

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

IN THE MATTER OF:)
)
Police & Firemens Insurance Association)
101 East 116th Street)
Carmel, Indiana 46032-4587)

**Examination of Police & Firemens Insurance
Association**

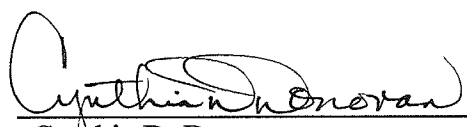
NOTICE OF ENTRY OF ORDER

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 **Police & Firemens Insurance Association**, any relevant examination work papers, and any written submissions or rebuttals. The Verified Report of Examination, as sent to you on March 15, 2012, 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 **Police & Firemens Insurance Association** 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.

4/18/12
Date


Cynthia D. Donovan
Chief Financial Examiner

CERTIFIED MAIL NUMBER: 7005 3110 0002 4443 9308

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

IN THE MATTER OF:)
)
Police & Firemens Insurance Association)
101 East 116th Street)
Carmel, Indiana 46032-4587)

Examination of Police & Firemens Insurance Association

FINDINGS AND FINAL ORDER

The Indiana Department of Insurance conducted an examination into the affairs of the **Police & Firemens Insurance Association** (hereinafter "Company") for the time period January 1, 2006 through December 31, 2010.

The Verified Report of Examination was filed with the Commissioner of the Department of Insurance (hereinafter "Commissioner") by the Examiner on February 22, 2012.

A copy of the Verified Report of Examination, along with a Notice of Opportunity to Make Written Submission or Rebuttal, was mailed to the Company via Certified Mail on March 15, 2012 and was received by the Company on March 17, 2012.

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 **Police & Firemens Insurance Association** as of December 31, 2010.
2. That the Examiner's Recommendations are reasonable and necessary in order for the **Police & Firemens Insurance Association** 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 April, 2012.


Stephen W. Robertson
Insurance Commissioner
Indiana Department of Insurance

STATE OF INDIANA

Department of Insurance

REPORT OF EXAMINATION

OF

POLICE AND FIREMEN'S INSURANCE ASSOCIATION

NAIC Co. CODE 58009

As of

December 31, 2010

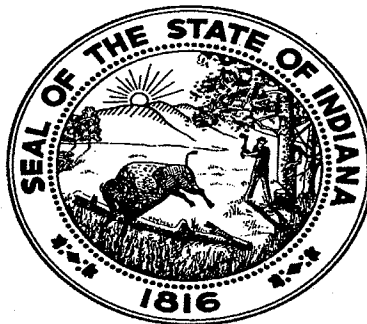


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STATE OF INDIANA

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

Stephen W. Robertson, Commissioner

February 23, 2012

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 3693, an examination has been made of the affairs and financial condition of:

Police and Firemen's Insurance Association
101 East 116th Street
Carmel, Indiana 46032-4567

hereinafter referred to as the "Association," an Indiana domestic fraternal life insurance association. The examination was conducted at the corporate offices of Police and Firemen's Insurance Association, in Carmel, Indiana.

The Report of Examination, reflecting the status of the Association as of December 31, 2010, 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
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MEDICAL MALPRACTICE
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SECURITIES / COMPANY RECORDS
(317) 232-1991

SCOPE OF EXAMINATION

The Association was last examined by the Indiana Department of Insurance (INDOI) as of December 31, 2005. The present risk-focused examination was conducted by Noble Consulting Services, Inc. (Noble) and covered the period January 1, 2006 through December 31, 2010.

Jeffrey A. Beckley, FSA, MAAA, of Actuarial Options LLC, was appointed by the INDOI to conduct a review of the Association's actuarially determined balances as of December 31, 2010. There were no actuarial adjustments resulting from the review performed by Actuarial Options LLC.

Noble conducted the examination pursuant to and 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 Association by obtaining information about the Association, including corporate governance, identifying and assessing inherent risks within the Association, 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 Association were considered in accordance with the risk-focused examination process.

HISTORY

The Association was incorporated and commenced business on April 7, 1913, under the Mutual Life and Accident Insurance Act of 1897, as an assessment association. Amended Articles of Incorporation were filed and approved on November 4, 1918, bringing the Association under the provisions of the Fraternal Benefit Association Act of 1915. There have been no significant changes to the Association's organizational structure since that time.

CAPITAL AND SURPLUS

The Association is a fraternal benefit association, owned by its policyholders. Therefore, no capital or preferred stock was authorized, issued, or outstanding during the examination period. The Association did not pay any dividends to their policyholders during the examination period.

