

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

IN THE MATTER OF:)
)
Geneva Insurance Company)
1099 North Meridian Street, Suite 950)
Indianapolis, Indiana 46204-1010)

Examination of Geneva Insurance Company

NOTICE OF ENTRY OF ORDER

Enclosed is the Final Order entered by Doug Webber, Acting Commissioner of the Indiana Department of Insurance, after fully considering and reviewing the Verified Report of Examination of Geneva Insurance Company, any relevant examination work papers, and any written submissions or rebuttals. The Verified Report of Examination, as sent to you on May 26, 2010, 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 Geneva 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.

Date June 10, 2010

Connie Ridinger
Connie Ridinger, CPA, CFE
Chief Examiner/Deputy Commissioner

CERTIFIED MAIL NUMBER: 7004 1160 0000 3839 2200

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

IN THE MATTER OF:)
)
Geneva Insurance Company)
1099 North Meridian Street, Suite 950)
Indianapolis, Indiana 46204-1010)

Examination of Geneva Insurance Company

FINDINGS AND FINAL ORDER

The Indiana Department of Insurance conducted an examination into the affairs of the Geneva Insurance Company (hereinafter "Company") for the time period January 1, 2004 through December 31, 2008.

The Verified Report of Examination was filed with the Commissioner of the Department of Insurance (hereinafter "Commissioner") by the Examiner on May 16, 2010.

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 26, 2010 and was received by the Company on June 1, 2010.

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 Geneva Insurance Company as of December 31, 2008.
2. That the Examiners' Recommendations are reasonable and necessary in order for the Geneva 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 10th day of
June, 2010.



Douglas Webber
Acting Insurance Commissioner

STATE OF INDIANA

Department of Insurance

REPORT OF EXAMINATION

OF

GENEVA INSURANCE COMPANY

NAIC Co. CODE 10648

As of

December 31, 2008

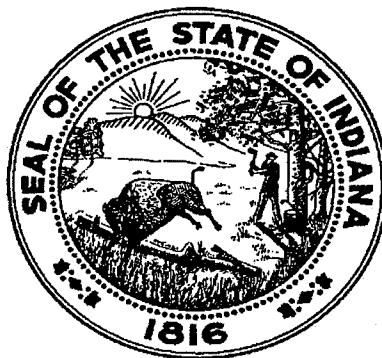


TABLE OF CONTENTS

SALUTATION.....	1
SCOPE OF EXAMINATION	2
HISTORY.....	2
CAPITAL AND SURPLUS	2
TERRITORY AND PLAN OF OPERATION	3
GROWTH OF THE COMPANY.....	3
MANAGEMENT AND CONTROL.....	3
Directors	3
Officers	4
CONFLICT OF INTEREST.....	4
OATH OF OFFICE	4
CORPORATE RECORDS	4
Articles of Incorporation and Bylaws.....	4
Minutes	4
AFFILIATED COMPANIES.....	5
Organizational Structure.....	5
FIDELITY BOND AND OTHER INSURANCE.....	5
STATUTORY AND SPECIAL DEPOSITS.....	5
RESERVES.....	5
ACCOUNTS AND RECORDS	6
FINANCIAL STATEMENTS.....	7
Assets, Liabilities, Surplus and Other Funds.....	7
Statement of Income.....	8
COMMENTS ON THE FINANCIAL STATEMENTS.....	9
SUMMARY OF SIGNIFICANT FINDINGS.....	9
SUBSEQUENT EVENTS.....	9
MANAGEMENT REPRESENTATION	10
CONCLUSION	11



STATE OF INDIANA

MITCHELL E. DANIELS, JR., Governor

IDOI

INDIANA DEPARTMENT OF INSURANCE

311 W. WASHINGTON STREET, SUITE 300
INDIANAPOLIS, INDIANA 46204-2787
TELEPHONE: (317) 232-2385
FAX: (317) 232-5251

CAROL CUTTER, Commissioner

May 17, 2010

Honorable Douglas Webber
Acting Commissioner
Indiana Department of Insurance
311 W. Washington Street, Suite 300
Indianapolis, Indiana 46204-2787

Dear Commissioners:

Pursuant to the authority vested in Appointment Number 3610, an examination has been made of the affairs and financial condition of:

**Geneva Insurance Company
2049 North Meridian Street
Indianapolis, Indiana 46202**

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

The Report of Examination, reflecting the status of the Company as of December 31, 2008, is hereby respectfully submitted.

