

STATE OF INDIANA)
) SS:
COUNTY OF MARION)

BEFORE THE INDIANA
COMMISSIONER OF INSURANCE

IN THE MATTER OF:)
)
Clear Spring Property and Casualty Company)
10555 Group 1001 Way)
Zionsville, Indiana 46077)

Examination of: **Clear Spring Property and Casualty Company**

FINDINGS AND FINAL ORDER

The Indiana Department of Insurance conducted an examination into the affairs of the Clear Spring Property and Casualty Company (hereinafter “Company”) for the time period January 1, 2020, through December 31, 2023.

The Verified Report of Examination was filed with the Commissioner of the Department of Insurance (hereinafter “Commissioner”) by the Examiner on May 29, 2025.

A copy of the Verified Report of Examination, along with a Notice of Opportunity to Make Written Submission or Rebuttal, was mailed to the Company via Certified Mail on May 29, 2025, and was received by the Company on June 2, 2025.

On June 23, 2025, pursuant to Ind. Code § 27-1-3.1-10, the Company filed a response to the Verified Report of Examination. The Commissioner has fully considered the Company's response.

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


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

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

Based on the FINDINGS, the Commissioner does hereby ORDER:

1. Pursuant to Ind. Code § 27-1-3.1-11(a)(1), the Verified Report of Examination is adopted and shall be filed. Hereafter the Verified Report of Examination, as amended, may constitute prima facie evidence of the facts contained therein in any action or proceeding taken by the Indiana Department of Insurance against the Company, its officers, directors, or agents.
2. The Company shall comply with the Examiner's Recommendations enumerated in summary form and throughout the text of the Verified Report of Examination, as amended. A written response to these recommendations should be provided to the Department within 30 days of receipt of this order.
3. Compliance with the Examiner's recommendations shall be completed on or before the filing of the subsequent annual statement. In the event it is not feasible to comply with a recommendation before the filing of the subsequent annual statement, the Company shall submit a written explanation as to why it was not feasible with the filing of the annual statement.

Signed this 24th day of
June, 2025.



Holly W. Lambert
Insurance Commissioner
Indiana Department of Insurance

ABOUT AFFIRMATIONS

The following pages for affirmations need to be signed by each Board Member and returned to the Indiana Department of Insurance within thirty (30) days in accordance with I.C. §27-1-3.1-12(b).

If your affirmations list individuals that are no longer on your Board of Directors, you may simply retype the form on plain white paper with the correct names and a line to the right for signature. If the names are misspelled, you may do the same, simply re-type the corrected form with a line to the right for signature.

Should you have any questions or difficulties with these forms or you require additional time past the thirty (30) day requirement, please do not hesitate to contact this department at (317) 232-2390.

STATE OF INDIANA
Department of Insurance
REPORT OF EXAMINATION
OF

CLEAR SPRING PROPERTY AND CASUALTY COMPANY
NAIC Co. CODE 15563
NAIC GROUP CODE 4794

As of

December 31, 2023

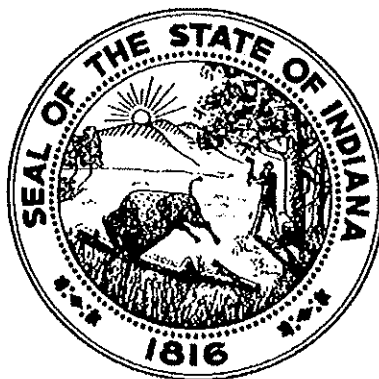


TABLE OF CONTENTS

SALUTATION.....	1
SCOPE OF EXAMINATION	2
HISTORY	2
CAPITAL AND SURPLUS.....	3
DIVIDENDS TO STOCKHOLDERS	3
MANAGEMENT AND CONTROL.....	3
Directors.....	3
Officers.....	4
CONFLICT OF INTEREST	4
OATH OF OFFICE.....	4
CORPORATE RECORDS.....	4
Articles of Incorporation	4
Bylaws.....	4
Minutes.....	5
AFFILIATED COMPANIES.....	5
Organizational Structure	5
Affiliated Agreements	5
FIDELITY BOND AND OTHER INSURANCE.....	6
TERRITORY AND PLAN OF OPERATION.....	6
REINSURANCE.....	7
Reinsurance Pool.....	7
Ceded Reinsurance.....	7
Assumed Reinsurance	9
FINANCIAL STATEMENTS	10
Assets	11
Liabilities, Surplus and Other Funds.....	12
Statement of Income.....	13
Reconciliation of Capital and Surplus Account	14
COMMENTS ON THE FINANCIAL STATEMENTS	15
OTHER SIGNIFICANT ISSUES	15
SUBSEQUENT EVENTS.....	15
AFFIDAVIT	16



