

STATE OF INDIANA)
) SS: BEFORE THE INDIANA
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**

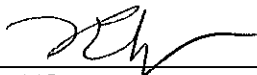
NOTICE OF ENTRY OF ORDER

Enclosed is the Final Order entered by Stephen W. Robertson, 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.

3/20/2020
Date


Roy Eft
Chief Financial Examiner

CERTIFIED MAIL NUMBER: 7017 3040 0000 9294 9209

STATE OF INDIANA)
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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, 2014 through December 31, 2018.

The Verified Report of Examination was filed with the Commissioner of the Department of Insurance (hereinafter “Commissioner”) by the Examiner on November 8, 2019.

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 January 7, 2020 and was received by the Company on January 13, 2020.

On January 23, 2020, 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, 2018.
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 20 day of
March, 2020.


Stephen W. Robertson
Insurance Commissioner

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.

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STATE OF INDIANA
Department of Insurance
REPORT OF EXAMINATION
OF

MERIDIAN SECURITY INSURANCE COMPANY

NAIC Co. CODE 23353
NAIC GROUP CODE 0175

As of

December 31, 2018

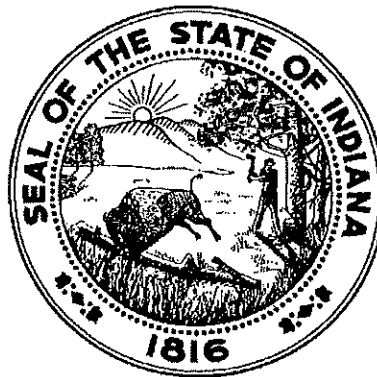


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November 8, 2019

Honorable Stephen W. Robertson, Commissioner
Indiana Department of Insurance
311 West Washington Street, Suite 300
Indianapolis, Indiana 46204-2787

Dear Commissioner:

Pursuant to the authority vested in Appointment Number 4004, an examination has been made of the affairs and financial condition of:

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

hereinafter referred to as the "Company", an Indiana domestic stock, property and casualty insurance company. The examination was conducted at the corporate offices of the Company in Columbus, Ohio.

The Report of Examination, reflecting the status of the Company as of December 31, 2018, 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, 2009 through December 31, 2013. The present risk focused examination was conducted by Noble Consulting Services, Inc., and covered the period from January 1, 2014 through December 31, 2018, 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 Ohio domestic insurance companies of State Auto Insurance Group (Group) was called by the Ohio Department of Insurance (ODI) in accordance with the Handbook guidelines, through the NAIC's Financial Examination Electronic Tracking System. The ODI served as the lead state on the examination, and the INDOI, the Arizona Department of Insurance, the Connecticut Insurance Department, the Iowa Insurance Division, the Minnesota Department of Insurance, and the Wisconsin Office of the Insurance Commissioner served as participants.

The ODI staff provided all actuarial services throughout the examination and conducted a review of the Company's actuarial related risks as of December 31, 2018.

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 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.

On January 1, 2005, the Company transferred cash related to the liabilities assumed by SAM in conjunction with the termination of its Reinsurance Pooling Agreement and subsequent participation in the State Auto Pool. The Company cedes 100% of its premiums to SAM and retains no reserves.

The operations of two former companies within the 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.

CAPITAL AND SURPLUS

State Auto Holdings, Inc. owned 100% of the Company's issued and outstanding stock throughout the examination period and as of the examination date. There were 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.

DIVIDENDS TO STOCKHOLDERS

The Company did not pay any dividends during the examination period.

TERRITORY AND PLAN OF OPERATION

The Group's distribution platform is represented by approximately 2,600 independent insurance agencies. 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.

