

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, IN 46204-1010)

Examination of Geneva Insurance Company

NOTICE OF ENTRY OF ORDER

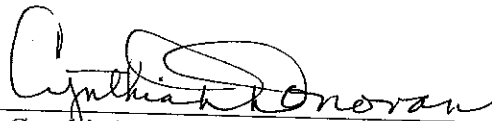
Enclosed is the Final Order entered by Stephen W. Robertson, Commissioner of the Indiana Department of Insurance, after fully considering and reviewing the Verified Report of Examination of Geneva Insurance Company, any relevant examination work papers, and any written submissions or rebuttals. The Verified Report of Examination, as sent to you on September 12, 2014, 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

9/18/2015



Cynthia D. Donovan
Chief Financial Examiner

CERTIFIED MAIL NUMBER: 91 7190 0005 2720 0049 2705

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

IN THE MATTER OF:)
)
Geneva Insurance Company)
1099 N. Meridian Street, Suite 950)
Indianapolis, IN 46204)

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, 2009 through December 31, 2013.

The Verified Report of Examination was filed with the Commissioner of the Department of Insurance (hereinafter "Commissioner") by the Examiner on August 14, 2014.

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 September 11, 2014 and was received by the Company on September 15, 2014.

The Company did not file any objections.

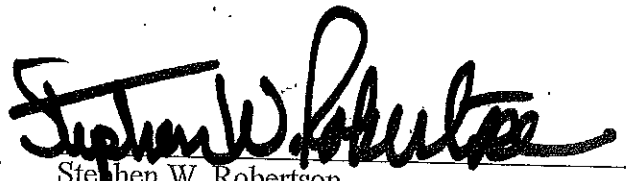
NOW THEREFORE, based on the Verified Report of Examination, I hereby make the following **FINDINGS**:

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, 2013.
2. That the Examiner's 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 18th day of
September, 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.

A handwritten signature in black ink, appearing to read "Michael J. ...". The signature is written in a cursive style and is positioned in the lower-left quadrant of the page.

STATE OF INDIANA
Department of Insurance
REPORT OF EXAMINATION
OF
GENEVA INSURANCE COMPANY
NAIC Co. CODE 10648

As of
December 31, 2013

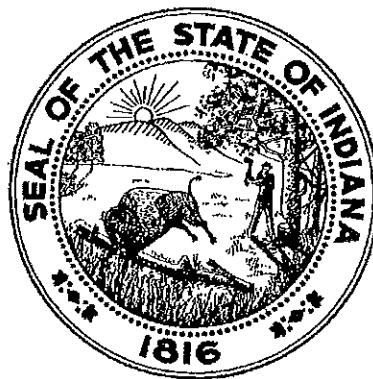


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STATE OF INDIANA

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.

August 14, 2014

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 3814, an examination has been made of the affairs and financial condition of:

Geneva Insurance Company
1099 North Meridian Street, Suite 950
Indianapolis, Indiana 46204

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

The Report of Examination, reflecting the status of the Company as of December 31, 2013, 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 EXAMINATIONS/FINANCIAL SERVICES (317) 232-2390 MEDICAL MALPRACTICE (317) 232-2462 SECURITIES/COMPANY RECORDS (317) 232-1991 STATE HEALTH INSURANCE PROGRA 1-800-332-4674

SCOPE OF EXAMINATION

The Company was last examined by representatives of the Indiana Department of Insurance (INDOI) as of the period ending December 31, 2008. The present risk-focused examination was conducted by Noble Consulting Services, Inc., (Noble) and covered the period from January 1, 2009 through December 31, 2013, 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.

David Shepherd, FCAS, MAAA of Merlinos & Associates, Inc., was appointed by the INDOI and conducted a review of the Company's statutory reserves as of December 31, 2013.

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

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 automobile physical damage policies in the states of Arizona and Indiana. While the Company is also licensed in New Mexico and Oklahoma, no policies have been written in those states as of the examination date.

The Company was purchased by Trillium Management Services Inc., (TMS) in 2009. TMS is an Arizona-based company, which is wholly-owned by Trillium Insurance Group.