STATE OF INDIANA

MIKE BRAUN, GOVERNOR

Indiana Department of Insurance

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

May 29, 2025

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

Dear Commissioner:

Pursuant to the authority vested in Appointment Number 4220, an examination has been made of the affairs and financial condition of:

Clear Spring Property and Casualty Company
10555 Group 1001 Way
Zionsville, Indiana 46077

hereinafter referred to as the "Company", or "CSPCC", an Indiana domestic stock, property and casualty insurance company. The examination was conducted remotely with assistance from the corporate offices in Zionsville, Indiana.

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

ACCREDITED BY THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

AGENCY SERVICES 317-232-2389	COMPANY COMPLIANCE 317-232-3495	CONSUMER SERVICES 317-232-2395/1-800-622-4461	FINANCIAL SERVICES 317-232-2390	MEDICAL MALPRACTICE 317-232-5253	COMPANY RECORDS 317-232-2383	STATE HEALTH INSURANCE PROGRAM 1-800-452-4800
---------------------------------	------------------------------------	--	------------------------------------	-------------------------------------	---------------------------------	--

SCOPE OF EXAMINATION

The Company was last examined by representatives of the Pennsylvania Insurance Department and Texas Department of Insurance (TDI) and covered the period from January 1, 2019, through December 31, 2019. The present risk-focused examination was conducted by Noble Consulting Services, Inc., and covered the period from January 1, 2020, through December 31, 2023, and included any material transactions and/or events occurring subsequent to the examination date and noted during the course of this examination.

The examination was conducted in accordance with the NAIC *Financial Condition Examiners Handbook* (Handbook). The Handbook requires that we plan and perform the examination to evaluate the financial condition, assess corporate governance, identify current and prospective risks of the Company, and evaluate system controls and procedures used to mitigate those risks. An examination also includes identifying and evaluating significant risks that could cause an insurer's surplus to be materially misstated both currently and prospectively.

The examination of the Indiana domestic property and casualty insurance companies of Group 1001, Inc. (GOTO) was called by the Indiana Department of Insurance (INDOI) in accordance with the Handbook guidelines, through the NAIC's Financial Examination Electronic Tracking System. Delaware is the lead state of Group 1001 Insurance Holdings (the Group). The INDOI served as Exam Facilitator for the Property and Casualty Companies' Sub-Group (P&C Sub-Group or CSPCG) examination which includes the Company, its direct subsidiary, Clear Spring Casualty Insurance Company (CSCIC), and its two (2) indirect subsidiaries, Clear Spring American Insurance Company (CSAIC) and Clear Spring National Insurance Company (CSNIC). The California Department of Insurance served as a participant in the P&C Sub-Group examination.

The actuarial specialists of Davies North America provided all actuarial services throughout the examination and conducted a review of the Company's actuarial-related risks as of December 31, 2023.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. This may include assessing significant estimates made by management and evaluating management's compliance with Statutory Accounting Principles. The examination does not attest to the fair presentation of the financial statements included herein. If, during the course of the examination an adjustment is identified, the impact of such adjustment will be documented separately following the Company's financial statements.

This examination report includes significant findings of fact, as mentioned in the Indiana Code (IC) 27-1-3.1-10 and general information about the insurer and its financial condition. There may be other items identified during the examination that, due to their nature (e.g., subjective conclusions, proprietary information, etc.), are not included within the examination report but separately communicated to other regulators and/or the Company.