GROWTH OF THE COMPANY

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

<u>Year</u>	<u>Admitted Assets</u>	<u>Liabilities</u>	<u>Surplus and Other Funds</u>	<u>Premiums Earned</u>	<u>Net Income</u>
2018	\$ 155,274,635	\$ 80,696,636	\$ 74,577,999	\$ 0	\$ 1,501,308
2017	137,660,694	64,751,031	72,909,663	0	1,217,208
2016	122,956,573	50,800,272	72,156,301	0	2,771,952
2015	116,859,407	46,528,146	70,331,261	0	1,924,667
2014	114,173,119	45,294,508	68,878,611	0	1,659,404

Admitted assets increased in 2018 primarily due to an increase in receivables from parent, subsidiaries and affiliates. Net income is primarily attributable to investment performance.

The Company's premiums are ceded to SAM in accordance with the Reinsurance Pooling Agreement. Premiums earned during the examination period reflect the Company's 0.0% participation percentage in the Reinsurance Pooling Agreement.

MANAGEMENT AND CONTROL

Directors

The 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 fifteen (15) 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, 2018, and their principal occupations as of that date:

Name and Address	Principal Occupation
Robert Ellison Baker Mableton, Georgia	Executive Vice President DHR International
Michael Joseph Fiorile Columbus, Ohio	Chairman and Chief Executive Officer The Dispatch Printing Company
James Edward Kunk Dublin, Ohio	Retired
Michael Edward LaRocco Columbus, Ohio	President and Chief Executive Officer State Auto Insurance Companies
Marsha Pasquinely Ryan Naples, Florida	Retired
Edwin Jesse Simcox Fishers, Indiana	President Indiana Energy Association
Dwight Eric Smith New Albany, Ohio	Chairman and Chief Executive Officer Sophisticated Systems
Roger Philip Sugarman Columbus, Ohio	Director Kegler, Brown, Hill & Ritter

Officers

The Bylaws state that the elected officers of the Company shall consist of a President, a Chairman of the Board, one (1) or more Vice Presidents, a Secretary, a Treasurer and such other officers as the Board deems necessary. The same person may hold any two (2) or more offices, except the President and the Secretary may not be the same person. The Board may elect or authorize the appointment of other officers as the business of the Company may require. The following is a list of key officers and their respective titles as of December 31, 2018:

Name	Office
Michael LaRocco	Chairman, President, and Chief Executive Officer
Melissa Ann Centers	Secretary
Matthew Pollak	Treasurer
Jason Berkey	Senior Vice President
Steven English	Senior Vice President
Kim Garland	Senior Vice President
John Petrucci	Senior Vice President
Elise Spriggs	Senior Vice President
Paul Stachura	Senior Vice President
Gregory Tacchetti	Senior Vice President
Scott Jones	Vice President
Matthew Mrozek	Vice President

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, 2018.

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, 2018.

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 state that the annual meeting of the shareholders shall be held on the first Wednesday in March each year if it is not a legal holiday. For each year under review, the annual meeting of shareholders was held within five (5) months following the close of each fiscal year.

The Company committee meeting minutes for the examination period, and through the fieldwork date, were reviewed for the following committees: Audit Committee, Corporate Governance and Nominating Committee, and Organization and Compensation Committee.

AFFILIATED COMPANIES

Organizational Structure

The following organizational chart shows the Company's parent and subsidiaries as of December 31, 2018:

	NAIC Co. Code	Domiciliary State/Country
State Automobile Mutual Insurance Company	25135	OH
State Auto Financial Corporation ^A		OH
State Auto Property and Casualty Insurance Company	25127	IA
Stateco Financial Services, Inc.		OH
518 Property Management and Leasing, LLC ^B		OH
Milbank Insurance Company	41653	IA
State Auto Insurance Company of Ohio	11017	OH
State Auto Insurance Company of Wisconsin	31755	WI
Facilitators, Inc.		SC
State Auto Holdings, Inc.		OH
Eagle Development Corporation		TX
Meridian Security Insurance Company	23353	IN
Network E&S Insurance Brokers, LLC		CA
State Auto Labs Corp		OH
Rockhill Holding Company		DE
Rockhill Insurance Company	28053	AZ
Plaza Insurance Company	30945	IA
RTW, Inc.		MN
American Compensation Insurance Company	45934	MN
Bloomington Compensation Insurance Company	12311	MN
Rockhill Insurance Services LLC		CA
Rockhill Underwriting Management LLC		MO
Risk Evaluation and Design, LLC		MO
Patrons Mutual Insurance Company of Connecticut ^C	14923	CT

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.

