

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

IN THE MATTER OF:)
)
CSAA General Insurance Company)
450 East 96th Street, Suite 500)
Indianapolis, Indiana 46204)

Examination of: **CSAA General 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 CSAA General 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 CSAA General 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.

May 6, 2021
Date


Roy Eft
Chief Financial Examiner

CERTIFIED MAIL NUMBER: 7017 3040 0000 9294 9902

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

IN THE MATTER OF:)
)
CSAA General Insurance Company)
450 East 96th Street, Suite 500)
Indianapolis, Indiana 46204)

Examination of: **CSAA General Insurance Company**

FINDINGS AND FINAL ORDER

The Indiana Department of Insurance conducted an examination into the affairs of the CSAA General Insurance Company (hereinafter “Company”) for the time period January 1, 2015 through December 31, 2019.

The Verified Report of Examination was filed with the Commissioner of the Department of Insurance (hereinafter “Commissioner”) by the Examiner on January 15, 2021.

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 March 26, 2021 and was received by the Company on April 5, 2021.

On March 15, 2021, 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, 2019.
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 6 day of May, 2021.

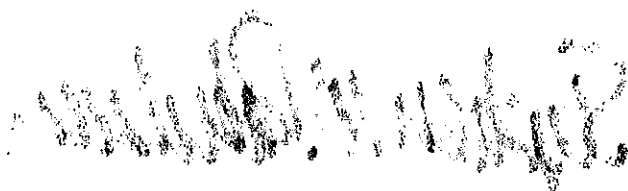

Stephen W. Robertson
Insurance Commissioner

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.



STATE OF INDIANA
Department of Insurance
REPORT OF EXAMINATION
OF

CSAA GENERAL INSURANCE COMPANY
NAIC COMPANY CODE 37770

As of

December 31, 2019

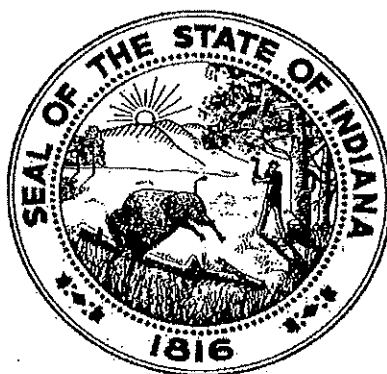


TABLE OF CONTENTS

SALUTATION	1
SCOPE OF EXAMINATION.....	2
HISTORY	2
CAPITAL AND SURPLUS	3
TERRITORY AND PLAN OF OPERATION	3
GROWTH OF THE COMPANY	3
LOSS EXPERIENCE	4
MANAGEMENT AND CONTROL	4
Directors.....	4
Officers	5
Corporate Governance	5
CONFLICT OF INTEREST	6
OATH OF OFFICE.....	6
CORPORATE RECORDS	6
Articles of Incorporation.....	6
Bylaws.....	7
Minutes	7
AFFILIATED COMPANIES	7
Organizational Structure	7
Affiliated Agreements.....	8
FIDELITY BOND AND OTHER INSURANCE	8
STATUTORY AND SPECIAL DEPOSITS	9
REINSURANCE.....	9
Restated Reinsurance Pooling Agreement.....	9
Reinsurance Assumed.....	9
Reinsurance Ceded.....	9
RESERVES.....	10
ACCOUNTS AND RECORDS	10
FINANCIAL EXHIBITS	11
FINANCIAL STATEMENTS	12
Assets	12
Liabilities, Surplus, and Other Funds	13
Statement of Income	14
Capital and Surplus Account	15
COMMENTS ON THE FINANCIAL STATEMENTS.....	16
OTHER SIGNIFICANT FINDINGS	16
SUBSEQUENT EVENTS	16
MANAGEMENT REPRESENTATION.....	16
AFFIDAVIT	17

January 15, 2021

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 4049, an examination has been made of the affairs and financial condition of:

CSAA General Insurance Company
450 E. 96th Street, Suite 500
Indianapolis, Indiana 46240

an Indiana domestic property and casualty insurer hereinafter referred to as the "Company." The examination was conducted at the administrative offices of the Company located at 3055 Oak Road, Walnut Creek, California 94597.