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 are held by TMS.

DIVIDENDS TO STOCKHOLDERS

Indiana Code (IC) 27-1-23-4(h) states that the payment of dividends to holding companies or affiliated insurers may not exceed the greater of 10% of the prior year's surplus or the net income of such insurer in the prior year, unless previously approved by the INDOI. On February 26, 2010, the Company paid an extraordinary dividend of \$350,000, with the prior approval of the INDOI, which exceeded both 10% of the 2009 year-end surplus and net income. No other dividends were paid during the examination period.

TERRITORY AND PLAN OF OPERATION

The Company has been licensed to write both non-standard private passenger automobile liability and automobile physical damage coverage in Indiana for the entire examination period. A license to write business in Arizona was obtained in 2011 and in that year the Company assumed the outstanding claims from Trillium General Insurance Company, an affiliated insurer that paid the Company for the outstanding claims assumed and ceased to exist in 2011. Licenses to write business in Oklahoma and New Mexico were obtained in 2013. Written premium in Indiana represents approximately 95% of all writings in 2013, with premiums in Arizona comprising the difference. The Company markets its products primarily through an independent agency system and maintains its customer billing on a direct-bill system.

GROWTH OF THE COMPANY

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

<u>Year</u>	<u>Admitted Assets</u>	<u>Liabilities</u>	<u>Surplus</u>	<u>Premiums Earned</u>	<u>Net Income</u>
2013	\$ 3,650,765	\$ 1,881,372	\$ 1,769,392	\$ 2,316,614	\$ (313,443)
2012	3,796,319	1,675,939	2,120,380	2,373,189	45,546
2011	3,937,337	1,888,248	2,049,091	2,373,865	109,615
2010	4,136,972	2,161,426	1,975,545	2,944,860	49,362
2009	4,539,621	2,133,706	2,405,905	2,687,464	171,929

Although the Company experienced premium revenue growth in 2009 and 2010, premium revenue has remained relatively stable since 2011. The Company began writing business in the state of Arizona during 2011, with 2012 being the first full year of business in that state. During 2013, the decrease in premiums combined with an increase in losses incurred and loss adjustment expenses incurred resulted in a net loss for the year.

The decrease in surplus throughout the examination period is a result of the financial results along with an extraordinary dividend in the amount of \$350,000 paid in 2010. This activity is also reflected in the decrease in admitted assets.

MANAGEMENT AND CONTROL

Directors

The Bylaws provide that the business affairs of the Company are to be managed by a Board of Directors (Board) consisting of no less than five (5) directors. At least one (1) of the directors must be a resident of Indiana. The shareholders, at each annual meeting, elect the members of the Board.

The following is a listing of persons serving as directors at December 31, 2013, and their principal occupations as of that date:

<u>Name and Address</u>	<u>Principal Occupation</u>
Paul Iacono Toronto, Ontario	Attorney Beard Winter LLP
Deborah Ransburg New Palestine, Indiana	Chief Financial Officer Geneva Insurance Company
Vicki Rowe Fishers, Indiana	Vice President Geneva Insurance Company
Elizabeth Star Toronto, Ontario	Secretary and Treasurer Geneva Insurance Company
William Star Toronto, Ontario	President Geneva Insurance Company

Officers

The Company's Bylaws state that the officers of the Company shall be a President, one (1) 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 following is a list of officers and their respective titles, as of December 31, 2013:

<u>Name</u>	<u>Office</u>
William Star	President
Vicki Rowe	Vice President
Elizabeth Star	Treasurer and Secretary

Corporate Governance

Corporate governance was evaluated through a review of the Company's corporate governance guidelines, officer and Board member interviews, Board general meeting minutes, and other examination documentation. The corporate governance review followed the format provided by Exhibit M of the Handbook.

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, 2013.

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, 2013.

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

IC 27-1-7-7(b) states an annual meeting of shareholders, members, or policyholders shall be held within five (5) months after the close of each fiscal year of the Company and at such time within that period as the Bylaws may provide. The Company's Bylaws 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 the shareholder was held within five (5) months following the close of each fiscal year.

