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

IN THE MATTER OF:

Employers Protective Insurance Company
302 South Reed Road
Kokomo, IN 46901

Examination of Employers Protective 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 Employers Protective Insurance Company, any relevant examination work papers, and any written submissions or rebuttals. The Verified Report of Examination, as sent to you on October 13, 2015, 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 Employers Protective 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.

11/24/2015
Date

Cynthia D. Donovan
Cynthia D. Donovan
Chief Financial Examiner

CERTIFIED MAIL NUMBER: 91 7190 0005 2720 0051 2304

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

IN THE MATTER OF:)
)
Employers Protective Insurance Company)
302 South Reed Road)
Kokomo, IN 46901)

Examination of Employers Protective Insurance Company

FINDINGS AND FINAL ORDER

The Indiana Department of Insurance conducted an examination into the affairs of the Employers Protective Insurance Company (hereinafter "Company") for the time period January 1, 2010 through December 31, 2014.

The Verified Report of Examination was filed with the Commissioner of the Department of Insurance (hereinafter "Commissioner") by the Examiner on September 21, 2015.

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 October 13, 2015 and was received by the Company on October 19, 2015.

The Company did not file any objections.

NOW THEREFORE, based on the Verified Report of Examination, I hereby make the following **FINDINGS:**

1. That the Verified Report of Examination is a true and accurate report of the financial condition and affairs of the Employers Protective Insurance Company as of December 31, 2014.
2. That the Examiner's Recommendations are reasonable and necessary in order for the Employers Protective Insurance Company to comply with the 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, 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. 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 and Sealed this 24th day of November, 2015.

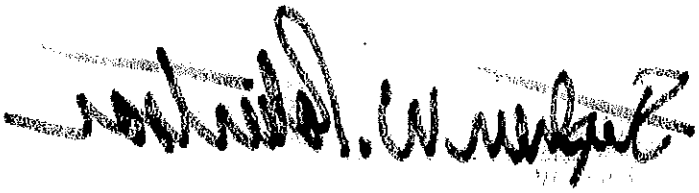
Stephen W. Robertson
Insurance Commissioner
Indiana Department of Insurance

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

EMPLOYERS PROTECTIVE INSURANCE COMPANY

NAIC CO. CODE 31020

As of

December 31, 2014

TABLE OF CONTENTS

STATE OF INDIANA

IDOI

MICHAEL R. PENCE, Governor

Indiana Department of Insurance
311 W. Washington Street, Suite 300
Indianapolis, Indiana 46204-2787
Telephone: (317) 232-2385
Fax: (317) 232-5251
Stephen W. Robertson, Commissioner

September 21, 2015

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 3871, an examination has been made of the affairs and financial condition of:

Employers Protective Insurance Company
302 South Reed Road
Kokomo, Indiana 46901

hereinafter referred to as the "Company", an Indiana domestic reciprocal, property and casualty insurance company. The examination was conducted at the offices of Noble Consulting Services, Inc., in Indianapolis, Indiana.

The Report of Examination, reflecting the status of the Company as of December 31, 2014, is hereby respectfully submitted.

SCOPE OF EXAMINATION

The Company was last examined by representatives of the Indiana Department of Insurance (INDOI) as of the period ending December 31, 2009. The present risk-focused examination was conducted by Noble Consulting Services, Inc., and covered the period from January 1, 2010 through December 31, 2014, 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 and identify prospective risks of the Company by obtaining information about the Company, including corporate governance, identifying and assessing inherent risks within the Company, and evaluating system controls and procedures used to mitigate those risks. An examination also includes assessing the principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation, management's compliance with Statutory Accounting Principles, and Annual Statement instructions, when applicable to domestic state regulations.

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

HISTORY

The Company is a reciprocal, property and casualty insurer whose attorney-in-fact is the Exchange of America, Inc. (EAI). EAI is 100% owned by the Indiana Public Employers Plan, Inc., (IPEP) which is a not-for-profit self-insured workers' compensation pool for Indiana public entities. IPEP provides self-insurance plans primarily to cities and municipalities.