TERRITORY AND PLAN OF OPERATION

The Association is licensed and authorized in Indiana as well as California, Colorado, the District of Columbia, Kansas, Minnesota, Ohio, Texas, and Virginia. In October 1983, the "Model Fraternal Code" was adopted by the NAIC allowing fraternal benefit societies to engage in the business of insurance in those states in which the Model Fraternal Code had been adopted by waiving the requirements of a certificate of authority and agent licensing. At year-end 2005, the Association was writing business and/or receiving premiums in all states, as well as the District of Columbia and Canada.

The Association operates through three hundred eighty-five (385) lodges with approximately forty-four thousand, seven hundred ninety-five (44,795) members in forty-one (41) states and the District of Columbia. The Association's policyholders are geographically dispersed, with the largest concentrations of premium collections distributed among several jurisdictions, including Indiana, Louisiana, New Jersey, Ohio, and Texas.

The Association is authorized to write Class I (a & b) business, which includes life, accident and health, and annuities. Its primary products include guaranteed renewable disability income and accident only policies (providing both on and off-duty coverage), life, accidental death, and annuities.

All business written is on an individual basis. Membership in the Association is through local organizations called Sections. There is only one (1) duly chartered Section in any police or fire department of a political subdivision or government, except as provided in the Bylaws of the Association. Each Section has an account representative who promotes and sells products offered by the Association. If a police or fire department does not have an established Section, police officers and fire fighters may join the Association under individual memberships issued directly through the Association's home office.

GROWTH OF THE ASSOCIATION

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

Year	Admitted			Premiums	
	Assets	Liabilities	Surplus	Earned	Net Income
2010	\$ 106,575,595	\$ 83,085,213	\$ 23,490,382	\$ 31,907,908	\$ 2,547,433
2009	90,298,717	68,374,859	21,923,858	23,480,150	2,260,309
2008	81,275,816	62,971,730	18,304,086	21,233,927	2,687,692
2007	78,244,774	61,115,965	17,128,810	19,647,888	2,740,787
2006	73,064,312	57,825,387	15,238,924	18,768,844	2,227,875

Amounts held in bonds, common and preferred stock, and other invested assets reflect the overall increase in assets of more than 18% from 2009 to 2010. This is attributable to premium growth of 35% experienced in 2010. Much of this growth was a result of favorable rates and benefits associated with the annuity products offered. Likewise, liabilities show an overall increase of over 20% during 2010. Other notable results include net realized losses experienced in 2008 and 2009 impacting net income. Overall, the Association continues to report consistent surplus growth, achieved through stable expenses, adequate investment income, and premium revenue.

MANAGEMENT AND CONTROL

Members

The business of the Association is for the benefit of its members and their beneficiaries. To be eligible for membership, a person must be a member of a police or fire department, be of good moral character, be in good general health, and not be engaged in any business more hazardous than a police officer or a fire fighter.

The Association paid the following member refunds during the period under examination:

<u>Year</u>	<u>Refund</u>
2010	\$472,424
2009	471,928
2008	343,126
2007	315,541
2006	297,304

Supreme Legislative Body

The governing body of the Association is an assembly of elected representatives called the Supreme Legislative Body (the Body). Members in each state and the District of Columbia elect two (2) representatives to the Body, one (1) representing the Fire Department Section and one (1) representing the Police Department Section for their respective states. If there is more than one (1) nominee, an election is held between the first and fifteenth day of June preceding the quadrennial meetings of the Body.

The Body meets every four (4) years for the purpose of electing the Board of Directors and the officers of the Association, confirming appointments of members to committees, and adopting proposed amendments to the Constitution and Bylaws.

Directors

The Bylaws provide that the Board of Directors shall be composed of fifteen (15) directors. Members hold office for a term of four (4) years. Regular meetings of the Board of Directors are held on the second Wednesday of each month. Special meetings may be called by the President or, in his absence, by the Senior Vice President. The Executive Secretary sends each member of the Board of Directors a notice of the time and place of the meetings, not less than ten (10) days before such special meetings.

The following is a list of members elected by the Body, serving as directors of the Association, as of December 31, 2010, and their principal occupations as of that date:

<u>Name</u>	<u>Address</u>	<u>Principal Occupation</u>
David L. Brunner	Camby, Indiana	Retired
Michael F. Carrigan	Littleton, Colorado	Retired
Ruben H. Cevallos	San Antonio, Texas	Retired
Thomas J. Clines	Noblesville, Indiana	Vice President and Treasurer
Peter F. Episcopo	Carmel, Indiana	Senior Vice President and Executive Secretary
Thomas A. Giampietro	North Providence, Rhode Island	Retired
Edward J. Griffith	Brick, New Jersey	Active Duty Firefighter
Gerald I. Housel	Speedway, Indiana	Retired
Thomas C. Jackson	Peoria, Illinois	Retired
Mark S. Kemp	New Palestine, Indiana	President
David G. Lentz, Jr.	Slidell, Louisiana	Retired
Alan J. Melancon	Slidell, Louisiana	Retired
Stephen D. Murphy	Indianapolis, Indiana	Retired
Don G. Trejbal	Akron, Ohio	Retired
Salvatore A. Valvo	Lancaster, New York	Retired