ACCREDITED BY THE
NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

AGENCY SERVICES
(317) 232-2413

COMPANY COMPLIANCE
(317) 233-0697

CONSUMER SERVICES
(317) 232-2395
In-State 1-800-622-4461

EXAMINATIONS / FINANCIAL SERVICES
(317) 232-2390

MEDICAL MALPRACTICE
(317) 232-2402

SECURITIES / COMPANY RECORDS
(317) 232-1991

SCOPE OF EXAMINATION

The present risk-focused examination was conducted by Noble Consulting Services, Inc. and covered the period from January 1, 2004 through December 31, 2008 and included any material transactions and/or events occurring subsequent to the examination date and noted during the course of this examination.

Merlinos & Associates, Inc. was appointed by the Indiana Department of Insurance (IDOI) and conducted a review of the Company's statutory reserves as of December 31, 2008. There were no actuarial adjustments or recommendations resulting from the review performed by Merlinos & Associates, Inc.

We conducted our risk-focused examination pursuant to and in accordance with the 2009 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. The working papers prepared by Katz, Sapper & Miller, LLP; the Company's auditors, in their audit of the Company's accounts for the years ended December 31, 2008 were reviewed. A portion of the auditor's working papers have been incorporated into the working papers of the examiners and have been utilized for the purposes of this examination in accordance with the provisions contained in the Handbook.

HISTORY

The Company was incorporated on October 1, 1990. The Company was issued a Certificate of Authority by the State of Indiana on March 13, 1996 and began writing business in June 1999. The Company is a stock, property and casualty insurance company that writes both non-standard private passenger automobile liability and auto physical damage coverage solely in the State of Indiana. During the examination period the Company was wholly owned by Ronald J. Glanzman.

CAPITAL AND SURPLUS

The Articles of Incorporation provide that the Company shall have 1,000 authorized shares of common stock with a par value of \$1,000 per share. All authorized shares of common stock issued were held by Ronald J. Glanzman during the examination period. There were no capital contributions during the examination period.

TERRITORY AND PLAN OF OPERATION

The Company is licensed solely in the State of Indiana and writes both non-standard private passenger automobile liability and physical damage coverage. The Company primarily (78%) issues six month policies which provide policyholders with the statutory minimum coverage limits, in accordance with IC 9-25-2-3, specifically \$25,000/\$50,000 bodily injury and \$10,000 property damage. In 2008, the Company paid commissions to one hundred and seven (107) agents, authorized to market their products.

GROWTH OF THE COMPANY

The following exhibit depicts the growth of the Company throughout the examination period.

<u>YEAR</u>	<u>Admitted Assets</u>	<u>Liabilities</u>	<u>Policyholder Surplus</u>	<u>Net Premiums Written</u>	<u>Net Income</u>
2008	\$ 4,049,123	\$ 1,890,363	\$ 2,158,760	\$ 2,509,589	\$ 1,715
2007	3,842,639	1,492,572	2,350,067	2,043,243	(13,343)
2006	3,899,871	1,546,669	2,353,202	1,947,274	91,763
2005	3,984,310	1,760,920	2,223,390	2,246,671	235,083
2004	3,693,765	1,680,510	2,013,255	2,333,509	146,049

The Company experienced net unrealized losses on investments (net of gains) in the amount of \$126,444 during the period from January 1, 2004 through December 31, 2008.

MANAGEMENT AND CONTROL

Directors

The Company is governed by a Board of Directors who are elected at the shareholder's annual meeting. The Company's Bylaws state that the Board of Directors shall consist of five Directors. The following is a listing of persons serving as Directors at December 31, 2008:

<u>Name and Residence</u>	<u>Principal Occupation</u>
• Ronald J. Glanzman, Boca Raton, Florida	President, Geneva Insurance Company
• Linda A Glanzman, Boca Raton, Florida	Secretary/Treasurer, Geneva Insurance Company
• Adam B. Goldberg, Carmel, Indiana	Owner/President, Harvest Moon Investments
• Paula S. Goldberg, Carmel, Indiana	General Counsel, Harvest Moon Investments
• Amy G. Glanzman, Boca Raton, Florida	Manager, NFL Alumni, Inc.

