. 25 states transactions between related parties must be in the form of a written agreement and must provide a timely settlement of amounts owed, with a specified due date. SSAP No. 101, paragraph 16, declares in the case of a reporting entity that files a consolidated income tax return with one or more affiliates, income tax transactions between affiliated parties shall be recognized if a) transactions are economic transactions defined by SSAP 25; b) pursuant to a written income tax allocation agreement; and c) income taxes incurred are accounted for in a manner consistent with the principles of Financial Accounting Standards Board Statement No. 109, Accounting for Income Taxes. It is recommended that the Company draft a new tax sharing agreement with TIG and file a Form D to obtain approval by the CDI.

Brokerage Agreement: Effective February 5, 1996, a Brokerage Agreement was executed between the Company and its affiliate, Topa Insurance Services, Inc. (TIS). Under this Agreement, TIS, is not authorized to bind insurance unless prior submission is made and written approval is obtained from the Company. Commission is calculated based on a negotiated rate on a per policy basis. The Company paid TIS commissions of $42,526, $36,869, $24,498, and $36,408 for years 2013, 2014, 2015, and 2016, respectively.

Agency Agreement: The Company entered into an Agency Agreement with its affiliate, Nevada Pacific Insurance Service (NPIS), on February 1, 2002. Under this Agreement, NPIS is authorized to bind commercial lines of business, with specified limits in Nevada, and charges a commission of 20.00%. An amendment to reduce the commission rate 10.00% was filed and approved by the CDI on August 20, 2014. TIG sold NPIS on October 31, 2014, but repurchased it on September 1, 2016. The Company paid NPIS commissions of ($1,026,510), ($234,115), $0, and $0 for years 2013, 2014, 2015, and 2016, respectively.

Agency Agreement: The Company entered into an Agency Agreement with its affiliate, McNabb Insurance Services, Inc. (McNabb), on February 1, 2002. Under the Agreement, McNabb is authorized to bind personal and commercial lines policies within specified limits. The Company paid McNabb commissions of $3,622,046 and $2,123,157 for 2013 and 2014, respectively. The agreement was terminated on November 30, 2014.

Agency Agreement: The Company entered into an Agency Agreement with its affiliate, Interstate Specialty Insurance Services, Inc. (ISIS), on March 1, 2012. Under the Agreement, ISIS is authorized to bind personal and commercial lines within specified limits. An amendment to reduce the commission rate to 10.00% was filed and approved by the CDI on August 20, 2014. The Company paid ISIS commissions of $2,082,515, $49,213 for years 2013, 2014, respectively; no commissions for 2015 and 2016 as there were no direct written premiums.

<u>Corporate Records</u>

Based on the review of the Company's corporate records, the following deficiencies were noted:

(1) California Insurance Code (CIC) Section 735 states that the Company must inform the board members of the receipt of the examination report, both in the form first formally prepared by the examiners and in the form as finally settled and officially filed by the Commissioner, and enter that fact in the board minutes. A review of the board minutes disclosed that no entry in the board minutes were made, nor was there discussion of the prior examination report noted in the minutes;

(2) Significant transactions during the examination period including the election or

termination of its directors and officers, were not approved by the board or disclosed in the minutes;

(3) The number of directors varied from four to seven members throughout the examination period. The Company's bylaws states the exact number of directors shall be five.

Based on the above, the following recommendations are made:

(1) The Company should implement procedures in its board meetings to ensure adherence to CIC Section 735.

(2) The board should document in its minutes the review and approval of all significant events and transactions affecting the Company including the election and/or the termination of its directors and officers; and

(3) The board should amend its bylaws to reflect the current number of directors.

TERRITORY AND PLAN OF OPERATION

As of December 31, 2016, the Company was licensed to write various property and casualty coverages in the following 20 states and the District of Columbia:

Arizona	Georgia	Nebraska	Oklahoma
Arkansas	Iowa	Nevada	South Carolina
California	Kansas	New Jersey	Utah
Colorado	Maryland	New Mexico	Virginia
Delaware	Missouri	Ohio	Washington

In 2015, the Company obtained its certificate of authority and began writing business in the states of Delaware, New Jersey, and Ohio. As of the examination date, the Company was also authorized to write surplus lines in 12 states.

During 2016, the Company wrote $86.9 million of direct premiums; 60.0% of the writings pertained to the combination of private passenger and commercial automobile liability business and the remainder consisted primarily of other liability, commercial multiple peril, and homeowners multiple peril coverages. Of the total direct premiums written, $51.5 million (59.30%) was written in California, $18.8 million (21.70%) was written in New Jersey, $5.2 million (6.10%) was written in Utah, and $4.5 million (5.20%) was written in Washington. The Company distributes its products through general agents and wholesale brokers.