The Report of Examination, showing the status of the Company as of December 31, 2019, is hereby respectfully submitted.

SCOPE OF EXAMINATION

The Company was last examined by representatives of the Indiana Department of Insurance (INDOI) as of December 31, 2014. This risk-focused examination was conducted by The Thomas Consulting Group, Inc. (Thomas Consulting) and covered the period from January 1, 2015 through December 31, 2019, 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 performed on a coordinated basis with the California Department of Insurance (CDI), the Arizona Department of Insurance and Financial Institutions, and the New Jersey Department of Banking and Insurance. The CDI served as the lead state for the coordinated examination. The INDOI relied upon a portion of the coordinated examination work performed by the CDI in its examination of the Company's parent, CSAA Insurance Exchange (CSAA-IE), and the Company's U.S. domiciled affiliated property and casualty insurers.

In conducting the risk-focused examination, the INDOI, by its representatives, relied upon the independent audit reports and opinions contained therein rendered by PricewaterhouseCoopers, LLP for each year of the examination period. Such reports were prepared on a consolidated statutory basis and reconciled to the financial statements contained in the Annual Statements.

Giovanni Muzzarelli, the Senior Casualty Actuary from the CDI, performed the review of the Company's loss reserves and loss-adjustment expenses as of December 31, 2019.

In accordance with the 2019 NAIC *Financial Condition Examiners Handbook*, Thomas Consulting planned and performed the risk-focused examination to evaluate the financial condition of the Company and to identify prospective risks related to its operations. The examination process included an evaluation of corporate governance, identification and assessment of inherent risks, and documentation of system controls and procedures used to mitigate the identified risks. In addition, Thomas Consulting performed an assessment of the principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The examination also included a review of the Company's compliance with Statutory Accounting Principles, Annual Statement Instructions, and the Indiana Insurance Code (IC). All accounts and activities of the Company were considered in accordance with the risk-focused examination process.

HISTORY

The Company was incorporated under the laws of the State of California on June 23, 1987 and commenced business in January 1990. In June 1999, the Company was acquired by a wholly-owned subsidiary of CSAA-IE, a California domiciled reciprocal insurer of auto, homeowner, and umbrella coverage. The Company redomesticated to Indiana from California effective December 31, 2008. Effective January 8, 2014, the Company's name changed from Western United Insurance Company to CSAA General Insurance Company. Effective January 1, 2019, CSAA-IE terminated its former pooling agreement with its subsidiaries, including the Company, and entered into a new pooling agreement whereby the pool members would cede 100% of all premiums collected to CSAA-IE, and there would be no retrocession to any of the insurers participating in the pool.

CAPITAL AND SURPLUS

As of December 31, 2019, the Company had 500,000 shares of \$50 par value common stock authorized and 84,000 shares issued and outstanding. The Company has no preferred stock authorized, issued, or outstanding. No dividends have been paid or declared by the Board of Directors (Board) during the period under examination.

TERRITORY AND PLAN OF OPERATION

As of December 31, 2019, the Company was licensed in the following 25 states and the District of Columbia:

Alaska	Kentucky	Pennsylvania
Arizona	Maryland	South Dakota
California	Montana	Utah
Colorado	Nevada	Virginia
Connecticut	New Jersey	Washington
Delaware	New York	West Virginia
Idaho	Ohio	Wyoming
Indiana	Oklahoma	
Kansas	Oregon	

The Company writes 74% of its business in six (6) states; Nevada (18%), New Jersey (16%), Oklahoma (13%), Arizona (11%), Pennsylvania (9%), and Colorado (7%). The Company primarily provides private passenger automobile insurance (73%) and homeowners' multiple peril (24%) through various channels. These channels include AAA club agents, independent agents, and direct sales units.