HISTORY

The Company was incorporated on July 26, 1986, in the state of Missouri as a stock, fire and casualty company under the name Heart of America Fire and Casualty Company. On July 8, 1999, the Company re-domesticated to the state of Illinois, and in November 2003, the name of the Company was changed to Seabright Insurance Company. After a series of mergers and acquisitions, in May of 2016, the Company filed an application for re-domestication with the TDI.

Effective January 1, 2017, Delaware Life Insurance Company (DLIC) acquired a controlling interest in the Company through its indirect subsidiary, Clear Spring PC Acquisition Corp., which in turn, was wholly owned by DLIC's direct subsidiary, Clear Spring PC Holdings, LLC. DLIC acquired an 80% indirect ownership for

approximately \$24.8 million cash and Enstar Holding US LLC (Enstar) retained the remaining 20% and contributed \$6 million in cash to the Company. The acquisition was approved on December 29, 2016, by the TDI. On March 12, 2018, the Company's name was changed to its current name. Effective December 31, 2020, DLIC acquired the remaining 20% ownership of the Company from Enstar. The Company is currently a wholly owned indirect subsidiary of DLIC.

Effective April 1, 2019, DLIC purchased the Clear Spring Insurance Group (CSIG) consisting of CSCIC, CSAIC, and CSNIC. Effective December 30, 2021, DLIC contributed all ownership interests in CSIG to CSPCC. As a result, CSCIC is now a wholly owned subsidiary of CSPCC. The Company re-domesticated to Indiana from Texas, effective December 19, 2023.

CAPITAL AND SURPLUS

As of December 31, 2023, the Company had 60,000 shares of authorized common stock with a par value of \$100 per share, of which 35,000 were issued and outstanding to its parent, Clear Spring PC Acquisition Corp.

The Company received a capital contribution of \$25 million from DLIC in 2021.

DIVIDENDS TO STOCKHOLDER

No dividends were paid to the stockholder during the examination period.

MANAGEMENT AND CONTROL

Directors

The Company's Amended and Restated Bylaws provide that the business affairs of the Company are to be managed by a Board of Directors (Board) consisting of not less than five (5), but no more than fifteen (15) with the exact number to be fixed from time to time pursuant to a resolution adopted by a majority of the Board in office. At least one (1) of the directors must be a resident of Indiana. The shareholders, at each annual meeting, elect the members of the Board.

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

<u>Name and Address</u>	<u>Principal Occupation</u>
Terry Athas Glenview, Illinois	Senior Vice President Alliant Insurance Services, Inc.
Michael Moran Bedford, Massachusetts	Retired Chief Accounting Officer Delaware Life Insurance Company
James Purvis Zionsville, Indiana	Chief Executive Officer and President Clear Spring Property and Casualty Group
Curtis Steger Lafayette, Indiana	Retired Chief Actuary Clear Spring Life and Annuity Company
Fang Wang Zionsville, Indiana	Chief Financial Officer Group 1001 Life and Annuity Business Unit
Indiana Department of Insurance NAIC Accredited	3 Clear Spring Property and Casualty Company Financial Examination as of 12/31/2023

Officers

The Company's Amended and Restated Bylaws state that the officers of the Company shall consist of a Chief Executive Officer, President, Secretary, Treasurer and such Vice Presidents, Assistant Secretaries, Assistant Treasurers and other officers as may from time to time be appointed by the Board. Each officer shall hold office until his or her successor is elected and qualified or until his or her earlier resignation or removal.

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

<u>Name</u>	<u>Office</u>
James Purvis	Chief Executive Officer and President
Melinda Hebb	Chief Accounting Officer and Treasurer
Michael Bloom	Secretary
Scott Hanfling	Chief Legal Officer
Christopher Brew	Chief Claims Officer
Kirt Dooley	Chief Actuary
Bradford St. Pierre, Jr.	Chief Product and Innovation Officer

CONFLICT OF INTEREST

Directors and officers are required to review and sign Conflict of Interest statements annually. It was determined that all directors and officers listed in the Management and Control section of this Report of Examination have reviewed and signed their statements as of December 31, 2023.

OATH OF OFFICE

IC 27-1-7-10(i) stipulates that every director, when elected, shall take and subscribe to an oath stating that he or she will faithfully, honestly, and diligently administer the affairs of the Company and will not knowingly violate any of the laws applicable to such Company. It was determined that all directors listed in the Management and Control section of this Report of Examination have subscribed to an oath as of December 31, 2023.