Officers

The Bylaws state that the principal officers of the Association shall consist of the President, Senior Vice President and Executive Secretary, and Vice President and Treasurer, and such officers as shall be created by the Body, which includes the Consulting Actuary. The officers of the Association are elected every four (4) years by the Board of Directors. The following is a listing of persons serving as key officers as of December 31, 2010, and their respective titles as of that date:

<u>Name</u>	<u>Office</u>
Mark S. Kemp	President
Peter F. Episcopo	Senior Vice President and Executive Secretary
Thomas J. Clines	Vice President and Treasurer
Steven L. Griffith	Consulting Actuary

CONFLICT OF INTEREST

Annually, the Association requires each director and officer to complete a statement/questionnaire for the purpose of identifying any potential situation or activity that may conflict with his or her duties. The 2010 signed Conflict of Interest statements were obtained and reviewed without exception.

OATH OF OFFICE

Indiana Code (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 Association and will not knowingly violate any of the laws applicable to such Association. As of December 31, 2010, all directors have reviewed and completed an Oath of Office.

CORPORATE RECORDS

Articles of Incorporation

There were no amendments to the Articles of Incorporation during the examination period.

Bylaws

A member of the Association who desires a change in the Bylaws may submit proposed change to the Constitution/Bylaws Committee. This committee is appointed for the sole purpose of reviewing proposed changes and determining those to be submitted to the members at the meeting of the Body. Changes that are passed become amendments to the previous Bylaws.

In September 2008, there were fourteen (14) amendments passed; however, no amendment significantly impacted the manner in which the Association operates its finances. Rather, the amendments were made to clarify less particular issues. Therefore, the changes are not presented within this report.

Minutes

The Association's Audit Committee, Board of Directors, Claims Committee, Finance Committee, and Supreme Legislative Body 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 Association and at such time within that period as the Bylaws may provide. It was noted that the annual meetings were held in accordance with the Association's Bylaws or IC 27-1-7-7(b) during the examination period.

AFFILIATED COMPANIES

Organizational Structure

As a fraternal benefit insurance association, the Association is owned by its policyholders.

Affiliated Agreements

The Association is not a member of a Holding Company System, there are no affiliated companies, and the Association has no affiliated agreements.

FIDELITY BOND AND OTHER INSURANCE

The Association protects itself against loss from any fraudulent or dishonest acts by any employees through a fidelity bond issued by the Federal Insurance Company. The bond has aggregate blanket coverage of \$600,000, with a deductible of \$5,000. The fidelity bond is adequate to meet the prescribed minimum coverage specified by the NAIC.

The Association had additional types of coverage in-force as of December 31, 2010, including, but not limited to, directors and officers, employment liability, fiduciary liability, and outside directorship liability.

PENSION, STOCK OWNERSHIP, AND INSURANCE PLANS

The Association has a defined-benefit pension plan covering substantially all of its employees. The Association's funding policy is to make the minimum annual contribution that is required by applicable regulations, plus such amounts as the Association may determine to be appropriate from time to time.

STATUTORY DEPOSITS

The Association operates as a fraternal benefit society and is not required to maintain a statutory deposit with the INDOI.

REINSURANCE

Reinsurance Ceded

The Association primarily reinsures business with ERC Life Reinsurance Company, Optimum Reinsurance Company (Optimum Re), and Scottish Re Life Reinsurance Company. Most of the Association's reinsurers have an A.M. Best rating of "A". Reinsurance ceded in the amount of \$2,204,262 in 2010 was an increase of \$228,047 from 2009, and reserves for life benefits and unpaid claims of \$250,000 as of December 31, 2009. Reserves for life benefits and unpaid claims were not reduced for reinsurance ceded on December 31, 2010, however, the reserves were reduced by \$250,000 for 2009. The reserve credit taken for 2010 was \$2,283,208 which was an increase from \$1,853,290 in 2009, which was attributable to business ceded to Optimum Re.

The Association remains obligated for amounts ceded in the event that reinsurers do not meet their obligations.