GROWTH OF THE COMPANY

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

Year	Admitted Assets	Liabilities	Capital & Surplus	Net Premiums Written	Net Income (Loss)
2019	\$226,484,876	\$72,408,522	\$154,076,355	\$(59,342,618)	\$8,964,453
2018	352,538,437	209,252,202	143,286,234	119,099,880	1,873,310
2017	361,796,110	219,718,648	142,077,462	112,906,765	(5,948,027)
2016	343,286,293	191,546,663	151,739,630	104,905,531	3,166,250
2015	287,181,785	138,749,101	148,432,684	99,366,963	495,770

Note: Amounts are shown in whole dollars and rows may not total due to rounding.

Admitted assets declined in 2019 by \$126,053,561 from 2018. This was largely due to the disposal of \$95,785,221 in bond investments, declines of \$17,152,723 in uncollected premiums, and deferred premiums of \$36,892,291. These were offset in part by asset increases in amounts recoverable from reinsurers of \$9,923,887, federal income tax recoverable of \$3,396,173, and receivables from parents and affiliates of \$10,706,572. In 2019, liabilities declined by \$136,843,680. This was largely attributable to the 100% premium cession to their parent, CSAA-IE, effective January 1, 2019, which reduced several liability

accounts: loss and loss adjustment expenses \$68,522,683, unearned premiums \$59,342,618, and ceded reinsurance premiums payable of \$25,405,319. These declines were partially offset by modest increases in commissions payable, the advance premium payable to parents and affiliates, and the reserve for fluctuation in securities market value. In 2019 surplus increased by \$10,790,121. This increase was due to a \$7,091,143 increase in net income for 2019, along with positive changes in non-admitted assets and net deferred income tax. Notably, the 100% premium cession to their parent was responsible for the change in net premiums from \$119,099,880 for 2018 to \$(59,342,618) for 2019.

LOSS EXPERIENCE

The following exhibit shows the underwriting results of the Company for the period under examination. The amounts were compiled from the Company's filed Annual Statements and from examination results:

<u>Year</u>	<u>Premiums Earned</u>	<u>Losses and LAE Incurred</u>	<u>Other Underwriting Expenses Incurred</u>	<u>Losses and LAE Ratio</u>	<u>Combined Ratio</u>
2019	\$0	\$0	\$0	0.00%	0.00%
2018	115,440,837	91,002,660	32,309,894	78.83%	106.82%
2017	108,545,256	92,864,277	31,563,025	85.55%	114.63%
2016	101,694,562	76,300,402	30,806,697	75.03%	105.32%
2015	96,002,696	78,305,259	29,622,387	81.57%	112.42%

Note: Amounts are shown in whole dollars and rows may not total due to rounding.

As a result of the new pooling agreement with CSAA-IE, effective January 1, 2019, the Company no longer records premiums earned, losses, loss-adjustment expenses, and other expenses incurred in its financial statements.

MANAGEMENT AND CONTROL

Directors

The Company's Bylaws specify that the number of directors shall be fixed at five (5). The number of directors may be fixed or changed from time to time by approval of the Board or the Shareholders. At least one (1) director must be a resident of the State of Indiana. The directors shall be elected at each Annual Meeting of the Shareholders. The following is a listing of the six (6) persons serving as directors as of December 31, 2019:

<u>Name and Residence</u>	<u>Principal Business Affiliation</u>
Brian James Gust Pendleton, IN	Senior Field Product Consultant CSAA Insurance Exchange
Andrea Kay Hecht Clayton, CA	EVP CFO/Treasurer CSAA Insurance Exchange

Linsay Danice Hohmann Brentwood, CA	SVP Policyholder Services & Support, Operations CSAA Insurance Exchange
Thomas Michael Troy Lafayette, CA	President and Chief Executive Officer CSAA Insurance Exchange
Robert Edward Valliere Clayton, CA	EVP Insurance Operations CSAA Insurance Exchange
Michael Jay Zukerman Oakland, CA	Secretary CSAA Insurance Exchange

Officers

The Company's Bylaws state that the officers of the Company shall be a President, a Secretary, and a Treasurer. The Company may also have, at the discretion of the Board, a Chair, one (1) or more Vice-Presidents, one (1) or more Assistant Secretaries, one (1) or more Assistant Treasurers, and such other officers as may be elected or appointed. The board may elect such other officers as the business of the Company may require, each of whom shall hold office for such period, have such authority, and perform such duties as are provided in these Bylaws or as the Chief Executive Officer may from time to time determine. The following is a list of key officers and their respective titles as of December 31, 2019:

<u>Name</u>	<u>Position</u>
Thomas Michael Troy	President and Chief Executive Officer
Michael Jay Zukerman	Secretary
Andrea Kay Hecht	Treasurer and Chief Financial Officer
Ryan Daniel Vigus	Assistant Vice President
Jianlu Xu	Assistant Vice President
Carrie Christine Collins	Assistant Secretary
Katherine Jean Evans	Assistant Secretary

Corporate Governance

CSAA Fire & Casualty Insurance Company (FCIC) and the Company do not have any Board committees. CSAA-IE, the parent company for both companies, has designated their Audit Committee to serve as the Audit Committee for both companies. The INDOI received and approved the designation in January 2011 and it continues to be in-force.

The committees and the member directors that were elected to serve as of December 31, 2019, were as follows:

Audit Committee:

Ralph S. Michael	Chair
Robert N. Barone	
Gerald W. Pettit	

Finance and Investment Committee:

Robert N. Barone	Chair
Spencer S. Angerbauer	
Allen J. DeWalle	
Robert A. Elliott	
Mary R. Hennessy	
Ralph S. Michael	
James L. Pease, III	

Nominating, Compensation and Governance Committee:

Mary B. Cranston	Chair
Paula R. Collins	
Donald A. Smith, Jr.	

CONFLICT OF INTEREST

The Company has established a conflict of interest policy through its Code of Conduct (for employees) and Policy on Ethical Behavior and Code of Conduct for Directors (for Board Members) for the disclosure of any material interest or affiliation by any one (1) director or officer, which is likely to conflict with their official duties. The Company provided the conflict of interest disclosures for each of the directors and the officers and there were no material conflicts interest noted for the period under examination.

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 corporation and will not knowingly violate any of the laws applicable to such corporation. The Company provided evidence that the oath of office statements were signed by each of the directors for the period under examination.

CORPORATE RECORDS

Articles of Incorporation

There were no amendemnts made to the Company's Articles of Incorporation during the period under examination.

Bylaws

There were no amendments made to the Company's Bylaws during the period under examination.

Minutes

The Board Meeting minutes were reviewed for the period under examination through the fieldwork completion date and significant actions taken during each meeting were noted. The Annual Board Meetings were held in accordance with IC 27-1-7-7(b) and the Company's Bylaws for the period under examination.

AFFILIATED COMPANIES

Organizational Structure

The Company is a wholly-owned subsidiary of CSAA-IE. As of December 31, 2019, the holding company consisted of twelve (12) insurers and twelve (12) non-insurance subsidiaries that primarily provide services to the Company including one (1) holding company. Each company is 100% owned, except where otherwise indicated. The following organizational chart depicts the Company's relationship with the holding company system:

	NAIC CO. <u>Code</u>	Domiciliary <u>State/County</u>
CSAA Insurance Exchange	15539	CA
CSAA General Insurance Company 2445 St. Rose Parkway, LLC (50%)	37770	IN DE
CSAA Fire & Casualty Insurance Company 2445 St. Rose Parkway, LLC (50%)	10921	IN DE
CSAA Affinity Insurance Company	11681	AZ
Mobilitas General Insurance Company	10675	AZ
CSAA Mid-Atlantic Insurance Company of New Jersey	42960	NJ
Mobilitas Insurance Company of Arizona	16599	AZ
Mobilitas Insurance Company	16392	AZ
CSAA Insurance Services, Inc.		CA
CSAA Life and Financial Services, Inc.		CA
Pacific Beacon Life Reassurance, Inc.	84162	HI
ACLI Acquisition Company (26.305%)		DE
AAA Life Insurance Company	71854	MI
AAA Life Insurance Company of New York	15282	NY
Life Alliance Reassurance Corporation	13738	HI
AAA Life Agency, LLC		MI
Club Marketing Services, LLC		CA
Avanta Ventures, LLC		CA
Avanta Studios, LLC		CA
2011 Equity Investment Fund, LLC		DE
CSAA Investment Fund, LLC		CA
Pathway Private Equity Fund/CSAA Venture Capital Fund, LLC		DE
Pathway Private Equity Fund/CSAA Special Equity Fund, LLC		DE

Affiliated Agreements

The following affiliated agreements and transactions were disclosed as part of the Form B Holding Company Registration Statement and were filed with and not disapproved by the INDOI, in accordance with IC 27-1-23-4(b)(4).