CORPORATE RECORDS

Articles of Incorporation

The Company amended its Articles of Incorporation (Articles) twice during the examination period. In 2021, the amendments made were to decrease its minimum number of directors on the Board from seven (7) to five (5) members and to delete the requirement that the annual shareholders meeting be held prior to May 1 of each calendar year. In 2023, the Articles were amended mainly to reflect its re-domestication to Indiana to become compliant with Indiana's laws.

Bylaws

The Company amended its Bylaws in 2021 and 2023, mainly to reflect the same changes that were made to its Articles as noted above.

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 Amended and Restated Bylaws may provide. The Company's Bylaws do not specify the date or time the annual meeting of shareholders is to be held. 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's Audit Committee meeting minutes for the examination period, and through the fieldwork date, were reviewed.

AFFILIATED COMPANIES

Organizational Structure

The following abbreviated organization chart shows all affiliated entities in the CSPCG as of December 31, 2023:

	<u>NAIC Co. Code</u>	<u>Domiciliary State/Country</u>
Group 1001, Inc.		
Group 1001 Insurance Holdings, LLC		
DLIC Holdings, LLC		
DLIC Sub-Holdings, LLC		
Delaware Life Insurance Company	79065	DE
Clear Spring PC Holdings, LLC		
Clear Spring PC Acquisition Corp.		
Clear Spring Property and Casualty Company	15563	IN
Clear Spring Casualty Insurance Company	11703	IN
Clear Spring National Insurance Company	12274	IN
Clear Spring American Insurance Company	11219	IN

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.

Personnel Agreement

The Company was party to a Personnel Agreement with Group 1001 Resources, LLC, which serves as the primary employer of record and employee benefit plan sponsor for employees supporting the business and operations of CSPCC. This Agreement was effective September 13, 2021. CSPCC paid \$10.6 million under this Agreement in 2023.

Services Agreement

The Company was party to a services agreement. Effective January 1, 2017, pursuant to the Agreement, DLIC furnishes certain administrative and functional services to the Company. The Company incurred costs of \$1.2 million under this Agreement for 2023.

Services Agreement

The Company was party to a service agreement. Effective October 1, 2019, CSCIC furnishes certain administrative and functional services to CSPCC. No amounts were allocated under this Agreement for 2023.

License Agreement

The Company was party to a license agreement. Effective January 1, 2022, Group 1001 IP Solutions, LLC was contracted to collectively support all proprietary software, systems, applications, platforms, programs, and similar intellectual property and technologies in an effort to support the business and operations of the Company and its affiliates.

Tax Sharing Agreement

The Company was party to a tax sharing agreement. The original agreement was effective December 15, 2014, but was amended on October 14, 2020, to include CSPCC, CSCIC and its subsidiaries CSAIC and CSNIC. The amendment effective September 1, 2023, replaced DLIC with GOTO as the parent corporation of the affiliated group. Allocation is based upon separate return calculations with current credit (benefit) given for losses and tax attributes that are utilized by the affiliated group.

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 Allianz Global Risks U.S. Insurance Company and Continental Casualty Company. The fidelity bond is adequate to meet the minimum coverage suggested by the NAIC.

The Company had additional types of coverage in-force as of December 31, 2023, including but not limited to business auto, business property, cyber insurance, directors officers and company liability, employee benefits liability, employment practices liability, excess and umbrella liability, fiduciary liability, general liability, insurance company professional liability, and stop gap liability.

TERRITORY AND PLAN OF OPERATION

The Company was licensed to transact business in all fifty (50) states, the District of Columbia, and Guam.

As of December 31, 2023, direct premiums written were approximately \$300.1 million. The majority of the writings were in California (51%), New Jersey (7%), Florida (6%), and New York (5%). The major lines written were workers' compensation (74.0%), other liability occurrence (10.0%), and other commercial auto liability (8.9%). The Company also reported assumed premiums written of approximately \$89 million, mainly consisting of workers' compensation and other private passenger auto liability from CSCIC and Aspire General Insurance Company.