The Company does not have any Board committees.

AFFILIATED COMPANIES

Organizational Structure

The following organizational chart shows the holding company structure as of December 31, 2013:

	<u>NAIC Co. Code</u>	<u>Domiciliary State/Country</u>
Trillium Insurance Group*		Canada
Trillium Management Services, Inc.		AZ
Geneva Insurance Company	10648	IN

* Owned by William Star (50%) and Elizabeth Star (50%)

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.

Management Agreements

The Company has a Management Agreement with TMS, to provide management services, in exchange for a fee of 35% of net income, before income tax. In 2013, the Company experienced a net loss and accordingly, no fees were earned.

Guaranty Agreement

The Company has a Guaranty Agreement with TMS, where the Company will be provided funds, if it is unable to meet its obligations. As of December 31, 2013, TMS had not provided the Company with any funds.

Tax Sharing Agreement

The Company has a Tax Sharing Agreement with TMS, to file consolidated or combined federal and local income taxes.

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 St. Paul Fire & Marine Insurance Company. The bond has a single loss coverage limit of \$100,000, with a \$5,000 deductible. The fidelity bond is adequate to meet the prescribed minimum coverage specified by the NAIC.

The Company had additional types of coverage in-force at December 31, 2013, including, but not limited to, business liability, business personal property, employers liability, loss of premium coverage, and workers' compensation.

STATUTORY DEPOSITS

The Company reported the following statutory deposits at December 31, 2013:

<u>State</u>	<u>Book Value</u>	<u>Fair Value</u>
For All Policyholders:		
Indiana	\$ 499,822	\$ 493,228
All Other Special Deposits:		
New Mexico	315,265	289,641
Oklahoma	299,928	233,960
Total Deposits	<u>\$ 1,115,015</u>	<u>\$ 1,016,829</u>

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, 2012 and 2013, were agreed to the respective Annual Statements. The Annual Statements for the years ended December 31, 2009 through December 31, 2013, were agreed to each year's independent audit report without material exception. The Company's accounting procedures, practices, and account records were deemed satisfactory.

GENEVA INSURANCE COMPANY
Assets
As of December 31, 2013

	Per Examination*
Bonds	\$ 2,388,938
Stocks:	
Common stocks	317,529
Cash, cash equivalents and short-term investments	154,141
Aggregate write-ins for invested assets	5,038
Subtotals, cash and invested assets	2,865,646
Investment income due and accrued	9,318
Premiums and considerations:	
Uncollected premiums and agents' balances in course of collection	44,908
Deferred premiums, agents' balances and installments booked but deferred and not yet due	727,201
Electronic data processing equipment and software	3,692
Totals	\$ 3,650,765

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

GENEVA INSURANCE COMPANY
Liabilities, Surplus and Other Funds
As of December 31, 2013

	Per Examination*
Losses	\$ 671,668
Loss adjustment expenses	191,252
Commissions payable, contingent commissions and other similar charges	59,143
Other expenses	41,205
Unearned premiums	915,124
Amounts withheld or retained by company for account of others	2,980
Total liabilities	1,881,372
Common capital stock	1,000,000
Gross paid in and contributed surplus	1,575,000
Unassigned funds (surplus)	(805,608)
Surplus as regards policyholders	1,769,392
Totals	\$ 3,650,764

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

GENEVA INSURANCE COMPANY
Statement of Income
For the Year Ended December 31, 2013

	Per Examination*
UNDERWRITING INCOME	
Premiums earned	\$ 2,316,614
DEDUCTIONS	
Losses incurred	1,312,009
Loss adjustment expenses incurred	395,040
Other underwriting expenses incurred	1,205,416
Total underwriting deductions	2,912,465
Net underwriting gain (loss)	(595,851)
INVESTMENT INCOME	
Net investment income earned	97,582
Net realized capital gains (losses) less capital gains tax	24,977
Net investment gain (loss)	122,559
OTHER INCOME	
Net gain (loss) from agents' or premium balances charged off	(479)
Finance and service charges not included in premiums	160,328
Total other income	159,849
Net income	\$ (313,443)