Officers

The Company's Bylaws state that the officers of the Company shall be a President, one or more Vice Presidents, a Secretary, a Treasurer and such other officers as may be appointed in accordance with the provisions of Section 5.3. The position of Vice President was not filled at December 31, 2008. The following is a list of officers and their respective titles, as of December 31, 2008:

- Ronald J. Glanzman, President
- Linda A. Glanzman, Secretary and Treasurer

CONFLICT OF INTEREST

The Company requires officers and Directors to review and sign Conflict of Interest statements on an annual basis. Per review of the signed statements, the Examiner noted that officers and Directors listed in the management and control section of this Report of Examination had reviewed and signed their statements as of December 31, 2008.

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. Each Director signed an Oath of Office when elected.

CORPORATE RECORDS

Articles of Incorporation and Bylaws

There were no amendments made to the Company's Articles of Incorporation or Bylaws during the examination period.

Minutes

The Board of Directors, Executive Committee, and Shareholder meeting minutes were reviewed for the period under examination through the fieldwork date and significant actions taken during each meeting were noted. It was noted that the annual meetings and other regular Board meetings were held in accordance with the Company's Bylaws.

AFFILIATED COMPANIES

Organizational Structure

Since its inception, the Company had been wholly owned by Ronald J. Glanzman, until its sale in December of 2009. During the exam period there were no affiliated companies or affiliated transactions.

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 Fidelity and Deposit Company of Maryland. The bond has blanket coverage of \$50,000 with a \$1,000 deductible. Based on the Company's surplus and premium revenue, the prescribed minimum coverage specified by NAIC is \$75,000. The Company's fidelity bond, as of December 31, 2008, was \$50,000 and therefore not adequate. See the "Summary of Significant Findings" section of this Report of Examination for further commentary.

The Company had additional types of coverage in-force at December 31, 2008, including, but not limited to, auto liability, commercial, fiduciary, general liability, property, and workers' compensation insurance.

STATUTORY AND SPECIAL DEPOSITS

As of December 31, 2008, the Company held a U.S. Treasury Bill as a statutory deposit with the IDOI, with a fair value of \$125,000 and a book value of \$122,122.

RESERVES

Kevin B. Robbins, FCAS, MAAA, of Insurance and Management Services Inc., was appointed by the Board of Directors to render an opinion on the statutory-basis loss and loss adjustment expense reserves of the Company for all years throughout the examination period.

The scope of the opinion was to examine the actuarial assumptions and methods used in determining loss reserves and related items, as shown in the Annual Statement of the Company as prepared for filing with state regulatory officials. In forming the opinion, information prepared by the Company was relied upon. This information was evaluated for reasonableness and consistency. In other respects, the examination included such review of the actuarial assumptions and methods used and such tests of the calculations as considered necessary.

The 2008 opinion stated that the balances of loss and loss adjustment expense reserves 1) meet the requirements of the insurance laws of Indiana; 2) are computed in accordance with accepted actuarial standards and principles; and 3) make a reasonable provision for all unpaid loss and loss expense obligations of the Company under the terms of its policies and agreements. During the examination, it was determined that the material actuarial items in the Annual Statement of the Company are materially correct and fairly stated in accordance with statutory accounting practices prescribed or permitted by the Commissioner of Insurance of the State of Indiana.

ACCOUNTS AND RECORDS

The Company's accounting procedures, practices, account records and supporting data were reviewed and tested to the extent deemed necessary. During the course of the examination, a general lack of internal control was identified.

Other than intermittent clerical support staff, primary functions such as the custody of assets, authority and approval of related assets and the recording and reporting of related transactions, were distributed among just four (4) employees. Although segregating conflicting duties, as referenced above, is a key component to establishing comprehensive internal controls, the Company's sales volume and number of staff, preclude it from being able to adequately segregate conflicting duties.

The trial balances prepared from the Company's general ledger for the years ended December 31, 2007 and December 31, 2008 were agreed to the respective Annual Statements.