REINSURANCE

Reinsurance Pool

Effective August 1, 2019, CSPCG entered into an amended and restated Proportional Reinsurance Agreement. Under the terms of the Agreement, the Company, CSAIC and CSNIC ceded 100% of all gross liabilities of their workers' compensation and, specific to CSPCC, private passenger automobile, general liability business, and other lines of commercial insurance business, to CSCIC. CSCIC then retrocedes the net amount of the pool back to each member based on percentages specified in the Agreement. Any balances due between parties are settled within 90 days after the close of each quarter. Effective January 1, 2021, the pooling agreement was amended to include the pooling of underwriting and other administrative expenses. Additionally, the cession percentages were modified. As of December 31, 2023, the pooling participation percentages were as follows:

<u>Participants</u>	<u>Pool Percentage</u>
Clear Spring Casualty Insurance Company	56%
Clear Spring American Insurance Company	25%
Clear Spring National Insurance Company	10%
Clear Spring Property and Casualty Company	9%
Total	<u>100%</u>

Ceded Reinsurance

The Company engages in reinsurance transactions as part of its overall underwriting and risk-management strategy. The Company's reinsurance program includes ceded coverages that limit the amount of individual claims to a fixed amount. As of December 31, 2023, the Company ceded reinsurance as follows:

CSPCG has an Excess of Loss Reinsurance Agreement for workers' compensation and employers' liability, which has been renewed annually throughout the examination period. The contract is through a Reinsurance Intermediary, Gallagher Re, with various authorized reinsurers at varying participation levels. The current reinsurance agreement, effective July 1, 2023, is summarized in the table below:

Layer	Company Retention	Reinsurer's Limit
First Excess Cover:	\$3 million	\$2 million/per occurrence \$12 million/per contract term
Second Excess Cover:	\$5 million	\$5 million/per occurrence \$15 million/per contract term
Third Excess Cover:	\$10 million	\$10 million/per occurrence \$20 million/per contract term
Fourth Excess Cover:	\$20 million	\$30 million/per occurrence \$60 million/per contract term
Fifth Excess Cover:	\$50 million	\$25 million/per occurrence \$50 million/per contract term

Effective January 1, 2017, CSPCC entered into a Quota Share Reinsurance Agreement with Cavello Bay Reinsurance Limited. Under the terms of the Agreement, CSPCC ceded 25% of each line of business written by the Company that fell within the underwriting guidelines or within the accepted additional business, excluding: (1) renewals of credit accident and health risks, or renewals of any other risks, in each case that were in-force on the inception date, (2) declined additional business, and (3) other excluded business as otherwise agreed between the parties in writing. This Agreement is currently in run-off.

Effective July 1, 2018, CSPCC entered into an Excess of Loss Agreement with Wyndam Insurance Company (SAC), Ltd (Wyndham). Under the terms of the Agreement, CSPCC cedes workers' compensation policies issued to Vensure HR, Inc. by CSPCC on a policy attaching basis. This Agreement is currently in run-off.

Effective January 1, 2019, CSPCC entered into a Quota Share Reinsurance Agreement with Wyndham. Under the terms of the Agreement, CSPCC ceded 100% of its gross liability under all new and renewal, Texas non-standard private passenger auto insurance policies produced by Jubilee General Agency, Inc., up to a maximum of treaty loss ratio of 250% in any one (1) agreement year. The net ceded premiums collected and retained by CSPCC were held in the funds withheld account. This Agreement is in run-off. The producer and reinsurer are insolvent.

Effective February 15, 2019, CSPCC entered into a Quota Share Reinsurance Agreement with Unique Insurance Company (Unique). Under the terms of the Agreement, the Company ceded 25% of business classified as Illinois private passenger automobile liability and physical damage business produced by Amigo MGA, LLC (Amigo) to Unique. Effective June 1, 2019, CSPCC entered into a Quota Share Reinsurance Agreement with Unique. Under the terms of the Agreement, CSPCC ceded 25% of Arizona private passenger automobile liability and automobile physical damage business produced by Amigo to Unique. Both Agreements are currently in run-off.