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

GENEVA INSURANCE COMPANY
Capital and Surplus Account Reconciliation

	2013	2012	2011	2010	2009
Surplus as regards policyholders, December 31 prior year	\$ 2,120,379	\$ 2,049,090	\$ 1,975,546	\$ 2,405,905	\$ 2,158,760
Net income	(313,443)	45,546	109,615	49,362	171,929
Change in net unrealized capital gains or (losses) less capital gains tax	(31,217)	20,358	(75,946)	(50,844)	75,216
Change in nonadmitted assets	(6,327)	5,385	39,875	(78,877)	-
Dividends to stockholders	-	-	-	(350,000)	-
Change in surplus as regards policyholders for the year	(350,987)	71,289	73,544	(430,359)	247,145
Surplus as regards policyholders, December 31 current year*	<u>\$ 1,769,392</u>	<u>\$ 2,120,379</u>	<u>\$ 2,049,090</u>	<u>\$ 1,975,546</u>	<u>\$ 2,405,905</u>

* Surplus as regards policyholders for 2012 does not agree with the Capital and Surplus on Page 3 due to rounding errors between the amounts as reported in the Annual Statements on Pages 3 and 4.

COMMENTS ON THE FINANCIAL STATEMENTS

There were no recommended adjustments to the financial statements as of December 31, 2013, based on the results of this examination.

OTHER SIGNIFICANT ISSUES

As of December 31, 2013, the Company was in violation of Indiana Administrative Code (IAC) 760: 1-53-3(5) and 1-53-3(6), and therefore had a surplus deficiency in the amount of \$1,172,707. It is recommended the Company obtain additional capital in order to come into compliance with 760 IAC 1-53-3(6) and develop a plan to maintain a minimum surplus level to remain in compliance. See the Subsequent Events section for further information.

The Company made commission payments to a non-licensed producer during the exam period. IC 27-1-15.6-3 states that an insurer shall require a person who sells, solicits, or negotiates insurance in the state of Indiana on its behalf to be licensed. It is recommended that the Company insure commission payments are made to licensed individuals and entities as required by IC 27-1-15.6-3.

The Company's maximum risk per claim is \$177,000, which is in excess of 10% of the Company's surplus as of December 31, 2013. This is not in compliance with IC 27-1-13-6 (a) which states that no company can have any one (1) risk that exceeds 10% of surplus. It is recommended the Company reduce the maximum risk per claim to an amount less than 10% of surplus, in order to be in compliance with IC 27-1-13-6 (a). See the Subsequent Events section for further information.

SUBSEQUENT EVENTS

Based on a review of the Company's monthly financial statements, as of July 31, 2014, the Company is no longer in violation of 760 IAC 1-53-3(6).

The Company's surplus as of July 31, 2014 was \$1,878,019. The Company's maximum risk per claim as of this date is not in excess of 10% of surplus and the Company is no longer in violation of IC 27-1-13-6 (a).

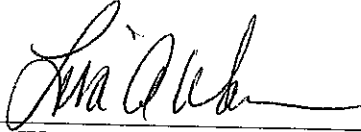
AFFIDAVIT

This is to certify that the undersigned is a duly qualified Examiner-in-Charge appointed by the Indiana Department of Insurance and that she, in coordination with staff assistance from Noble Consulting Services, Inc., and actuarial assistance from Merlino & Associates, Inc., hereinafter collectively referred to as the "Examiners", performed an examination of Geneva Insurance Company, as of December 31, 2013.

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 Geneva Insurance Company as of December 31, 2013, as determined by the undersigned.




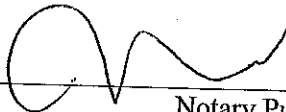
Lisa Warrum, CFE
Noble Consulting Services, Inc.

State of: Indiana
County of: Marion

On this 14 day of August, 2014, before me personally appeared, Lisa Warrum, 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 commis




Notary Public