ACCOUNTS AND RECORDS

The Association's account records, accounting procedures, practices, and supporting data were reviewed and tested to the extent deemed necessary. The trial balances prepared from the Association's general ledger for the years ended December 31, 2009, and 2010, were agreed to the respective Annual Statements. The Annual Statements for the years ended December 31, 2006, through 2010, were reconciled to each year's independent audit report without material exceptions noted. It was determined the Association's account records, accounting practices, and procedures were satisfactory.

POLICE AND FIREMEN'S INSURANCE ASSOCIATION

FINANCIAL STATEMENTS

Assets

As of December 31, 2010

	<u>Per Annual</u>	<u>Examination</u>	<u>Per</u>	<u>December 31,</u>
	<u>Statement</u>	<u>Adjustments</u>	<u>Examination</u>	<u>Prior Year</u>
Bonds	\$ 68,179,718	\$ -	\$ 68,179,718	\$ 60,579,881
Stocks:				
Preferred stocks	396,528	-	396,528	1,145,163
Common stocks	12,272,580	-	12,272,580	7,561,994
Real estate:				
Properties occupied by the company	2,483,917	-	2,483,917	2,466,771
Cash, cash equivalents, and short-term investments	11,011,987	-	11,011,987	8,130,522
Contract loans	2,721,346	-	2,721,346	2,461,453
Other invested assets	6,758,822	-	6,758,822	5,216,881
Subtotals, Cash and Invested Assets	103,824,898	-	103,824,898	87,562,665
Investment income due and accrued	1,490,674	-	1,490,674	1,079,996
Premiums and considerations:				
Uncollected premiums and agents' balances in course of collection	1,243,673	-	1,243,673	1,088,956
Electronic data processing equipment and software	16,350	-	16,350	30,871
Aggregate write-ins for other than invested assets	731,204	(731,204)	-	536,229
TOTALS	\$ 107,306,799	\$ (731,204)	\$ 106,575,595	\$ 90,298,717

POLICE AND FIREMEN'S INSURANCE ASSOCIATION
FINANCIAL STATEMENTS

Liabilities, Surplus and Other Funds

	As of December 31, 2010			
	Per Annual	Examination	Per	December 31,
	Statement	Adjustments	Examination	Prior Year
Aggregate reserve for life certificates and contracts	\$ 63,276,864	\$ -	\$ 63,276,864	\$ 50,929,637
Aggregate reserve for accident and health contracts	7,760,515	-	7,760,515	8,416,516
Liability for deposit-type contracts	4,967,411	-	4,967,411	4,891,075
Contract claims:				
Life	408,118	-	408,118	498,876
Accident and health	1,481,655	-	1,481,655	1,109,763
Provision for refunds payable in the following calendar year-estimated amounts:				
Apportioned for payment	481,000	-	481,000	446,000
Premiums and annuity considerations for life and accident and health contracts received in advance less discount	50,467	-	50,467	48,417
Commissions to fieldworkers due or accrued-life and annuity contracts, annuity and health, and deposit-type contract funds	90,702	-	90,702	85,270
General expenses due or accrued	682,247	-	682,247	378,671
Taxes, licenses and fees due or accrued	48,000	-	48,000	36,000
Amounts held for fieldworkers' account, including fieldworkers' credit balances	134,602	-	134,602	139,219
Remittances and items not allocated	274,845	-	274,845	154,759
Miscellaneous liabilities:				
Asset valuation reserve	2,821,117	-	2,821,117	636,059
Payable for securities	619	-	619	-
Aggregate write-ins for liabilities	607,051	-	607,051	604,597
Total liabilities	83,085,213	-	83,085,213	68,374,859
Unassigned funds	24,221,586	(731,204)	23,490,382	21,923,858
Surplus as regards policyholders	24,221,586	(731,204)	23,490,382	21,923,858
TOTALS	\$ 107,306,799	\$ (731,204)	\$ 106,575,595	\$ 90,298,717