CAPITAL AND SURPLUS

The Articles of Incorporation for EAI provide that the Company has 1,000 authorized shares of common capital stock without par value. On May 22, 1998, IPEP acquired 100% of the common stock of EAI. IPEP contributed $100,000 of capital to the Company in 2013.

DIVIDENDS TO STOCKHOLDERS

There were no dividends paid during the examination period.

TERRITORY AND PLAN OF OPERATION

The Company is licensed solely in the state of Indiana. The Company's operational, administrative, and investment functions are performed in Kokomo, Indiana. The Company has not written any business since the 1990s.

GROWTH OF THE COMPANY

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

Year	Admitted Assets	Liabilities	Surplus and Other Funds	Premiums Earned	Net Income (Loss)
2014	$ 369,432	$ -	$ 369,432	$ -	$ (46,607)
2013	416,039	-	416,039	-	(46,493)
2012	362,532	-	362,532	-	(41,514)
2011	404,046	-	404,046	-	(51,937)
2010	455,983	-	455,983	-	(40,692)

Admitted assets and surplus and other funds increased in 2013 due to IPEP's $100,000 capital contribution which was made to avoid falling below minimum surplus levels required by the INDOI.

The annual net loss of the Company is due to operating expenses which are primarily monthly fees paid in accordance with the Corporate Power of Attorney Agreement.

MANAGEMENT AND CONTROL

Directors

The Bylaws provide that the business affairs of the Company shall be managed under the direction of a Board of Directors (Board) consisting of not less than five (5) and nor more than nine (9) directors. The shareholder, at each annual meeting, elects the members of the Board.

The following is a listing of persons serving as directors at December 31, 2014, and their principal occupations as of that date:

Name and Address	Principal Occupation
John J. Dillon Indianapolis, Indiana	President City Securities Insurance, LLC
Timothy R. Downey Sarasota, Florida	Chairman Unemployment Compensation League, Inc.
Jean P. Lushin Kokomo, Indiana	Senior Consultant Center Township Trustee
Robert L. Meeks LaGrange, Indiana	Retired Indiana Senator
Frank T. Short Indianapolis, Indiana	President Short Strategy Group, Inc.

Officers

The Bylaws state that the elected officers of the Company shall consist of a President, one (1) or more Vice Presidents (if any), the Secretary, the Treasurer, and such other officers as may be chosen by the Board. The officers shall be chosen annually by the Board. Any two (2) or more offices may be held by the same person.

The following is a list of key officers and their respective titles as of December 31, 2014:

Name	Office
Frank T. Short	President
Jean P. Lushin	Secretary and Treasurer

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, 2014.

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 sole shareholder meeting minutes were reviewed for the period under examination through the fieldwork date. Significant actions taken during each meeting were noted.

Indiana Code (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. For each year under review, the annual meeting of shareholders was held within five (5) months following the close of each fiscal year.

AFFILIATED COMPANIES

Organizational Structure

The following organizational chart shows the Company's parent and subsidiaries as of December 31, 2014:

	NAIC Co. Code	Domiciliary State
Indiana Public Employers Plan, Inc.		IN
Exchange of America, Inc.		IN
Employers Protective Insurance Company	**31020**	**IN**

Affiliated Agreements

The following affiliated agreement was 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:

Corporate Power of Attorney Agreement
Effective September 2011, the Company became a party to an agreement between EAI and Public Risk Underwriters of Indiana, Inc., dba Downey Public Risk Underwriters (Downey). Under this agreement, Downey performs all operational functions of the Company in exchange for a monthly fee of $3,000. During 2014, the Company paid Downey $36,000 in accordance with this agreement.

FIDELITY BOND AND OTHER INSURANCE

The Company protects itself against loss from any fraudulent or dishonest acts by any employees through IPEP's fidelity bond issued by Federal Insurance Company. The bond has a policy coverage limit of $1,000,000, with a $50,000 deductible. The fidelity bond is adequate to meet the prescribed minimum coverage specified by the NAIC.