The Annual Statements for the years ended December 31, 2007 and December 31, 2008 were agreed to each year's independent audit report with no exceptions noted.

The Examiner determined the Company's accounting procedures, practices, and account records were deficient due to the Company's inability to implement adequate controls. However, the Examiner did not note any significant exceptions, resulting from the control deficiencies.

GENEVA INSURANCE COMPANY

FINANCIAL STATEMENTS

Assets, Liabilities, Surplus and Other Funds

	As of December 31, 2008			
	Per Annual Statement	Examination Adjustments	Per Examination	December 31, 2007
Assets:				
Bonds	\$ 1,284,311	\$ -	\$ 1,284,311	\$ 2,339,355
Common stocks	276,595	-	276,595	301,920
Cash and short-term investments	1,764,916	-	1,764,916	605,010
Subtotals, cash and invested assets	\$ 3,325,822	\$ -	\$ 3,325,822	\$ 3,246,285
Investment income accrued	32,401	-	32,401	32,478
Uncollected Premiums and agents' balances in course of collection	37,921	-	37,921	21,037
Deferred premiums, agents' balances and installments booked but deferred and not yet due	652,979	-	652,979	534,071
Current federal and foreign income tax recoverable and interest thereon	-	-	-	8,768
Total assets	\$ 4,049,123	\$ -	\$ 4,049,123	\$ 3,842,639
Liabilities:				
Losses	\$ 775,338	\$ -	\$ 775,338	575,513
Loss adjustment expenses	193,835	-	193,835	143,878
Commissions payable	65,148	-	65,148	34,995
Other expenses	3,626	-	3,626	54,457
Unearned premiums	852,416	-	852,416	683,729
Total liabilities	\$ 1,890,363	\$ -	\$ 1,890,363	\$ 1,492,572
Capital and Surplus:				
Common capital stock	\$ 1,000,000	\$ -	\$ 1,000,000	\$ 1,000,000
Gross paid-in and contributed capital	1,575,000	-	1,575,000	1,575,000
Unassigned funds	(416,240)	-	(416,240)	(224,933)
Total capital and surplus	\$ 2,158,760	\$ -	\$ 2,158,760	\$ 2,350,067
Total liabilities, capital and surplus	\$ 4,049,123	\$ -	\$ 4,049,123	\$ 3,842,639

GENEVA INSURANCE COMPANY

FINANCIAL STATEMENTS

Statement of Income

	As of December 31, 2008			December 31, 2007
	Per Annual Statement	Examination Adjustments	Per Examination	
Underwriting Income				
Premiums earned	\$ 2,340,902	\$ -	\$ 2,340,902	\$ 1,949,808
Deductions				
Losses incurred	\$ 1,218,854	\$ -	\$ 1,218,854	\$ 1,086,404
Loss adjustment expenses incurred	365,686	-	365,686	275,230
Other underwriting expenses incurred	1,027,106	-	1,027,106	881,121
Total underwriting expenses	\$ 2,611,646	\$ -	\$ 2,611,646	\$ 2,242,755
Net underwriting gain (loss)	\$ (270,744)	\$ -	\$ (270,744)	\$ (292,947)
Investment Income				
Net investment income	\$ 151,971	\$ -	\$ 151,971	\$ 158,584
Net realized capital gains (losses)	(28,063)	-	(28,063)	-
Net investment gains (losses)	\$ 123,908	\$ -	\$ 123,908	\$ 158,584
Other Income				
Net gain (loss) from agents	\$ 159	\$ -	\$ 159	\$ (9,412)
Finance and service charges	147,930	-	147,930	121,664
Aggregate write-ins for misc income	462	-	462	-
Total other income	\$ 148,551	\$ -	\$ 148,551	\$ 112,252
Net Income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	\$ 1,715	\$ -	\$ 1,715	\$ (22,111)
Dividends to policyholders	-	-	-	-
Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	\$ 1,715	\$ -	\$ 1,715	\$ (22,111)
Federal and foreign income taxes incurred	-	-	-	(8,768)
Net income (loss)	\$ 1,715	\$ -	\$ 1,715	\$ (13,343)
Capital and Surplus Account				
Surplus as regards policyholders, December 31 prior year	\$ 2,350,068	\$ -	\$ 2,350,068	\$ 2,353,202
Net income (loss)	\$ 1,715	\$ -	\$ 1,715	\$ (13,343)
Change in net unrealized capital gains or (losses)	(193,022)	-	(193,022)	10,209
Change in surplus as regards policyholders for the year	\$ (191,307)	\$ -	\$ (191,307)	\$ (3,134)
Surplus as regards policyholders, December 31 current year	\$ 2,158,761	\$ -	\$ 2,158,761	\$ 2,350,068

