

REPORT OF EXAMINATION
OF THE
THE DENTISTS INSURANCE COMPANY
AS OF
DECEMBER 31, 2012

Filed May 12, 2014

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San Francisco, California
March 21, 2014

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

Dear Commissioner:

Pursuant to your instructions, an examination was made of

THE DENTISTS INSURANCE COMPANY

(hereinafter also referred to as the Company) at its home office located at 1201 K Street, 17th Floor, Sacramento, California 95814.

SCOPE OF EXAMINATION

We have performed our multi-state examination of the Company. The previous examination of the Company was made as of December 31, 2009. This examination covers the period from January 1, 2010 through December 31, 2012. The examination was conducted in accordance with the National Association of Insurance Commissioners' Financial Condition Examiners Handbook. The Handbook requires the planning and performance of the examination to evaluate the Company's financial condition, to identify prospective risks, and to obtain information about the Company, including corporate governance, identification and assessment of inherent risks, and the evaluation of the system controls and procedures used to mitigate those risks. The examination also included an assessment of the principles used and the significant estimates made by management, as well as an evaluation of the overall financial statement presentation, and management's compliance with Statutory Accounting Principles and Annual Statement

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

In addition to those items specifically commented upon in this report, other phases of the Company's operations were reviewed including the following areas that require no further comment: corporate records; fidelity bonds and other insurance; pensions, stock ownership and insurance plans; growth of company; loss experience; and statutory deposits.

SUBSEQUENT EVENTS

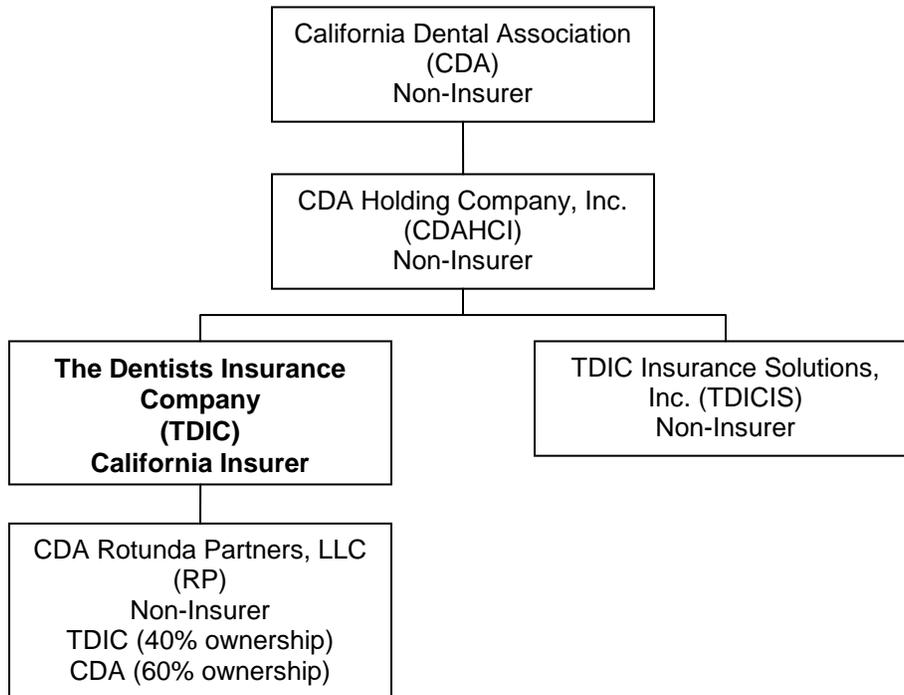
The Company entered into the Management Services Agreement with the California Dental Association (CDA), effective January 1, 2014. The Company also entered into the Amended and Restated Management Services Agreement with its affiliate, TDIC Insurance Solutions, Inc., effective January 1, 2014. These agreements reflect management changes within the CDA holding company organizational structure and the services provided between the related parties. Both of the agreements were approved by the California Department of Insurance on February 6, 2014.