POLICE AND FIREMEN'S INSURANCE ASSOCIATION

FINANCIAL STATEMENTS

Statement of Income

	As of December 31, 2010			December 31, Prior Year
	Per Annual Statement	Examination Adjustments	Per Examination	
Premiums and annuity considerations for life and accident and health contracts	\$ 31,907,908	\$ -	\$ 31,907,908	\$ 23,480,150
Net investment income	3,367,161	-	3,367,161	3,385,253
Amortization of interest maintenance reserve	15,110	-	15,110	5,854
Commissions and expense allowances on reinsurance ceded	465,891	-	465,891	535,821
Miscellaneous income:				
Aggregate write-ins for miscellaneous income	35,174	-	35,174	50,364
Totals	35,791,244	-	35,791,244	27,457,442
Death benefits	2,119,380	-	2,119,380	2,254,197
Matured endowments (excluding guaranteed annual pure endowments)	-	-	-	10,168
Annuity benefits	1,780,699	-	1,780,699	812,187
Disability benefits and benefits under accident and health contracts, including premiums waived	7,209,891	-	7,209,891	6,759,131
Surrender benefits and withdrawals for life contracts	529,048	-	529,048	529,921
Interest and adjustments on contract or deposit-type contract funds	179,367	-	179,367	157,743
Increase in aggregate reserve for life and accident and health contracts	11,691,226	-	11,691,226	4,857,230
Totals	23,509,611	-	23,509,611	15,380,577
Commissions on premiums, annuity considerations and deposit-type contract funds (direct business only)	2,529,669	-	2,529,669	2,242,927
General insurance expenses and fraternal expenses	6,567,613	-	6,567,613	6,508,237
Insurance taxes, licenses and fees	171,554	-	171,554	158,036
Increase in loading on deferred and uncollected premiums	(16,646)	-	(16,646)	(4,601)
Totals	32,761,801	-	32,761,801	24,285,176
Net gain from operations before refunds to members	3,029,443	-	3,029,443	3,172,266
Refunds to members	472,424	-	472,424	471,929
Net gain from operations after refunds to members and before capital gains (losses)	2,557,019	-	2,557,019	2,700,337
Net realized capital gains (losses) less capital gains tax	(9,586)	-	(9,586)	(440,028)
Net income	\$ 2,547,433	\$ -	\$ 2,547,433	\$ 2,260,309

POLICE AND FIREMEN'S INSURANCE ASSOCIATION

FINANCIAL STATEMENTS

Surplus Reconciliation

SURPLUS ACCOUNT	As of <u>12/31/2010</u>	As of <u>12/31/2009</u>	As of <u>12/31/2008</u>	As of <u>12/31/2007</u>	As of <u>12/31/2006</u>
Surplus, December 31, previous year	\$ 21,923,857	\$ 18,304,086	\$ 17,128,810	\$ 15,238,924	\$ 12,782,807
Net income from operations	2,547,433	2,260,309	2,687,692	2,740,787	2,227,875
Change in net unrealized capital gains (losses) less capital gains tax	1,844,478	1,735,277	(3,268,172)	(320,186)	774,751
Change in nonadmitted assets	191,565	(7,685)	60,547	120,063	(74,953)
Change in reserve on account of change in valuation basis	-	-	-	(716,329)	-
Change in asset valuation reserve	(1,530,722)	(563,262)	1,463,714	216,988	(361,060)
Aggregate write-ins for gains and losses in surplus	(1,486,230)	195,133	231,495	(151,438)	(110,496)
Net change in surplus for the year	<u>1,566,525</u>	<u>3,619,772</u>	<u>1,175,276</u>	<u>1,889,885</u>	<u>2,456,117</u>
Surplus December 31, current year	<u>\$ 23,490,382</u>	<u>\$ 21,923,858</u>	<u>\$ 18,304,086</u>	<u>\$ 17,128,810</u>	<u>\$ 15,238,924</u>

NOTE: This report of examination reflects the information presented in the Annual Statement filings. Note that immaterial differences reported in these financial statements have been transferred directly from Annual Statement data.

COMMENTS ON THE FINANCIAL STATEMENTS

During the examination period, the Association reported prepaid pension expense as an admitted asset. Statement of Statutory Accounting Principle Number twenty nine (29) states prepaid expenses shall be reported as non-admitted assets and charged against unassigned funds (surplus). As of December 31, 2010, this resulted in an overstatement on the balance sheet of \$731,024. An adjustment has been made in the financial statements of this report to reflect the proper reporting as a non-admitted asset. Beginning with the second quarter 2011 financial statement filing with INDOI, and subsequent reporting periods, the Association has corrected the error and has properly recorded the amount as a non-admitted asset.

SUBSEQUENT EVENTS

There were no events subsequent to the examination date and prior to the completion of fieldwork that 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 she, in coordination with staff assistance from Noble Consulting Services, Inc. and actuarial assistance from Actuarial Options LLC, performed an examination of **Police and Firemen's Insurance Association**, as of December 31, 2010.

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 Examiner's 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 **Police and Firemen's Insurance Association**, as of December 31, 2010, as determined by the undersigned.

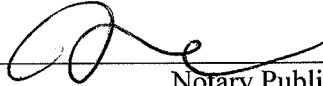


Lisa Warrum, CPA, CFE
Noble Consulting Services, Inc.

State of:
County of:

On this 23 day of February, 2012, 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 commission expires: July 4, 2019 

Notary Public