2001 Investment Management Agreement

Under the 2001 Investment Management Agreement, Stateco Financial Services, Inc. (Stateco) manages the investment portfolio of the Company. Stateco receives an investment management fee based on performance and the size of the portfolio. During 2018, the Company paid \$144,168 for services rendered under this agreement.

2009 Consulting Services Agreement

Under the 2009 Consulting Services Agreement, RTW, Inc. provides claims case management for the workers' compensation program. The Company made no payments under this agreement in 2018.

^A 59.9% owned by State Automobile Mutual Insurance Company, 40.1% publicly owned

^B 15% owned by State Auto Property and Casualty Insurance Company, 85% owned by Stateco Financial Services, Inc.

^C Controlled by its Board

2011 Pooling Agreement

Under the 2011 Reinsurance Pooling Agreement, the Company and certain affiliates cede all of their insurance business to SAM and assume from SAM an amount equal to their respective participation percentages. The Company's respective percentage is 0.0%.

2015 Management and Operations Agreement

Under the 2015 Management and Operations Agreement, State Auto Property & Casualty Insurance Company (SAPC) is responsible for performing all organizational, operational, and management functions for each of the companies participating in the agreement. All individuals providing services to any members of the Group are employees of SAPC. Under the 2015 Management and Operations Agreement, SAM provides certain facilities, office equipment, and other tangible property to members of the Group as needed to conduct their respective businesses. During 2018, the Company paid \$20,138 for services rendered under this agreement.

Consolidated Tax Allocation Agreement

Under the Tax Allocation Agreement, SAM files a consolidated federal income tax return for itself and participating subsidiaries, including the Company. The allocation of taxes is based upon the taxes that each participating company would have paid if separate tax returns had been filed.

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 Travelers Casualty and Surety Company of America. The bond has a single loss coverage limit of \$5,000,000, with a \$150,000 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, 2018, including but not limited to commercial property liability, cyber liability, employment practices liability, ERISA liability, management indemnity/directors and officers liability, premises pollution liability, professional indemnity liability, and workers' compensation liability.

PENSION, STOCK OWNERSHIP, AND INSURANCE PLANS

The Company has no direct retirement or insurance plans. All personnel are employees of affiliated companies.

SPECIAL AND STATUTORY DEPOSITS

The Company reported the following deposits at December 31, 2018:

<u>State</u>	<u>Book Value</u>	<u>Fair Value</u>
For All Policyholders:		
Arkansas	\$ 159,745	\$ 151,644
Florida	224,342	220,687
Indiana	2,702,948	2,714,542
Nevada	199,415	196,166
New Hampshire	641,654	660,828
Oregon	274,956	272,380
All Other Special Deposits:		
Arizona	518,128	525,410
Delaware	109,679	107,891
Georgia	81,431	82,514
Massachusetts	149,562	147,125
Nevada	99,708	98,083
North Carolina	216,054	212,566
Oregon	112,665	110,168
Virginia	240,620	247,811
Total Deposits	<u>\$ 5,730,907</u>	<u>\$ 5,747,815</u>

REINSURANCE

Reinsurance Pool

The State Auto Insurance Companies participate in an intercompany quota share reinsurance pooling arrangement. Under the arrangement, SAM assumes premiums, losses, and expenses from each of the pooled companies and then cedes a portion of premiums, losses, and expenses to the pooled companies in specific percentages, with SAM retaining the balance of the pooled business.