COMPANY HISTORY

The Company declared and paid ordinary cash dividends to its parent, California Dental Association Holding Company, Inc., in the amounts of \$2,063,672, \$2,128,145, and \$2,175,435 for 2010, 2011, and 2012, respectively. The Company properly reported the transactions to the California Department of Insurance in accordance with California Insurance Code Section 1215.4(f).

MANAGEMENT AND CONTROL

The Company is a member of a holding company system, of which the ultimate controlling entity is the California Dental Association (CDA). The following organizational chart depicts the Company's relationship within the holding company system as of December 31, 2012 (all ownership is 100% unless otherwise indicated):



The business and affairs of the Company are overseen by a seventeen-member board of directors, who are elected annually. Following are members of the board of directors and principal officers serving at December 31, 2012:

Directors

<u>Name and Location</u>	<u>Principal Business Affiliation</u>
Philip J. Abeldt, DDS Lodi, California	Dentist
James L. Brulte ¹ Fontana, California	California State Senator (Retired)
Steven C. Crowson, DMD Durham, California	Dentist
Robert C. Daby, DDS Sacramento, California	Dentist
Dennis C. De Tomasi, DDS Sutter, California	Dentist
Peter A. DuBois San Francisco, California	Executive Director California Dental Association
Clelan G. Ehrler, DDS Redlands, California	Dentist
Steven J. Kend, DDS Palos Verdes Estates , California	Dentist
Natasha A. Lee, DDS San Francisco, California	Dentist
Carol J. McCutcheon, DDS Los Gatos, California	Dentist
Walter W. Noce, Jr. ¹ Pasadena, California	Retired
Sanjay Patel, DDS Concord, California	Dentist
James S. Richardson ² Elk Grove, California	President and Chief Executive Officer The Dentists Insurance Company

<u>Name and Location</u>	<u>Principal Business Affiliation</u>
Alan R. Stein, DDS ¹ Winnetka, California	Dentist
James D. Stephens, DDS ¹ Los Altos, California	Dentist
Kevin K. Stockton Meadow Vista , California	Self-employed consultant
Walter G. Weber, DDS Monte Serano, California	Dentist

¹ *The following changes occurred subsequent to the examination date: James L. Brulte, Walter W. Noce, Jr., Alan R. Stein, DDS, and James D. Stephens, DDS., were replaced by William S. Ten Pas, Gary N. Herman, Kenneth G. Wallis, and Kenneth M. Jones.*

² *James S. Richardson was replaced by Peter A. DuBois as the President, Chief Executive Officer (CEO), and Director in September 2013.*

Principal Officers

<u>Name</u>	<u>Title</u>
James S. Richardson ¹	President and Chief Executive Officer
Robert F. Spinelli	Chief Financial Officer
Clelan G. Ehrler	Secretary and Treasurer
Alison P. Sandman	Assistant Secretary and General Counsel
Kevin C. Roach	Assistant Treasurer and Vice President of Finance

¹ *James S. Richardson was replaced by Peter A. DuBois as the President and CEO in September 2013.*

Subsequent to the departure of James Richardson, the Company created a Chief Operating Officer (COO) position to oversee the Company's insurance operations. Effective March 3, 2014, Irwin Giles was hired as the new COO of the Company.

Intercompany Agreements

Sublease agreements: Effective January 1, 1990, the Company entered into the Sublease agreement with its ultimate parent, the California Dental Association (CDA). The Sublease agreement covers the Company's main office at 1201 K Street, Sacramento, California. Under the terms of the agreement, the Company pays the CDA a base rent plus a pro rata share of the operating costs for the premises. The Sublease agreement was approved by the California Department of Insurance (CDI) on December 22, 2004. Subsequently, the Company entered into the First Restated Sublease (Restated Sublease) agreement with the CDA, effective January 17, 2010. Under the terms of the Restated Sublease, the Company pays the CDA a base monthly rent of \$2.90 per square foot per month of the Company's rentable square footage plus a pro rata share of the operating costs for the premises. The Restated Sublease was approved by the CDI on September 22, 2010. Rental expenses paid by the Company to CDA were \$431,462, \$436,582, and \$438,129 for 2010, 2011, and 2012, respectively.