IPEP had additional types of coverage in-force at December 31, 2014, including, but not limited to, directors and officers liability.

PENSION, STOCK OWNERSHIP, AND INSURANCE PLANS

The Company has no retirement plan, deferred compensation plan, or post-retirement benefit plan.

STATUTORY DEPOSITS

The Company reported the following statutory deposit at December 31, 2014:

State	Book Value	Fair Value
All Other Special Deposits:		
Indiana	$ 100,000	$ 100,000
Total Deposits	$ 100,000	$ 100,000

REINSURANCE

The Company does not participate in any reinsurance programs as they are not currently writing any business.

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, 2013 and December 31, 2014, were agreed to the respective Annual Statements. The Annual Statements for the years ended December 31, 2010 through December 31, 2014, were agreed to each year's independent audit report without material exception. The Company's accounting procedures, practices, and account records were deemed satisfactory.

EMPLOYERS PROTECTIVE INSURANCE COMPANY
Assets
As of December 31, 2014

	Per Examination*
Cash, cash equivalents and short-term investments	$ 369,428
Subtotals, cash and invested assets	369,428
Investment income due and accrued	4
Total	$ 369,432

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

EMPLOYERS PROTECTIVE INSURANE COMPANY
Liabilities, Surplus and Other Funds
As of December 31, 2014

	Per Examination*
Gross paid in and contributed surplus	$ 2,360,461
Unassigned funds (surplus)	(1,991,029)
Surplus as regards policyholders	369,432
Totals	$ 369,432

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

EMPLOYERS PROTECTIVE INSURANCE COMPANY
Statement of Income
For the Year Ended December 31, 2014

	Per Examination*
UNDERWRITING INCOME	
DEDUCTIONS	
Other underwriting expenses incurred	$ 46,764
Total underwriting deductions	46,764
Net underwriting gain (loss)	(46,764)
INVESTMENT INCOME	
Net investment income earned	157
Net investment gain (loss)	157
Net income	$ (46,607)

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

EMPLOYERS PROTECTIVE INSURANCE COMPANY
Capital and Surplus Account Reconciliation

	2014	2013	2012	2011	2010
Surplus as regards policyholders, December 31 prior year	$ 416,039	$ 362,532	$ 404,046	$ 455,983	$ 496,675
Net income	(46,607)	(46,493)	(41,514)	(51,937)	(40,692)
Surplus adjustments:					
Paid in	-	100,000	-	-	-
Change in surplus as regards policyholders for the year	(46,607)	53,507	(41,514)	(51,937)	(40,692)
Surplus as regards policyholders, December 31 current year	$ 369,432	$ 416,039	$ 362,532	$ 404,046	$ 455,983

COMMENTS ON THE FINANCIAL STATEMENTS

There were no recommended adjustments to the financial statements as of December 31, 2014, based on the results of this examination.

OTHER SIGNIFICANT ISSUES

There were no significant issues found during the examination period requiring disclosure in this Report of Examination.

SUBSEQUENT EVENTS

There were no events subsequent to the examination date and prior to the completion of fieldwork 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 he in coordination with staff assistance from Noble Consulting Services, Inc., hereinafter collectively referred to as the "Examiners", performed an examination of Employers Protective Insurance Company, as of December 31, 2014.

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 Employers Protective Insurance Company as of December 31, 2014, as determined by the undersigned.

Tom Masterson, CFE
Noble Consulting Services, Inc.

State of: Indiana
County of: Marion

On this 02 day of October, 2015, before me personally appeared, Tom Masterson, to sign this document.

IN WITNESS WHEROF, 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

STATE OF INDIANA NOTARY SEAL
SAMANTHA LEIGH DOUGHERTY
Notary Public, State of Indiana
Hendricks County
Commission # 627605
My Commission Expires
July 04, 2019

Notary Public