REINSURANCE

Intercompany Reinsurance

The Company entered into a Calendar Period Stop Loss Reinsurance Agreement, effective April 1, 2016, with its affiliate, NevPac Reinsurance Company Ltd., domiciled in the British Virgin Islands. The agreement provides $2 million of coverage for loss and loss adjustment expense above the Company's combined ratio of 113%. This agreement ended December 31, 2016.

Assumed

The Company assumes a minimal amount of commercial and private passenger automobile reinsurance covering risks originated in the U.S. Virgin Islands, from its wholly-owned subsidiary, Dorchester Insurance Company, Ltd.

Effective January 1, 2016, the Company entered into a property catastrophe quota share retrocession agreement with Axis Specialty Limited. As of December 31, 2016, the Company reported $1.69 million in assumed premiums.

Ceded

The combination of multi-line excess of loss, casualty cessions, and property automatic facultative excess of loss reinsurance coverage provides $5 million of coverage over and above an initial net loss to the Company of $500,000. In addition, excess catastrophe reinsurance affords the Company $28.5 million of coverage with the Company liable for the first $1 million of ultimate net loss arising out of each loss occurrence.

The following is a summary of the Company's ceded reinsurance in-force as of December 31, 2016:

Type of Contract	Reinsurer's Name*	Company's Retention	Reinsurer's Limit
Equipment Breakdown Coverage Quota Share	100.0% Factory Mutual Insurance Company	$0 each risk	Equipment Breakdown: 100% not to exceed $100,00 each and every risk Service Line: 100% not to exceed $10,000 each and every risk
Automobile Excess of Loss First Layer	100.0% Swiss Reinsurance America Corporation	$500,000 each loss occurrence	$500,000 each and every occurrence
Second Layer	100.0% Swiss Reinsurance America Corporation	$1,000,000 each loss occurrence	$5,000,000 million each and every occurrence
Third Layer	100.0% Swiss Reinsurance America Corporation	$6,000,000 each loss occurrence	$10,000,000 million each and every occurrence

Type of Contract	Reinsurer's Name*	Company's Retention	Reinsurer's Limit
Excess of Loss First Layer	50.0% QBE Reinsurance Corporation 39.0% Everest Reinsurance Company 6.0% AXIS Reinsurance Company 5.0% Endurance Reinsurance Corporation of America	$500,000 each loss occurrence	$500,000 each and every occurrence
Second Layer	35.0% QBE Reinsurance Corporation 32.0% Everest Reinsurance Company 15.0% Odyssey Reinsurance Company 10.0% Swiss Reinsurance America Corporation 5.0% Endurance Reinsurance Corporation of America 3.0% SCOR Reinsurance Company	$1,000,000 each loss occurrence	$4,000,000 million each and every occurrence
Property Automatic Facultative Excess of Loss First Layer	50.0% Aspen Insurance UK Limited 50.0% Catlin Re Switzerland Ltd. (unauthorized)	$5,000,000 each risk	$5,000,000 of net loss each risk
Second Layer	50.0% Aspen Insurance UK Limited 50.0% Catlin Re Switzerland Ltd. (unauthorized)	$10,000,000 each risk	$25,000,000 of net loss each risk
Casualty Cessions First Layer	50.0% QBE Reinsurance Corporation 27.0% Everest Reinsurance Company 15.0% Swiss Reinsurance America Corporation 6.0% SCOR Reinsurance Company 2.0% Endurance Reinsurance Corporation of America	$1,000,000 each loss occurrence	$5,000,000 each and every occurrence
Second Layer	50.0% QBE Reinsurance Corporation 42.0% Swiss Reinsurance America Corporation 6.0% SCOR Reinsurance Company 2.0% Endurance Reinsurance Corporation of America	$6,000,000 each loss occurrence	$5,000,000 each and every occurrence

Type of Contract	Reinsurer's Name*	Company's Retention	Reinsurer's Limit
Excess Catastrophe First layer	42.5% Various Lloyd's of London Syndicates 24.5% R+V Versicherung AG (unauthorized) 10.0% Allied World Reinsurance Management Company 10.0% Mapfre Re, S.A. 8.0% American Agricultural Insurance Company 5.0% Shelter Mutual Insurance Company (unauthorized)	$1,000,000 each loss occurrence	$7,500,000 excess $1,000,000 each loss occurrence
Second layer	90.0% Various Lloyd's of London Syndicates 10.0% Mapfre Re, S.A	$8,500,000 each loss occurrence	$10,000,000 excess $8,500,000 each loss occurrence
Third layer	100.0% Various Lloyd's of London Syndicates	$18,500,000 each loss occurrence	$10,000,000 excess $18,500,000, each loss occurrence

*All reinsurers authorized unless otherwise noted

ACCOUNTS AND RECORDS

Information Systems Controls

During the course of the examination, a review was made of the Company's general controls over its information systems. As a result of this review, some findings were noted and were presented to the Company along with recommendations to strengthen its controls. The Company should evaluate the recommendations and make appropriate changes to strengthen its information system controls.