Tax Allocation Agreement: Effective January 25, 2000, the Company entered into the Tax Allocation Agreement with the CDA Holding Company, Inc. (CDAHCI) and TDIC Insurance Solutions, Inc. (TDICIS). Under the terms of the agreement, CDAHCI will file a consolidated federal tax return for the group. The tax liability is allocated to each company on a separate federal income tax return basis. Additionally, each company is allocated any tax benefit due to its income tax losses or any other credits when utilized by the consolidated tax group. On January 18, 2000, the CDI authorized the Company to proceed with the Tax Allocation Agreement.

Revised Service Agreement: Effective January 1, 2007, the Company entered into the Revised Service Agreement with its ultimate parent, the CDA. Under the terms of the Revised Service Agreement, the CDA will provide the Company with the following services: sponsorship, advertising partnerships and scientific session exhibit opportunities; government relations services; legal; human resources; financial services; investment;

information technology; marketing; mailroom; print shop; website; and advertising. Compensation for the aforementioned services is at actual cost and payable monthly. The Company paid \$2,795,307, \$3,300,748, and \$3,705,496 to the CDA for the above services during 2010, 2011, and 2012, respectively. The Revised Service Agreement was approved on August 18, 2009 by the CDI.

Amended and Restated Service Agreement: Effective April 1, 2009, the Company entered into the Revised Service Agreement with its affiliate, TDICIS. Under the terms of this agreement, TDICIS provides the following services: policyholder services; sales; sales and distribution management; and new application and policy changes. The Company provides TDICIS with the services of its President and Chief Executive Officer and executive support services. Compensation for the above services is at actual cost and payable monthly. The Company paid TDICIS \$3,441,463, \$4,199,651, and \$4,173,219 in 2010, 2011, and 2012, respectively. The Revised Services Agreement was approved on August 18, 2009 by the CDI. Effective March 15, 2011, the agreement was amended to include all lines of insurance underwritten by the Company. All other terms remain the same. The Amended and Restated Service Agreement was approved on February 23, 2011 by the CDI.

Commitments and Contingent Liabilities

The Company's subsidiary, CDA Rotunda Partners, LLC (RP), has a ground lease with Health Property Associates (HPA), an unrelated third party. Under the terms of the HPA ground lease, the Company has guaranteed RP's performance of obligations, covenants and agreements, including the future minimum lease payments to be paid under the lease. The minimum annual payments under the ground lease are \$683,004. RP has the option to purchase the land under the lease on December 1, 2039.

Intercompany Loan

On March 17, 2009, the Company made a loan to RP, an affiliated company, for a lobby remodel of the 1201 K street building, which is the location of the Company headquarters. The terms of the loan are such that the principal balance of \$1.6 million will be paid to the Company over ten years at a fixed annual interest rate of 5.82 percent. The outstanding balance at December 31, 2012 was \$1,105,543.

TERRITORY AND PLAN OF OPERATION

The Company's principal line of business is medical malpractice insurance for dental professionals. Medical malpractice policies are issued on a claims-made basis. The Company also offers an extended reporting endorsement to its medical malpractice policyholders which allows coverage to continue after the policyholder dies, becomes disabled or retires. The extended reporting endorsements are issued on an occurrence basis. The Company also writes commercial multiple-peril insurance covering office building and business personal property and premises liability. The Company received approval from the California Department of Insurance to amend its Certificate of Authority to write Workers' Compensation Insurance on January 26, 2011. The Company began writing workers' compensation business in the State of California on April 1, 2011.