Effective May 1, 2019, CSPCC entered into a Quota Share Reinsurance Agreement with Corinthian Re SPC (Corinthian) and Topsail Reinsurance SPC, Ltd. (Topsail). Under the terms of the Agreement, the Company ceded 40% to Corinthian and 30% to Topsail, of all business classified as private passenger automobile liability and physical damage, written or renewed during the term of the reinsurance agreement and produced for the Company by Amigo in the state of Georgia. Effective May 1, 2020, the treaty was renewed. Under the terms of the renewal, the Company ceded 50% to General Reinsurance Corporation and 25% to Third Point Reinsurance (USA), Ltd. This Agreement is currently in run-off.

Effective May 20, 2020, CSPCC entered into a Quota Share Agreement with TowMAX Incorporated Cell. Under the terms of the Agreement, CSPCC cedes 20% of the general liability, commercial auto, inland marine, moving cargo, garage, property, umbrella, and crime policies issued by Eydent Insurance Services, LLC, as part of its TowMax Program.

Effective May 26, 2020, CSPCC entered into a 100% Quota Share Agreement with Talisman Casualty Insurance Company, LLC Cell 3. This Agreement covers all policies produced or underwritten by Argo Risk Solutions, Inc. for the marine program on a policy-attaching basis. This Agreement is currently in run-off.

Effective June 1, 2020, CSPCC entered into a Quota Share Agreement for business classified as private passenger automobile liability and physical damage policies. This Agreement covers policies written or renewed during the term of the reinsurance agreement and produced for the Company by Amigo in the state of Alabama. The Company ceded 50% to General Reinsurance Corporation, 20% to General Insurance Corporation of India, and 5% to Third Point Reinsurance (USA), Ltd.

Effective July 1, 2020, CSPCC entered into an Excess of Loss Casualty Clash Reinsurance Agreement with various Lloyd's Syndicates. Under the current terms of the Agreement, effective July 1, 2023, CSPCC cedes general liability policies including those underwritten by Builders & Tradesmen's Insurance Services, Inc. (B&T) on a loss

occurring basis. CSPCC's retention is \$1 million per occurrence. The limit is \$4 million per occurrence with an \$8 million all-loss limit. The current amendment to this Agreement expires March 1, 2024.

Effective July 1, 2020, CSPCC and Talisman Casualty Insurance Company entered into a 78.50% excess of loss reinsurance treaty with various reinsurers and at varying participation levels. This Agreement was renewed effective July 1, 2021, expired July 1, 2022, and was 95% ceded. The retention limit was \$750 thousand per occurrence, excess of \$500 thousand and included the following layers:

Layer 1:	\$500 thousand/per occurrence excluding named and numbered windstorms and hurricanes
Layer 2:	\$1.25 million/per occurrence
Layer 3:	\$5 million/per occurrence
Layer 4:	\$7.5 million/per occurrence

Assumed Reinsurance

Effective January 1, 2017, CSPCC entered into a Quota Share Agreement with StarStone National Insurance Company. Under the terms of the Agreement, CSPCC assumes on a quota share basis 33.33% of workers' compensation and ocean marine (covering work-related injuries) on a policies attaching basis. This Agreement is currently in run-off.

Effective October 1, 2019, CSPCC entered into a Quota Share Agreement with Victory Insurance Company (Victory). Under the terms of the Agreement, CSPCC assumes 100% of the workers' compensation business written by Victory in the state of Montana. The Agreement expired October 1, 2020, and is currently in run-off.

Effective January 1, 2020, CSPCC entered into a series of Quota Share Agreements with Aspire General Insurance Company. Under the current terms of the Agreement, CSPCC assumes 7.5% of private passenger auto liability and private passenger auto physical damage policies issued by Aspire General Services, LLC. The current Agreement expires October 1, 2024.

Effective January 1, 2020, CSPCC entered into a Quota Share Agreement with Security National Insurance Company and Wesco Insurance Company. Under the terms of this agreement, CSPCC assumes 100% of the commercial general liability and inland marine policies issued by B&T as part of its Victory General Liability Program. This treaty expired March 31, 2021, and is currently in run-off.