Consolidated Intercompany Services Agreement

Effective October 1, 2017, CSAA Insurance Services, Inc. (CIS) entered into a Consolidated Intercompany Services Agreement with its affiliates and certain related parties, including the Company and FCIC. Pursuant to the agreement, CIS may provide its affiliates the following services: accounting, information technology, advertising and marketing, insurance production and servicing, policy administration, claims administration, investments, functional support services, an attorney-in-fact, and facilities such as furniture, fixtures, and equipment. The service fees paid under the terms of this agreement or similar terminated agreements totaled \$170,290,199 in 2019.

Second Amended Restated Intercompany Tax Allocation Agreement

Effective January 1, 2011, CSAA-IE entered into a Second Amended Restated Intercompany Tax Allocation Agreement with certain subsidiaries and affiliates, including the Company and FCIC. The agreement allocates federal income taxes among the companies on an individual company basis. The purpose of this agreement was to add Mobilias General Insurance Company, f/k/a CSAA Mid-Atlantic Insurance Company, CSAA Affinity Insurance Company (CAIC), and CSAA Mid-Atlantic Insurance Company of New Jersey (CMAIC NJ) as participants to the agreement. The agreement allocates federal income taxes among the companies on an individual company basis. Under the terms of this agreement CSAA-IE paid the Company \$601,211 in 2019.

FIDELITY BOND AND OTHER INSURANCE

The Company, along with its parent and affiliates, are named insured's on a Financial Institution Bond underwritten by Traveler's Insurance Company. The bond provides the Company with a single loss limit of \$15,000,000 with a single loss deductible of \$250,000 for various risks covered under the policy. Coverage's under the policy include dishonesty of employees, premiums, and transit; forgery or alteration; securities; counterfeit money and money orders; claim expense; and computer systems. The aggregate limit of insurance is \$30,000,000. The amount of fidelity coverage carried on this policy meets the suggested minimum amount of fidelity coverage as measured on a group basis using the NAIC's formula and exposure index.

In addition to the Fidelity Bond Coverage, the principal insurance coverages in which the Company is a named insured as of December 31, 2019, include the following: business automobile, commercial general liability, pollution legal liability, commercial property, directors and officers securities liability, fiduciary, professional liability, employee practices liability, workers' compensation, cyber liability, foreign liability, and umbrella/excess.

STATUTORY AND SPECIAL DEPOSITS

The Company reported the following statutory and special deposits as of December 31, 2019:

<u>State</u>	<u>Book Value</u>	<u>Fair Value</u>
For all Policyholders:		
Indiana	\$ 3,997,861	\$ 4,000,160
Nevada	301,380	309,909
Virginia	205,151	232,324
All Other Statutory Deposits:		
California	145,268	154,375
Total Statutory Deposits	<u>\$ 4,649,660</u>	<u>\$ 4,696,768</u>

Note: Amounts are shown in whole dollars and columns may not total due to rounding.

REINSURANCE

Restated Reinsurance Pooling Agreement

Effective January 1, 2019, CSAA-IE and the following participating insurers entered into a Restated Reinsurance Pooling Agreement: FCIC; CGIC; CAIC; CMAIC NJ; Mobilitas General Insurance Company (f/k/a CSAA Mid-Atlantic Insurance Company), and Mobilitas Insurance Company. This Agreement replaced the Reinsurance Pooling Agreement that was in effect since January 1, 2011. Effective September 1, 2019, Mobilitas Insurance Company of Arizona (f/k/a Mobilitas Insurance Company of America) became a participating insurer to the agreement. Pursuant to the agreement, the participating insurers will cede 100% of all premiums collected to CSAA-IE. Premiums include fees or charges related to issuance or cancellation of a policy, along with charges imposed on premiums not paid at policy inception, including installment fees and finance charges. There will be no retrocession from CSAA-IE to any of the participating insurers.

