

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

IN THE MATTER OF: )  
 )  
Property-Owners Insurance Company )  
6101 Anacapri Boulevard )  
Lansing, MI 48917 )

Examination of Property-Owners 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 Property-Owners Insurance Company, any relevant examination work papers, and any written submissions or rebuttals. The Verified Report of Examination, as sent to you on March 25, 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 Property-Owners 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.

May 28, 2015  
Date

Cynthia D. Donovan  
Cynthia D. Donovan  
Chief Financial Examiner

**CERTIFIED MAIL NUMBER: 9214 8901 0661 5400 0058 1042 68**

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

IN THE MATTER OF: )

Property-Owners Insurance Company )  
6101 Anacapri Boulevard )  
Lansing, MI 48917 )

Examination of Property-Owners Insurance Company

### FINDINGS AND FINAL ORDER

The Indiana Department of Insurance conducted an examination into the affairs of the Property-Owners Insurance Company (hereinafter "Company") for the time period January 1, 2011 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 March 2, 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 March 25, 2015 and was received by the Company on March 30, 2015.

The Company did not file any objections.

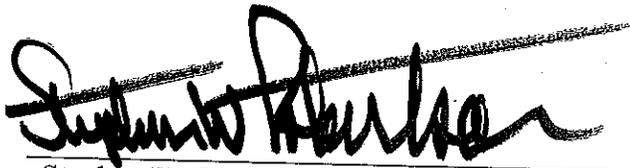
NOW THEREFORE, based on the Verified Report of Examination, I hereby make the following **FINDINGS**:

1. That the Verified Report of Examination is a true and accurate report of the financial condition and affairs of the Property-Owners Insurance Company as of December 31, 2013.
2. That the Examiner's Recommendations are reasonable and necessary in order for the Property-Owners 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 25<sup>th</sup> day of  
May, 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 dark ink, appearing to be "John A. ...", is located in the lower-left quadrant of the page. The signature is somewhat stylized and difficult to read precisely.

**STATE OF INDIANA**

**Department of Insurance**

**REPORT OF EXAMINATION**

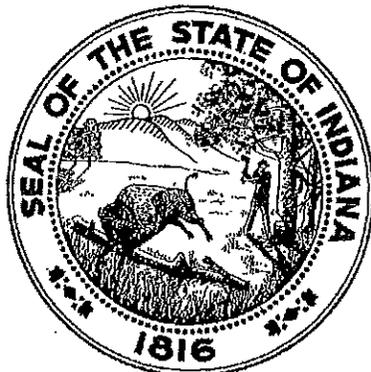
**OF**

**PROPERTY-OWNERS INSURANCE COMPANY**

NAIC Co. CODE 32905  
NAIC GROUP CODE 0280

As of

December 31, 2013



## TABLE OF CONTENTS

SALUTATION.....	1
SCOPE OF EXAMINATION.....	2
HISTORY.....	2
CAPITAL AND SURPLUS.....	2
DIVIDENDS TO STOCKHOLDERS.....	2
TERRITORY AND PLAN OF OPERATION.....	3
GROWTH OF THE COMPANY.....	3
MANAGEMENT AND CONTROL.....	3
Directors.....	3
Officers.....	5
CONFLICT OF INTEREST.....	5
OATH OF OFFICE.....	5
CORPORATE RECORDS.....	5
Articles of Incorporation.....	5
Bylaws.....	6
Minutes.....	6
AFFILIATED COMPANIES.....	6
Organizational Structure.....	6
Affiliated Agreements.....	6
FIDELITY BOND AND OTHER INSURANCE.....	7
PENSION, STOCK OWNERSHIP, AND INSURANCE PLANS.....	7
STATUTORY DEPOSITS.....	7
REINSURANCE.....	7
ACCOUNTS AND RECORDS.....	8
FINANCIAL STATEMENTS.....	9
Assets.....	9
Liabilities, Surplus and Other Funds.....	10
Statement of Income.....	11
Capital and Surplus Account Reconciliation.....	12
COMMENTS ON THE FINANCIAL STATEMENTS.....	13
OTHER SIGNIFICANT ISSUES.....	13
SUBSEQUENT EVENTS.....	13
AFFIDAVIT.....	14



# 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

March 2, 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 3809, an examination has been made of the affairs and financial condition of:

**Property-Owners Insurance Company**  
**6101 Anacapri Boulevard**  
**Lansing, Michigan 48917**

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

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

## SCOPE OF EXAMINATION

The Company was last examined by representatives of the Indiana Department of Insurance (INDOI) as of the period ending December 31, 2010. The present risk-focused examination was conducted by Noble Consulting Services, Inc., and covered the period from January 1, 2011 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.