Effective April 1, 2021, CSPCC entered into a Quota Share Agreement with Spinnaker Insurance Company (Spinnaker). Under the terms of the Agreement, CSPCC assumes on a quota share basis 47.50% of new and renewal policies associated in any manner with Coterie Insurance Agency, LLC on behalf of Spinnaker. The current reinsurance agreement expires on March 31, 2024.

CSPCC assumes premium from mandatory pool participation for commercial auto in the states of California, New Jersey, Ohio, and Pennsylvania and workers' compensation in the states of Massachusetts, Michigan, New Mexico, and New York, plus the NCCI National Pool.

There were no issues noted in the review of the Company's reinsurance program that would preclude taking of reserve credits.

FINANCIAL STATEMENTS

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

CLEAR SPRING PROPERTY AND CASUALTY COMPANY

Assets

As of December 31, 2023

	Per Company
Bonds	\$ 222,820,187
Stocks:	
Common stocks	166,874,226
Mortgage loans on real estate	
First liens	3,394,786
Cash, cash equivalents and short-term investments	59,525,125
Other invested assets	463,086
Receivables for securities	173,185
Subtotals, cash and invested assets	453,250,595
Investment income due and accrued	1,840,220
Premiums and considerations:	
Uncollected premiums and agents' balances in course of collection	88,414,033
Deferred premiums, agents' balances and installments booked but deferred and not yet due	269,141
Reinsurance:	
Amounts recoverable from reinsurers	378,820
Funds held by or deposited with reinsured companies	86,178,681
Net deferred tax asset	1,359,546
Receivables from parent, subsidiaries, and affiliates	920,986
Deposits for high deductible policies	14,524,293
Due from MGA	10,792,480
Policy fees/assessments receivable	447,289
Miscellaneous receivable	44,324
Premium deposit receivable	54,447
Totals	\$ 658,474,854

CLEAR SPRING PROPERTY AND CASUALTY COMPANY
Liabilities, Surplus and Other Funds
As of December 31, 2023

	<u>Per Company</u>
Losses	\$ 39,876,458
Reinsurance payable on paid losses and loss adjustment expenses	3,113,857
Loss adjustment expenses	6,797,929
Commissions payable, contingent commissions and other similar charges	11,325,915
Other expenses	1,961,830
Taxes, licenses and fees	2,360,159
Current federal and foreign income taxes	1,090,695
Unearned premiums	12,041,505
Advance premium	18,249
Ceded reinsurance premiums payable	10,383,179
Funds held by company under reinsurance treaties	346,708,443
Amounts withheld or retained by company for account of others	9,333,061
Provision for reinsurance	137,675
Payable to parent, subsidiaries and affiliates	2,923,986
Deposits for High Deductible Policies	14,524,293
Return Premium	632,481
Premium Deficiency Reserve	2,257
Loss Funding Payable	326,545
Total liabilities excluding protected cell liabilities	<u>463,558,517</u>
Total liabilities	<u>463,558,517</u>
Common capital stock	3,500,000
Gross paid in and contributed surplus	230,189,208
Unassigned funds (surplus)	<u>(38,772,871)</u>
Surplus as regards policyholders	<u>194,916,337</u>
Totals	<u>\$ 658,474,854</u>

CLEAR SPRING PROPERTY AND CASUALTY COMPANY
Statement of Income
For the Year Ended December 31, 2023

	<u>Per Company</u>
UNDERWRITING INCOME	
Premiums earned	\$ 34,092,366
DEDUCTIONS	
Losses incurred	20,496,863
Loss adjustment expenses incurred	4,568,895
Other underwriting expenses incurred	11,492,778
Investment income on funds withheld	(152)
Change in premium deficiency reserve	2,257
Total underwriting deductions	<u>36,560,641</u>
Net underwriting gain (loss)	(2,468,275)
INVESTMENT INCOME	
Net investment income earned	9,797,451
Net realized capital gains (losses) less capital gains tax	<u>(771,027)</u>
Net investment gain (loss)	9,026,424
OTHER INCOME	
Net gain (loss) from agents' or premium balances charged off	(2,067,659)
Finance and service charges not included in premiums	18,238
Interest due to others funds held	(2,678,522)
Interest due to company – funds held	1,704,110
Miscellaneous income from involuntary pools	57
Pre-paid claims funding write off	(150,000)
Bureau reporting fines	<u>(747,909)</u>
Total other income	(3,921,685)
Net income, before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	2,636,464
Dividends to policyholders	<u>-</u>
Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	2,636,464
Federal and foreign income taxes incurred	<u>918,974</u>
Net income	<u>\$ 1,717,490</u>