Reinsurance Assumed

The Company participates in state market pools, as mandated. Otherwise, the Company does not assume any reinsurance.

Reinsurance Ceded

The Company participates in the Restated Reinsurance Pooling Agreement with the eight (8) companies that comprise the CSAA Insurance Group. The Company participates by ceding 100% of its net premiums earned, net losses, net loss adjustment expenses incurred, and other net underwriting expenses to CSAA-IE. For 2019, the Company had \$1,054,595,585 due from CSAA-IE based on its participation in this agreement.

RESERVES

Jianlu Xu, FCAS, MAAA, Actuarial Executive with CIS, was appointed by the Board on September 15, 2010 to render an opinion on the reserves of the Company.

The scope of the opinion stated the Actuary examined the reserves, as shown in the Annual Statement of the Company, as prepared for filing with state regulatory officials as of December 31, 2019. In forming the opinion, information prepared by the Company was relied upon. The provided data was evaluated for reasonableness and consistency. The data was reconciled to Schedule P - Part 1 of the Company's current Annual Statement as of December 31, 2019.

The 2019 opinion stated that the reserve balances: 1) meet the requirements of the insurance laws of the State of Indiana, 2) are computed in accordance with generally accepted actuarial standards and principles, and 3) make a reasonable provision for all unpaid loss and loss adjustment expense obligations of the Company under the terms of its contracts and agreements.

ACCOUNTS AND RECORDS

The Company's accounting procedures, practices, account records, and supporting information were reviewed and tested to the extent deemed necessary. The Annual Statement totals for the years ending December 31, 2015 through December 31, 2019, were agreed to each year's trial balance with no exceptions noted.

FINANCIAL EXHIBITS

Comparative Exhibit – Statutory Statement of Assets
Comparative Exhibit – Statutory Statement of Liabilities, Surplus and Other Funds
Comparative Exhibit - Statutory Statement of Income
Comparative Exhibit – Statutory Capital and Surplus Account

NOTE: Amounts are shown in whole dollars and columns may not total due to rounding.

CSAA GENERAL INSURANCE COMPANY

FINANCIAL STATEMENTS

Assets

As of December 31, 2019

	Per Annual Statement	Exam Adjustments	Per Examination	December 31, Prior Year
Assets:				
Bonds	\$ 155,740,569	\$ -	\$ 155,740,569	\$ 252,525,790
Common Stocks	301,800	-	301,800	301,800
Cash, cash equivalents and short-term investments	(19,521,283)	-	(19,521,283)	(18,978,135)
Other invested assets	13,120,069	-	13,120,069	11,037,055
Receivable for securities	32,411	-	32,411	23,124
Subtotals, cash and invested assets	<u>\$ 149,673,566</u>	<u>\$ -</u>	<u>\$ 149,673,566</u>	<u>\$ 244,909,633</u>
Investment income due and accrued	\$ 1,125,962	\$ -	\$ 1,125,962	\$ 2,425,004
Uncollected premiums and agents' balances in the course of collection	792,805	-	792,805	17,945,528
Deferred premiums, agents' balances and installments booked but deferred and not yet due	-	-	-	36,892,291
Reinsurance amounts recoverable from reinsurers	58,968,327	-	58,968,327	49,044,440
Current federal and foreign income tax recoverable and interest thereon	4,254,114	-	4,254,114	857,941
Net deferred tax asset	456,422	-	456,422	-
Guaranty funds receivable or on deposit	347,396	-	347,396	316,679
Receivables from parent, subs and affiliates	10,843,326	-	10,843,326	136,754
Aggregate write-ins for other than invested assets	22,958	-	22,958	10,167
Total Admitted Assets	<u><u>\$ 226,484,876</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 226,484,876</u></u>	<u><u>\$ 352,538,437</u></u>