As of December 31, 2012, the Company was licensed to write property and casualty insurance in the following states:

Alaska	Indiana	Montana	South Carolina
Arizona	Iowa	Nebraska	South Dakota
Arkansas	Kansas	Nevada	Tennessee
California	Louisiana	New Jersey	Texas
Colorado	Maryland	New Mexico	Utah
Connecticut	Massachusetts	North Dakota	Vermont
Georgia	Michigan	Ohio	Washington
Hawaii	Minnesota	Oklahoma	West Virginia
Idaho	Mississippi	Oregon	Wisconsin
Illinois	Missouri	Pennsylvania	Wyoming

In 2012, the Company wrote \$31.3 million for medical malpractice, \$13.2 million for commercial multiple peril, and \$10.6 million for workers' compensation, a total of \$55.1 million direct written premiums. Of the \$55.1 million direct premiums written in 2012, 87.9 percent of premiums were written in California, 2.5 percent in Hawaii, 2.4 percent in Illinois, 2.3 percent in Pennsylvania, 2 percent in Minnesota, and the remaining 2.9 percent in Alaska, Arizona, Nevada, New Jersey, and North Dakota.

Business is acquired through both direct underwriting and independent agents. Business is produced by the affiliated broker TDIC Insurance Solutions, Inc. (TDICIS) and/or by independent agents in California, Alaska, Hawaii, Illinois, Minnesota, Nevada, New Jersey, and Pennsylvania. Policies were written directly by the Company's underwriters in the states of Arizona and North Dakota until December 31, 2013. As of January 1, 2014, policies in Arizona and North Dakota are underwritten by TDICIS.

The Company is the endorsed dental medical malpractice insurance carrier for the California Dental Association, Alaska Dental Society, Inc., Hawaii Dental Association, Illinois State Dental Society, Nevada Dental Association, New Jersey Dental Association, and Pennsylvania Dental Association.

REINSURANCE

Assumed

The Company does not assume reinsurance.

Ceded

The following is a summary of the Company's reinsurance agreements as of December 31, 2012.

Line of Business and Type of Contract	Reinsurer's Name	Company's Retention	Reinsurer's Limit
<u>Property – per risk</u>	<u>Authorize:</u> Allied World Reinsurance Company, Hannover Rueckversicherung-AG, QBE Reinsurance Corporation, Catlin Underwriting, Toa Reinsurance Company of America, Mapfre Re, Compania de Reaseguros, S.A., and 4 Lloyds of London Syndicates with varying participation	<u>1st Layer</u> \$500,000, each loss, each risk <u>2nd Layer</u> \$1,000,000, each loss, each risk <u>3rd Layer</u> \$ 2,000,000, each loss, each risk	<u>1st layer</u> \$500,000 xs \$500,000 <u>2nd Layer</u> \$1,000,000 xs \$1,000,000 <u>3rd Layer</u> \$5,000,000 xs \$2,000,000
	<u>Unauthorized:</u> PartnerRe Europe		
<u>Property - catastrophe</u>	<u>Authorized:</u> QBE Reinsurance Company, Allied World Reinsurance Company, Hannover Rueckversicherung-AG, Mapfre Re, Compania de Reaseguros, S.A., American Agriculture Insurance Company, and 4 Lloyds of London Syndicates with varying participation	<u>1st Layer</u> \$1,500,000, each and every loss occurrence <u>2nd Layer</u> \$5,000,000, each and every loss occurrence	<u>1st Layer</u> \$3,500,000 xs \$1,500,000 <u>2nd Layer</u> \$10,000,000 xs \$5,000,000
	<u>Unauthorized:</u>		
<u>Property - facultative</u>	<u>Authorized:</u> Swiss Reinsurance America Corporation and XL Reinsurance America Inc.	Various CA locations - \$7,000,000 Various HI locations - \$7,000,000 450 Sutter in CA - \$15,000,000 1441 Kapiolani in HI - \$15,000,000	\$8,000,000 xs \$7,000,000 \$8,000,000 xs \$7,000,000 \$13,000,000 xs \$15,000,000 \$13,000,000 xs \$15,000,000
	<u>Unauthorized:</u>		
<u>Workers compensation – catastrophe</u>	<u>Authorized:</u> Aspen Insurance UK Limited, Arch Reinsurance Company, and 4 Lloyds of London Syndicates with varying participation	\$5,000,000	\$10,000,000 xs \$5,000,000
	<u>Unauthorized:</u> Alterra Bermuda Limited		
<u>Medical professional liability – per risk</u>	<u>Authorized:</u> Hannover Ruckversicherung-AG, Odyssey America Reinsurance Corporation, QBE Reinsurance Corp., Aspen Insurance UK Limited, SCOR Reinsurance Company, and 6 Lloyds of London Syndicates with varying participation	<u>1st layer</u> \$1,000,000 <u>2nd Layer</u> \$5,000,000	<u>1st layer</u> \$4,000,000 xs \$1,000,000 <u>2nd Layer</u> \$5,000,000 xs \$5,000,000
	<u>Unauthorized:</u> American Safety Reinsurance, Ltd.		