Taxes, Licenses and Fees

California Insurance Code (CIC) Section 1872.8 states, in part, that each insurer doing business in the state of California must pay an annual "Vehicle Fraud Assessment Fee" (VFAF) for each vehicle insured under an insurance policy it issues in California. The fee provides funding for the investigation and prosecution of fraudulent automobile insurance claims and automobile theft in the state of California.

During the course of this examination, it was noted that the Company failed to maintain detailed supporting documentation for the VFAF remitted to the California Department of Insurance (CDI) as required by California Code of Regulations Section 2698.62. As a result, the accuracy of the vehicle count was unable to be verified. It is recommended that the Company establish and implement procedures to ensure that adequate and complete documentation is maintained to support its filing with the CDI.

FINANCIAL STATEMENTS

The following financial statements are based on the statutory financial statements filed by the Company with the California Department of Insurance and present the financial condition of the Company for the period ending December 31, 2016. The accompanying comments to the amounts reported in the annual statement should be considered an integral part of the financial statements. There were no examination adjustments made to surplus as a result of the examination.

Statement of Financial Condition as of December 31, 2016

Underwriting and Investment Exhibit for the Year Ended December 31, 2016

Reconciliation of Surplus as Regards Policyholders from December 31, 2012 through December 31, 2016

Statement of Financial Condition
as of December 31, 2016

Assets	Ledger and Nonledger Assets	Assets Not Admitted	Net Admitted Assets	Notes
Bonds	$ 117,626,840	$	$ 117,626,840	
Common stocks	32,057,716		32,057,716	
Cash and short-term investments	16,195,139		16,195,139	
Investment income due and accrued	1,439,944		1,439,944	
Premiums and agents' balances in course of collection	9,616,040		9,616,040	
Premiums, agents' balances and installments booked but deferred and not yet due (including $7,823,933 earned but unbilled premiums)	5,898,393		5,898,393	
Amount recoverable from reinsurers	406,576		406,576	
Funds held by or deposited with reinsured companies	(46,610)		(46,610)	
Net deferred tax asset	2,318,352	2,318,352		
Electronic data processing equipment and software	993,719	144,137	849,582	
Furniture and equipment	1,688,331	1,688,331		
Aggregate write-ins for other than invested assets	1,726,533	1,707,796	18,737	
Total assets	$ 189,920,973	$ 5,858,616	$ 184,062,357	

Liabilities, Surplus and Other Funds				
Losses and loss adjustment expenses			$ 63,398,574	(1)
Reinsurance payable on paid losses and loss adjustment expenses			10,604	
Commissions payable, contingent commissions and other similar charges			146,379	
Other expenses			1,244,113	
Taxes, licenses and fees			412,501	
Current federal and foreign income taxes			463,791	
Unearned premiums			37,797,758	
Ceded reinsurance premiums payable			951,161	
Funds held by company under reinsurance treaties			791,105	
Payable to parent, subsidiaries and affiliates			86,316	
Payable for securities			31,769	
Aggregate write-ins for liabilities			42,344	
Total liabilities			105,376,415	
Common capital stock		$ 5,000,000		
Gross paid-in and contributed surplus		26,639,733		
Unassigned funds (surplus)		47,046,209		
Surplus as regards policyholders			78,685,942	
Total liabilities, surplus and other funds			$ 184,062,357	

Underwriting and Investment Exhibit
for the Year Ended December 31, 2016

Statement of Income

Underwriting Income		
Premiums earned		$ 66,389,283
Deductions:		
Losses and loss expenses incurred	$ 44,199,817	
Other underwriting expenses incurred	25,045,793	
Total underwriting deductions		69,245,610
Net underwriting loss		(2,856,327)
Investment Income		
Net investment income earned	$ 4,578,800	
Net realized capital gain	454,340	
Net investment gain		5,033,144
Other Income		
Net loss from agents' or premium balances charged off (amount recovered $0 amount charged off $(2,498))	$ (2,498)	
Total other income		(2,498)
Net income after dividends to policyholders, after capital gains tax and before federal and foreign income taxes		2,174,315
Federal and foreign income taxes incurred		213,412
Net income		$ 1,960,903

Capital and Surplus Account

Surplus as regards policyholders, December 31, 2015		$ 77,114,163
Net income	$ 1,960,903	
Change in net unrealized capital gains	2,256,631	
Change in net deferred income tax	(109,333)	
Change in nonadmitted assets	(2,536,422)	
Change in surplus as regards policyholders for the year		1,571,779
Surplus as regards policyholders, December 31, 2016		$ 78,685,942