CSAA GENERAL INSURANCE COMPANY

FINANCIAL STATEMENTS

Liabilities, Surplus, and Other Funds

As of December 31, 2019

	Per Annual Statement	Exam Adjustments	Per Examination	December 31, Prior Year
Liabilities:				
Losses	\$ -	\$ -	\$ -	\$ 61,740,918
Reinsurance payable on paid losses and loss adjustment expenses	-	-	-	(3,321,771)
Loss adjustment expenses	-	-	-	6,781,765
Commissions payable, contingent commissions and other similar charges	13,831,055	-	13,831,055	11,610,508
Other expenses	2,494,163	-	2,494,163	2,560,922
Taxes, licenses and fees (excluding taxes, licenses and fees)	2,157,304	-	2,157,304	2,016,720
Current federal and foreign income taxes	-	-	-	-
Unearned premiums	-	-	-	59,342,618
Advance premium	9,104,019	-	9,104,019	5,512,625
Ceded reinsurance premiums payable (net of ceding commissions)	24,725,395	-	24,725,395	50,130,714
Amounts withheld or retained by company for account of others	1,658	-	1,658	-
Remittances and items not allocated	127,440	-	127,440	7,104
Payable to parent, subsidiaries and affiliates	17,944,184	-	17,944,184	11,151,231
Payable for securities	-	-	-	-
Aggregate write-ins for liabilities	2,023,304	-	2,023,304	1,718,848
Total liabilities excluding protected cell liabilities	<u>\$ 72,408,522</u>	<u>\$ -</u>	<u>\$ 72,408,522</u>	<u>\$ 209,252,202</u>
Total Liabilities	<u>\$ 72,408,522</u>	<u>\$ -</u>	<u>\$ 72,408,522</u>	<u>\$ 209,252,202</u>
Aggregate write-ins for special surplus funds	\$ -	\$ -	\$ -	\$ 2,229,864
Common capital stock	4,200,000	-	4,200,000	4,200,000
Gross paid in and contributed surplus	39,325,693	-	39,325,693	39,325,693
Unassigned funds (surplus)	110,550,662	-	110,550,662	97,530,677
Surplus as regards policyholders	<u>\$ 154,076,355</u>	<u>\$ -</u>	<u>\$ 154,076,355</u>	<u>\$ 143,286,234</u>
Total Liabilities, Surplus and Other Funds	<u>\$ 226,484,876</u>	<u>\$ -</u>	<u>\$ 226,484,876</u>	<u>\$ 352,538,437</u>

CSAA GENERAL INSURANCE COMPANY

FINANCIAL STATEMENTS

Statement of Income

As of December 31, 2019

	Per Annual Statement	Exam Adjustments	Per Examination	December 31, Prior Year
Premiums earned	\$ -	\$ -	\$ -	\$ 115,440,837
Losses incurred	\$ -	\$ -	\$ -	\$ 79,865,458
Loss adjustment expenses incurred	-	-	-	11,137,202
Other underwriting expenses incurred	-	-	-	32,309,894
Total underwriting deductions	\$ -	\$ -	\$ -	\$ 123,312,554
Net underwriting gain or (loss)	\$ -	\$ -	\$ -	\$ (7,871,717)
Investment Income				
Net investment income earned	\$ 4,210,768	\$ -	\$ 4,210,768	\$ 5,763,486
Net realized capital gains or (losses) less capital gains tax	625,388	-	625,388	(345,755)
Net investment gain (loss)	\$ 4,836,156	\$ -	\$ 4,836,156	\$ 5,417,731
Other Income				
Net gain	\$ -	\$ -	\$ -	\$ (3,821,567)
Finance and service charges not included in premiums	-	-	-	10,070,878
Aggregate write-ins for miscellaneous income	(30,177)	-	(30,177)	(1,877,664)
Total Other Income	\$ (30,177)	\$ -	\$ (30,177)	\$ 4,371,646
Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	\$ 4,805,980	\$ -	\$ 4,805,980	\$ 1,917,660
Net income after dividends, capital gains tax and before all other federal and foreign income tax	\$ 4,805,980	\$ -	\$ 4,805,980	\$ 1,917,660
Federal and foreign income taxes incurred	\$ (4,158,473)	\$ -	\$ (4,158,473)	\$ 44,350
Net Income	\$ 8,964,453	\$ -	\$ 8,964,453	\$ 1,873,310