Line of Business and Type of Contract	Reinsurer's Name	Company's Retention	Reinsurer's Limit
<u>Equipment Breakdown – 100% quota share</u>	Hartford Steam Boiler Inspection and Insurance Company (authorized)	None	100% quota share, subject to a limit of \$10 million any one accident, any one policy
<u>Data Compromise – 100% quota share</u>	Hartford Steam Boiler Inspection and Insurance Company (authorized)	None	100% quota share, subject to a \$250,000 aggregate limit per policy and annual aggregate limit of \$1.2 million for each calendar year
<u>Identity Recovery – 100% quota share</u>	Hartford Steam Boiler Inspection and Insurance Company (authorized)	None	100% quota share, subject to a \$15,000 annual aggregate limit as respects each identity recovery insured

As of December 31, 2012, the insolvency clause in the Equipment Breakdown Reinsurance Agreement with The Hartford Steam Boiler Inspection and Insurance Company (HSB) was not in compliance with California Insurance Code (CIC) Section 922.2(a) and California Code of Regulations (CCR), Title 10, Chapter 5, Subchapter 3, Article 3, Section 2303.13(d). The language in the insolvency clause in this agreement differs materially from CIC Section 922.2(a) and includes references to New York laws which do not apply since the laws of California are the governing laws. The Company terminated the agreement with HSB, effective December 31, 2013.

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, several findings were noted in the areas of disaster recovery and business continuity planning. These findings were presented to the Company along with recommendations to strengthen its controls. It is recommended the Company evaluate the recommendations and make appropriate changes to strengthen its information systems controls.

FINANCIAL STATEMENTS

The financial statements prepared for this examination report include:

Statement of Financial Condition as of December 31, 2012

Underwriting and Investment Exhibit for the Year Ended December 31, 2012

Reconciliation of Surplus as Regards Policyholders from December 31, 2009
through December 31, 2012