COMMENTS ON THE FINANCIAL STATEMENTS

There were no recommended adjustments to surplus as of December 31, 2008 based on the results of this examination.

SUMMARY OF SIGNIFICANT FINDINGS

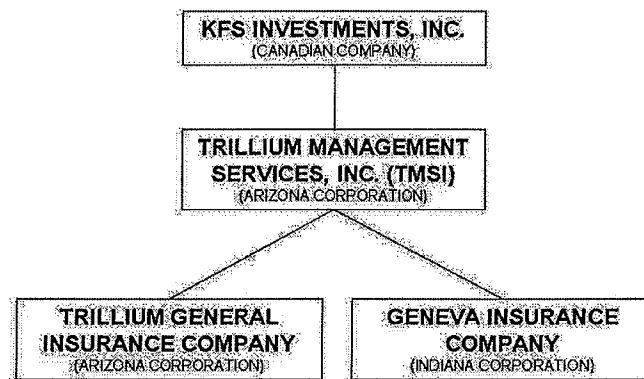
Fidelity Bond - The Company protects itself against loss from any fraudulent or dishonest acts by any employees through a fidelity bond issued by Fidelity and Deposit Company of Maryland. The bond has blanket coverage of \$50,000 with a \$1,000 deductible. Based on the Company's surplus and premium revenue, the prescribed minimum coverage specified by NAIC is \$75,000. The Company's fidelity bond, as of December 31, 2008, was \$50,000 and therefore not adequate. The Company should increase their fidelity bond coverage to at least \$75,000.

Internal Control – Although the Company seems properly staffed to service policyholders, the limited number of staff significantly restricts the Company's ability to implement adequate internal controls. Without the ability to segregate duties that involve the custody of assets, related authority and recording responsibilities, the Company becomes exposed to the potential of illicit acts.

With inadequate controls, Board and Ownership oversight becomes even more important, to at least partially mitigate risk. Until the Company can reasonably justify adequate staff to properly segregate duties, ownership should diligently oversee all facets of daily operations.

SUBSEQUENT EVENTS

Subsequent to the exam period, Trillium Management Services, Inc. (TMSI) purchased Geneva Insurance Company. TMSI is an Arizona based company and is 100% owned by KFS Investments Inc. (KFS), a Canadian company. KFS is owned by William Star (50%) and Elizabeth Star (50%). The following chart depicts, as of the date this report was issued, Geneva Insurance Company and its direct affiliates:



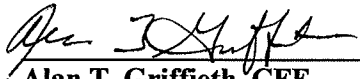
The acquisition of the Company by TMSI was approved by the IDOI on December 16, 2009. Pursuant to prior approval from the IDOI, an extraordinary dividend of \$350,000 was paid on February 26, 2010.

MANAGEMENT REPRESENTATION

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

CONCLUSION

The preceding Report of Examination of the **Geneva Insurance Company** as of December 31, 2008 reflects its financial condition in accordance with the National Association of Insurance Commissioners Accounting Practices and Procedures Manual and any and all prescribed and permitted accounting practices of the Indiana Department of Insurance. An Affidavit of the Examiner-in-Charge, Jim Kattman, CFE, is on file with the Indiana Department of Insurance and attests that the examination was performed in a manner consistent with the standards and procedures required by the Indiana Department of Insurance and the National Association of Insurance Commissioners Financial Condition Examiners Handbook. Based on my review, to the best of my knowledge, the examination was performed in a manner consistent with those standards and procedures and properly reflects the financial condition of the **Geneva Insurance Company**.



Alan T. Griffith, CFE
Examinations Manager
Indiana Department of Insurance