CSAA GENERAL INSURANCE COMPANY

FINANCIAL STATEMENTS

Capital and Surplus Account

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Capital and Surplus Account:					
Surplus as regards policyholders, December 31 prior year	\$ 143,286,234	\$ 142,077,463	\$ 151,739,630	\$ 148,432,684	\$ 142,205,939
Net income	\$ 8,964,453	\$ 1,873,310	\$ (5,948,027)	\$ 3,166,250	\$ 495,770
Change in net unrealized capital gains or (losses) less capital gains tax	633,123	632,038	766,927	625,428	3,137,161
Change in net deferred income tax	624,721	167,965	(5,375,481)	1,371,055	568,247
Change in no admitted assets	576,846	(1,467,766)	897,103	(1,435,139)	2,050,610
Change in provision for reinsurance	-	-	-	-	-
Capital changes: Paid in	-	-	-	-	-
Surplus adjustments: Paid in	-	-	-	-	-
Aggregate write-ins for gains and losses in surplus	(9,022)	3,225	(2,689)	(420,648)	(25,043)
Change in surplus as regards policyholders for the year	\$ 10,790,121	\$ 1,208,772	\$ (9,662,168)	\$ 3,306,946	\$ 6,226,745
Surplus as regards policyholders, December 31 current year	\$ 154,076,355	\$ 143,286,234	\$ 142,077,463	\$ 151,739,630	\$ 148,432,684

COMMENTS ON THE FINANCIAL STATEMENTS

There were no recommended adjustments to surplus as of December 31, 2019, based on the results of this examination.

OTHER SIGNIFICANT FINDINGS

There were no significant findings noted as a result of this examination.

SUBSEQUENT EVENTS

Pandemic Risk

On March 11, 2020, the World Health Organization declared an outbreak of the coronavirus (COVID-19). The extent of the impact of COVID-19 on the Company's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, regulatory decisions, and the impact on the financial markets, all of which are uncertain and cannot be predicted. Due to the timing of the examination and fieldwork, the effects of COVID-19 on this entity are not fully addressed within this examination report.

MANAGEMENT REPRESENTATION

In support of contingencies and accuracy of information provided during the course of the examination, Thomas Consulting obtained a management representation letter in the standard NAIC format. This letter was executed by key financial personnel of the Company and provided to Thomas Consulting.

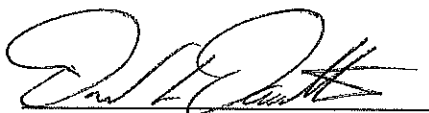
AFFIDAVIT

This is to certify that the undersigned is a duly qualified Examiner-In-Charge appointed by the Indiana Department of Insurance and that he, in coordination with staff assistance from The Thomas Consulting Group, Inc., performed an examination of the **CSAA General Insurance Company** as of **December 31, 2019**.

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

The examination was performed in accordance with those procedures required by the 2019 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 standard 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 **CSAA General Insurance Company** as of **December 31, 2019**, as determined by the undersigned.



David L. Daulton, CFE
The Thomas Consulting Group, Inc.



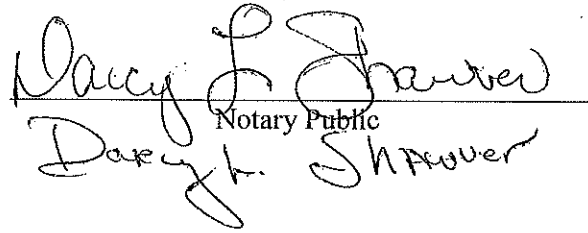
Jerry Ehlers, CFE, CPA
Indiana Department of Insurance

State of:
County of:

On this 30th day of April, 2021, before me personally appeared, David L. Daulton 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 October 4, 2025


Notary Public

DARCY L. SHAWVER
NOTARY PUBLIC
SEAL
MARION COUNTY, STATE OF INDIANA
MY COMMISSION EXPIRES OCTOBER 4, 2025
COMMISSION NO 706053