Statement of Financial Condition
as of December 31, 2012

<u>Assets</u>	<u>Ledger and Nonledger Assets</u>	<u>Assets Not Admitted</u>	<u>Net Admitted Assets</u>	<u>Notes</u>
Bonds	\$ 153,205,310	\$	\$ 153,205,310	
Common stocks	100,479,842		100,479,842	
Cash and short-term investments	14,950,472		14,950,472	(1)
Other invested assets	(525,671)		(525,671)	
Aggregate write-ins for invested assets	29,934		29,934	
Investment income due and accrued	1,698,224		1,698,224	
Uncollected premiums and agents' balances in course of collection	7,332,476		7,332,476	(2)
Amount recoverable from reinsurers	347,818		347,818	
Current federal and foreign income tax recoverable and interest thereon	91,569		91,569	
Electronic data processing equipment and software	24,448	24,448	0	
Furniture and equipment, including health care delivery assets	23,106	23,106	0	
Aggregate write-ins for other than invested assets	<u>173,510</u>	<u>173,510</u>	<u>0</u>	
Total assets	<u>\$ 277,831,038</u>	<u>\$ 221,064</u>	<u>\$ 277,609,974</u>	
<u>Liabilities, Surplus and Other Funds</u>				
Losses			\$ 32,948,125	(3)
Loss adjustment expenses			34,032,267	(3)
Other expenses			1,564,255	
Taxes, licenses and fees			404,959	
Net deferred tax liability			4,629,027	
Unearned premiums			20,735,465	
Advance premiums			2,452,938	
Dividends declared and unpaid: Stockholders			2,175,435	
Dividends declared and unpaid: Policyholders			1,254,665	
Ceded reinsurance premiums payable			1,453,103	
Funds held by company under reinsurance treaties			70,320	
Payable to parent, subsidiaries and affiliates			821,425	
Aggregate write-ins for liabilities				
Unearned premiums - death, disability and retirement			18,100,000	(3)
Supplemental Executive Retirement Plan			<u>29,933</u>	
Total liabilities			120,671,917	
Common capital stock		\$ 5,000,000		
Gross paid-in and contributed surplus		1,000,000		
Unassigned funds (surplus)		<u>150,938,057</u>		
Surplus as regards policyholders			<u>156,938,057</u>	
Total liabilities, surplus and other funds			<u>\$ 277,609,974</u>	

Underwriting and Investment Exhibit
for the Year Ended December 31, 2012

Statement of Income

Underwriting Income

Premiums earned		\$ 51,513,140
Deductions:		
Losses incurred	\$ 17,012,814	
Loss adjustment expenses incurred	22,498,186	
Other underwriting expenses incurred	13,951,870	
Aggregate write-in for underwriting deductions	<u>726,242</u>	
Total underwriting deductions		<u>54,189,112</u>
Net underwriting loss		\$ (2,675,972)

Investment Income

Net investment income earned	\$ 6,928,394	
Net realized capital gain	<u>276,218</u>	
Net investment gain		7,204,612

Other Income

Net loss from agents' or premium balances charged off	(34,830)	
Aggregate write-ins for miscellaneous income	<u>\$ (103,352)</u>	
Total other income		<u>(138,182)</u>
Net income before dividends to policyholders and before federal and foreign income taxes		4,390,458
Dividends to policyholders		<u>1,497,884</u>
Net income after dividends to policyholders and before federal and foreign income taxes		2,892,574
Federal and foreign income taxes incurred		<u>930,876</u>
Net income		<u>\$ 1,961,698</u>

Capital and Surplus Account

Surplus as regards policyholders, December 31, 2011		\$ 148,236,066
Net income	\$ 1,961,698	
Change in net unrealized capital gains	7,668,252	
Change in net deferred income tax	832,269	
Change in nonadmitted assets	409,005	
Change in provision for reinsurance	6,202	
Dividends declared and unpaid to stockholders	<u>(2,175,435)</u>	
Change in surplus as regards policyholders for the year		<u>8,701,991</u>
Surplus as regards policyholders, December 31, 2012		<u>\$ 156,938,057</u>

Reconciliation of Surplus as Regards Policyholders
from December 31, 2009 through December 31, 2012

Surplus as regards policyholders, December 31, 2009, per Examination				\$ 138,616,984
		<u>Gain in Surplus</u>	<u>Loss in Surplus</u>	
Net income	\$	9,237,698	\$	
Change in net unrealized capital gains		13,981,228		
Change in net deferred income tax		881,526		
Change in nonadmitted assets		587,873		
Dividends to stockholders		<u> </u>	<u>6,367,252</u>	
Total gains and losses	\$	<u>24,688,325</u>	\$	<u>6,367,252</u>
Net increase in surplus as regards policyholders				<u>18,321,073</u>
Surplus as regards policyholders, December 31, 2012, per Examination				<u>\$ 156,938,057</u>

COMMENTS ON FINANCIAL STATEMENT ITEMS

(1) Cash and Short-term Investments

The Company utilizes a third party claims administrator (TPA) and funds the TPA account for claims handling services and payments. The account does not appear to meet the characteristic of assets as described in the Statement of Statutory Accounting Principles (SSAP) No. 4. The account balance as of December 31, 2012 was immaterial and no examination adjustment was made. It is recommended the Company properly report its assets in accordance with SSAP No. 4.