CLEAR SPRING PROPERTY AND CASUALTY COMPANY
Reconciliation of Capital and Surplus Account

	2023	2022	2021	2020
Surplus as regards policyholders, December 31 prior year	\$201,165,910	\$197,833,955	\$15,387,491	\$41,942,112
Net income	1,717,490	1,761,319	(211,389)	(13,193,119)
Change in net unrealized capital gains or (losses) less capital gains tax	(6,601,154)	4,636,499	162,117	(12,752)
Change in net deferred income tax	832,261	236,594	3,475,655	2,227,578
Change in nonadmitted assets	(2,060,495)	(3,516,103)	(20,088,520)	(2,254,068)
Change in provision for reinsurance	(137,675)	213,646	14,414,359	(13,322,260)
Surplus adjustments:				
Paid in	-	-	184,694,242	-
Change in surplus as regards policyholders for the year	(6,249,573)	3,331,955	182,446,464	(26,554,621)
Surplus as regards policyholders, December 31 current year	<u>\$194,916,337</u>	<u>\$201,165,910</u>	<u>\$197,833,955</u>	<u>\$15,387,491</u>

COMMENTS ON THE FINANCIAL STATEMENTS

There were no recommended adjustments to the financial statements as of December 31, 2023, based on the results of this examination.

OTHER SIGNIFICANT ISSUES

There were no other significant issues identified by the examination team as of December 31, 2023, based on the results of this examination.

SUBSEQUENT EVENTS

Effective January 1, 2025, the Company entered into an amended proportional agreement with CSCIC, CSNIC and CSAIC. The result of the amended agreement will allow CSPCC to retain 100% of the writings of CSPCG, with no cessions back to the other companies. The agreement was approved by the INDOI on January 8, 2025.

AFFIDAVIT

This is to certify that the undersigned is a duly qualified Examiner-in-Charge appointed by the Indiana Department of Insurance and that they, in coordination with staff assistance from Noble Consulting Services, Inc., and actuarial assistance from Robert Daniel, ACAS, MAAA, and Mark Davenport, ACAS, MAAA, of Davies North America, performed an examination of Clear Spring Property Casualty Company, as of December 31, 2023.

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

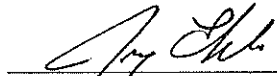
This examination was performed in accordance with those procedures required by the NAIC Financial Condition Examiners Handbook and other procedures tailored for this examination. Such procedures performed on this examination do not constitute an audit made in accordance with generally accepted auditing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

The attached Report of Examination is a true and complete report of the condition of the Clear Spring Property Casualty Company as of December 31, 2023, as determined by the undersigned.



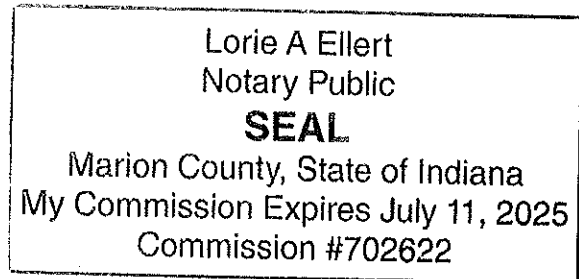
Matthew Milford, CFE
Noble Consulting Services, Inc.

Under the Supervision of:



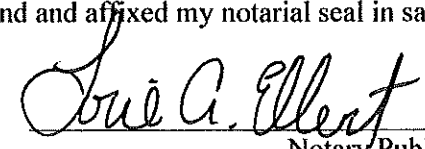
Jerry Ehlers, CFE, AES
Examinations Manager
Indiana Department of Insurance

State of: Indiana
County of: Marion



On this 2nd day of June, 2025, before me personally appeared, Matthew Milford and Jerry Ehlers, to sign this document.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal in said County and State, the day and year last above written.

My commission expires: July 11, 2025 
Notary Public