Following is a list of the companies within the State Auto Pool and their respective contract percentage:

<u>Name of Pool Members</u>	<u>Percentage of Pool</u>	<u>Domiciliary State</u>
State Auto Property & Casualty Insurance Company	51.0%	IA
State Auto Mutual Insurance Company	34.5%	OH
Milbank Insurance Company	14.0%	IA
Patrons Mutual Insurance Company of Connecticut	0.5%	CT
State Auto Insurance Company of Ohio	0.0%	OH
State Auto Insurance Company of Wisconsin	0.0%	WI
Meridian Security Insurance Company	0.0%	IN
Rockhill Insurance Company	0.0%	AZ
Plaza Insurance Company	0.0%	IA
American Compensation Insurance Company	0.0%	MN
Bloomington Compensation Insurance Company	0.0%	MN
Total	<u>100.0%</u>	

Ceded Reinsurance

Each member of the Group is party to reinsurance treaties for property, casualty and workers' compensation lines with several reinsurers arranged through a reinsurance intermediary.

Property per-risk loss protection is maintained covering any individual risk in excess of \$4 million up to a limit of \$20 million. Risks in excess of \$20 million can be reinsured on a facultative basis. Casualty and workers compensation risks in excess of \$3 million are reinsured up to \$10.0 million with an additional \$30.0 million of coverage available through clash reinsurance.

Under the property per risk excess of loss treaty, each member is responsible for the first \$4.0 million of each covered loss, and the reinsurers are responsible for 100% of the excess over \$4.0 million up to \$20.0 million of covered loss. Any risk in excess of \$20 million is reinsured on a facultative basis.

For catastrophe losses incurred by the State Auto Group, reinsurance is maintained providing coverage of \$125 million excess of \$10 million retention for covered catastrophe events. This coverage also requires a 5% participation in each layer leaving the group a maximum net retention of \$17.5 million for any covered catastrophic event.

For casualty and workers compensation risks the reinsurance program provides each member company in the State Auto Group coverage in excess of the first \$3.0 million of any covered loss. Above \$3.0 million, the reinsurers are responsible for 100% of the excess over \$3.0 million up to \$10.0 million, with clash coverage of an additional \$30.0 million available for certain unusual claims.

Assumed Reinsurance

The Group has two primary sources of business assumed. The first of these involves balances assumed by SAPC from Home State County Mutual, a Texas-based county mutual utilized by the Group to achieve an alternate automobile rating plan in Texas. This account generated \$70 million in premiums in 2018, which represents 97.9% of total premiums assumed from external parties. As per the pooling process, these balances are ceded to SAM and included with other balances pooled.

The second primary source of assumed business involves amounts assumed from the National Council on Compensation Insurance workers' compensation pool. In 2018, this account generated premiums of less than \$1.5 million and are generally regarded as minor in nature.

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, 2017 and December 31, 2018, were agreed to the respective Annual Statements. The Annual Statements for the years ended December 31, 2014 through December 31, 2018, 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

MERIDIAN SECURITY INSURANCE COMPANY

Assets

As of December 31, 2018

	<u>Per Examination*</u>
Bonds	\$ 74,899,876
Cash, cash equivalents and short-term investments	569,081
Subtotals, cash and invested assets	<u>75,468,957</u>
Investment income due and accrued	383,442
Premiums and considerations:	
Uncollected premiums and agents' balances in course of collection	229,781
Reinsurance:	
Amounts recoverable from reinsurers	43,624,426
Receivables from parent, subsidiaries and affiliates	35,553,029
Aggregate write-ins for other-than-invested assets:	<u>15,000</u>
Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts	<u>155,274,635</u>
Totals	<u>\$ 155,274,635</u>

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

MERIDIAN SECURITY INSURANCE COMPANY
 Liabilities, Surplus and Other Funds
 As of December 31, 2018

	Per Examination*
Reinsurance payable on paid losses and loss adjustment expenses	\$ 83,772
Current federal and foreign income taxes on realized capital gains (losses)	342,724
Net deferred tax liability	69,657
Ceded reinsurance premiums payable	80,149,795
Funds held by company under reinsurance treaties	4,100
Payable to parent, subsidiaries and affiliates	36,423
Aggregate write-ins for liabilities	10,165
Total liabilities excluding protected cell liabilities	80,696,636
Total liabilities	80,696,636
Common capital stock	5,000,000
Gross paid in and contributed surplus	25,609,636
Unassigned funds (surplus)	43,968,363
Surplus as regards policyholders	74,577,999
Totals	\$ 155,274,635