Reconciliation of Surplus as Regards Policyholders
from December 31, 2012 through December 31, 2016

Surplus as regards policyholders, December 31, 2012			$ 74,050,372
	Gain in Surplus	Loss in Surplus	
Net income	$ 2,600,796	$	
Change in net foreign exchange capital gain	3,530,695		
Change in net deferred income tax		1,653,524	
Change in nonadmitted assets		742,397	
Surplus adjustments: Paid-in	3,000,000		
Dividends to stockholders		2,100,000	
Total gains and losses	$ 9,131,491	$ 4,495,921	
Net decrease in surplus as regards policyholders			4,635,570
Surplus as regards policyholders, December 31, 2016			$ 78,685,942

COMMENTS ON FINANCIAL STATEMENT ITEMS

(1) Losses and Loss Adjustment Expenses

The December 31, 2016 loss and loss adjustment expense reserves were evaluated by a Senior Casualty Actuary from the California Department of Insurance. Based on the analyses performed, the Company's loss and loss adjustment expense reserves were found to be reasonably stated and have been accepted for purposes of this examination.

SUBSEQUENT EVENTS

The Company filed an amendment to its 2016 Form B filing to inform the California Department of Insurance that all Topa Equities, Ltd. (TEL), shares were placed under the "John and Marion Anderson Trust A, dated July 30, 2002" (Trust) due to Mrs. Marion Anderson's passing on May 14, 2017. Mr. William E. Anderson, Ms. Judith G. Munzig, and Mr. John E. Anderson, Jr., became the trustees of the Trust pending final distribution of the Trust's assets to the beneficiaries. The Trust is in a temporary estate planning vehicle pursuant to which the shares will remain under the control of the Anderson Family. The shares will ultimately be distributed in equal amounts to five trusts, each owning 20.00% of the TEL shares. Each trust will have a single primary beneficiary who will serve as sole trustee/beneficiary. Final distribution of the Trust's assets is anticipated to occur in late 2018.

In July 2017, the Company issued a promissory note in the amount of $900,000 with an interest rate of 2.90% per annum to its immediate parent, Topa Insurance Group. The promissory note was repaid in December 2017.

In 2017, the Company contributed a total amount of $4,500,000 to its wholly-owned subsidiary, Dorchester Insurance Company, as paid-in capital.

As mentioned in the "Management Agreements" the Amended Investment Management Agreement with Kayne Anderson Rudnick Investment Management was terminated. Concurrently, the Company entered into a new Investment Management Agreement with New England Asset Management (NEAM). NEAM is responsible for managing the Company's portfolio within the confines of the Company's guidelines. Management fees for service provided under the agreement are calculated as follows: annual fee of 0.12% on the first $250,000 of the market value of assets managed; 0.10% on the next $250,000 of market value of assets managed; and 0.08% on market value of remaining assets under management.

On May 18, 2018, the Company filed a Form D with the California Department of Insurance to obtain approval of its new tax sharing agreement with direct parent, Topa Insurance Group, and certain insurance affiliates.

SUMMARY OF COMMENTS AND RECOMMENDATIONS

Current Report of Examination

Management and Control – Intercompany Agreement (Page 6): It is recommended that the Company draft a new tax sharing agreement to obtain approval by the California Department of Insurance (CDI) pursuant to California Insurance Code (CIC) Section 1215.5(b)(4), CIC Section 923, and Statement of Statutory Accounting Principles (SSAP) No. 25, and SSAP No. 101. On May 18, 2018, the Company filed a Form D with the CDI to obtain approval for its new tax sharing agreement.

Management and Control – Corporate Records (Page 8): It is recommended that the Company implement procedures in its board meetings to ensure adherence to CIC Section 735.

Management and Control – Corporate Records (Page 8): It is recommended that the board document in its minutes the review and approval of all significant events and transactions affecting the Company including the election and/or the termination of its directors and officers.

Management and Control – Corporate Records (Page 8): It is recommended that the board amend its bylaws to reflect the current number of directors.

Accounts and Records – Information Systems Controls (Page 13): The Company should evaluate the recommendations and make appropriate changes to strengthen its information system controls.

Accounts and Records – Taxes, Licenses, and Fees (Page 13): It is recommended that the Company establish and implement procedures to ensure that adequate and complete documentation is maintained to support its filing with CDI in accordance with California Code of Regulations Section 2698.62.

Previous Report of Examination

None.

ACKNOWLEDGMENT

Acknowledgment is made of the cooperation and assistance extended by the Company's officers and employees during the course of this examination.

Respectfully submitted,

_____/s/______________________

Anjanette Briggs, CFE
Examiner-In-Charge
Senior Insurance Examiner
Department of Insurance
State of California

_____/s/______________________

Vivien Fan, CFE
Senior Insurance Examiner, Supervisor
Department of Insurance
State of California