(2) Uncollected Premiums and Agents' Balances

The Company reported all premiums receivables under, "Uncollected premiums and agents' balances in the course of collection". It is recommended the Company separately report receivables not yet due under annual statement line, "Deferred premiums, agents' balances in the course of collection" in accordance with the Annual Statement Instructions.

The Company improperly admitted uncollected premium balances over ninety days. It is also recommended that the Company nonadmit uncollected premium balances over ninety days in accordance with SSAP No. 6. The uncollected premium balance over ninety days was immaterial and no examination adjustment was made.

(3) Losses, Loss Adjustment Expenses and Unearned Premiums – Death, Disability and Retirement

A Casualty Actuary from the California Department of Insurance reviewed the Statement of Actuarial Opinion, Analysis of Unpaid Loss and Loss Adjustment Expenses, and Reserve for Future Utilization of Death, Disability, and Retirement Benefit prepared by the Company's independent actuary and concurred with the conclusion that the reserves as of December 31, 2012 are reasonable.

SUMMARY OF COMMENTS AND RECOMMENDATIONS

Current Report of Examination

Accounts and Records – Information Systems Controls (Page 11): It is recommended the Company evaluate the recommendations that were presented and make appropriate changes to strengthen its information systems controls.

Comments on Financial Statement Items – Cash and Short-term Investments (Page 16): It is recommended the Company properly report its assets in accordance with Statement of Statutory Accounting Principles (SSAP) No. 4.

Comments on Financial Statement Items - Uncollected Premiums and Agents' Balances (Page 16): It is recommended the Company separately report receivables not yet due under annual statement line, "Deferred premiums, agents' balances in the course of collection" in accordance with the Annual Statement Instructions. It is also recommended the Company nonadmit uncollected premium balances over ninety days in accordance with SSAP No. 6.

Previous Report of Examination

Reinsurance - Ceded (Page 10): It was recommended that the reinsurance agreements with The Hartford Steam Boiler Inspection and Insurance Company (HSB) be amended to comply with California Insurance Code Section (CICS) 922.2(a) and California Code of Regulations (CCR), Title 10, Chapter 5, Subchapter 3, Article 3, Section 2303.13(d). It was also recommended that all references to non-California laws be removed from the reinsurance agreements. The Company is now in compliance with the Data Compromise Coverage Reinsurance Agreement and the Identity Recovery Coverage Quota Share agreement. The Equipment Breakdown Reinsurance Agreement with HSB was terminated, effective December 31, 2013.

It was recommended that the Data Compromise and Identity Recovery Quota Share reinsurance agreements with HSB be amended to comply with CCR, Title 10, Chapter 5, Subchapter 3, Article 3, Section 2303.14(b), paragraphs (A) thru (C). The Company is now in compliance.

Accounts and Records – Information Systems Controls (Page 12): The Company should evaluate the recommendations that were presented to it and make appropriate changes to strengthen its information systems controls. The Company has implemented some of the recommendations.

Accounts and Records – Claims and Reserving Practices (Page 13): It was recommended that the Company update the claim manual with the current regulations and institute a review process, at least annually, to ensure the regulations in the Company's claim manual are current. The Company is now in compliance.

Accounts and Records – Conflict of Interest Statements (Page 13): It was recommended that the Company develop procedures to ensure that annual conflict of interest statements are completed timely by each officer and director and maintained by the Legal department in accordance with its conflict of interest policy. The Company is now in compliance.

ACKNOWLEDGEMENT

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

Respectfully submitted,

Jack Lee, CFE
Examiner-In-Charge
Associate Insurance Examiner
Department of Insurance
State of California