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

MERIDIAN SECURITY INSURANCE COMPANY
Statement of Income
For the Year Ended December 31, 2018

	Per Examination*
UNDERWRITING INCOME	
Premiums earned	\$ -
DEDUCTIONS	
Total underwriting deductions	-
Net underwriting gain (loss)	-
INVESTMENT INCOME	
Net investment income earned	1,771,022
Net realized capital gains (losses) less capital gains tax	27,199
Net investment gain (loss)	1,798,221
OTHER INCOME	
Total other income	-
Net income, before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	1,798,221
Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	1,798,221
Federal and foreign income taxes incurred	296,913
Net income	\$ 1,501,308

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

MERIDIAN SECURITY INSURANCE COMPANY
Capital and Surplus Account Reconciliation

	2018	2017	2016	2015	2014
Surplus as regards policyholders, December 31 prior year	\$ 72,909,663	\$ 72,156,301	\$ 70,331,261	\$ 68,878,611	\$ 66,973,152
Net income	1,501,308	1,217,208	2,771,952	1,924,667	1,659,404
Change in net unrealized capital gains or (losses) less capital gains tax	71,176	(358,638)	(867,368)	(292,421)	299,205
Change in net deferred income tax	(35,116)	(14,327)	(42,317)	(176,736)	(53,806)
Change in nonadmitted assets	-	36,261	(36,261)	-	656
Change in provision for reinsurance	130,968	(127,142)	(966)	(2,860)	-
Change in surplus as regards policyholders for the year	1,668,336	753,362	1,825,040	1,452,650	1,905,459
Surplus as regards policyholders, December 31 current year	<u>\$ 74,577,999</u>	<u>\$ 72,909,663</u>	<u>\$ 72,156,301</u>	<u>\$ 70,331,261</u>	<u>\$ 68,878,611</u>

COMMENTS ON THE FINANCIAL STATEMENTS

There were no recommended adjustments to the financial statements as of December 31, 2018, based on the results of this examination.

OTHER SIGNIFICANT ISSUES

There were no other significant issues identified as of December 31, 2018, based on the results of this examination.

SUBSEQUENT EVENTS

There were no events subsequent to the examination date and prior to the completion of field work which were considered material events requiring disclosure in this Report of Examination.

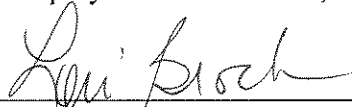
AFFIDAVIT

This is to certify that the undersigned is a duly qualified Examiner-in-Charge appointed by the Indiana Department of Insurance and that she, in coordination with staff assistance from Noble Consulting Services, Inc., and actuarial assistance from Ohio Department of Insurance performed an examination of Meridian Security Insurance Company, as of December 31, 2018.

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


This examination was performed in accordance with those procedures required by the NAIC Financial Condition Examiners Handbook and other procedures tailored for this examination. Such procedures performed on this examination do not constitute an audit made in accordance with generally accepted auditing standards and no audit opinion is expressed on the financial statements contained in this report.

The attached Report of Examination is a true and complete report of condition of Meridian Security Insurance Company as of December 31, 2018, as determined by the undersigned.



Lori Brock, CFE, ALMI
Noble Consulting Services, Inc.

Under the Supervision of:



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

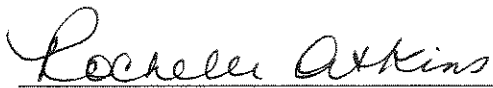
State of: Indiana
County of: Marion

On this 8th day of November, 2019, before me personally appeared, Lori Brock 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: November 8, 2020 Rochelle Atkins
Notary Public





Notary Public