The examination of the Michigan domestic insurance companies of the Auto-Owners Group (Group) was called by the Michigan Department of Insurance and Financial Services (DIFS) in accordance with the Handbook guidelines, through the NAIC's Financial Examination Electronic Tracking System. The DIFS served as the lead state on the examination, and the INDOI and the Ohio Department of Insurance served as participants.

Paradigm Actuaries, appointed by the DIFS, provided all actuarial services throughout the examination and conducted a review of the Company's actuarially determined balances as of December 31, 2013.

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

## HISTORY

Auto-Owners Insurance Company (AOIC) commenced business July 1, 1916 as a mutual company under the laws of the state of Michigan. AOIC subsequently formed POIC which was incorporated on January 12, 1976 and commenced business under the laws of the state of Indiana on September 1, 1976.

## CAPITAL AND SURPLUS

POIC's stock was 100% owned by AOIC throughout the current examination period. The Company has 500,000 common shares of stock authorized and 150,000 shares outstanding, with a par value of \$10.

## DIVIDENDS TO STOCKHOLDERS

The Company did not pay any dividends during the examination period.

## TERRITORY AND PLAN OF OPERATION

POIC is licensed to write business in seventeen (17) states, but actively writes in the following three (3) states: 91.2% Indiana, 4.6% Michigan, and 4.2% Georgia. POIC is a multiple line carrier with the following distribution of net premiums by line of business: 39.2% commercial multiple peril, 26.9% homeowners and farmowners, 10.9% workers' compensation, 9.7% commercial auto liability, 6.7% private auto, and 6.7% other.

The Group is represented by 6,000 independent agencies, which operate across twenty-six (26) states, primarily in the Midwest and Southeast regions.

## 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 and Other Funds</u>	<u>Premiums Earned</u>	<u>Net Income</u>
2013	\$209,652,694	\$105,164,538	\$104,488,156	\$ 65,681,637	\$ 9,025,406
2012	193,900,718	100,356,355	93,544,363	61,607,888	7,455,980
2011	179,460,794	94,197,816	85,262,978	61,580,548	1,631,297

During the period of examination the Company has been decreasing its percentage of business ceded to Auto-Owners Insurance Company. This increase in the amount of premium retained in combination with improvement in underwriting results has positively impacted the financial results of the Company.

## 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) and no more than twenty-one (21) 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:

Name and Address	Principal Occupation
John W. Abbott East Lansing, Michigan	Chief Executive Officer Summit Community Bank
James F. Anderton IV East Lansing, Michigan	Chief Executive Officer Maplegrove Property Management, LLC.
Herman J. Arends Charlotte, Michigan	Retired Auto-Owners Insurance Company
Rick A. Arens Sweetser, Indiana	Regional Vice President Auto-Owners Insurance Company
Stuart R. Birn Okemos, Michigan	Retired Auto-Owners Insurance Company
Gregg L. Cornell Greenville, South Carolina	Retired Auto-Owners Insurance Company
Jeffrey F. Harrold Grand Ledge, Michigan	Chairman and Chief Executive Officer Auto-Owners Insurance Company
Mark E. Hooper Okemos, Michigan	Partner Andrews Hooper and Pavlik, PLC
Roger L. Looyenga Vonore, Tennessee	Retired Auto-Owners Insurance Company
Lori A. McAllister East Lansing, Michigan	Attorney Dykema Gossett PLLC
Katherine M. Noirot Lansing, Michigan	First Vice President Auto-Owners Insurance Company
Rodney J. Rupp Manitou Beach, Michigan	Executive Vice President Auto-Owners Insurance Company
Ronald H. Simon DeWitt, Michigan	Retired Auto-Owners Insurance Company
Jeffrey S. Tagsold DeWitt, Michigan	President Auto-Owners Insurance Company
Daniel J. Thelen DeWitt, Michigan	Senior Vice President Auto-Owners Insurance Company
William F. Woodbury DeWitt, Michigan	Senior Vice President, Secretary, and General Counsel Auto-Owners Insurance Company

## Officers

The Bylaws state that the elected officers of the Company shall consist of a Chairman, a President, an Executive Vice President, a Secretary, a Treasurer, and such other officers as may be chosen by the Board. The same person may hold any two (2) or more offices, with the exception that the duties of the Chairman, the President, and/or the Secretary may not be performed by the same persons.

The following is a list of key officers and their respective titles as of December 31, 2013:

<u>Name</u>	<u>Office</u>
Jeffrey F. Harrold	Chairman and Chief Executive Officer
Jeffrey S. Tagsold	President
Rodney J. Rupp	Executive Vice President
Katherine M. Noiro	First Vice President
Eileen K. Phaner	Senior Vice President, Treasurer, and Chief Financial Officer
William F. Woodbury	Senior Vice President, Secretary, and General Counsel
Robert I. Buchanan	Senior Vice President
Carolyn B. Muller	Senior Vice President
Jonathan R. Riekse	Senior Vice President
Kenneth R. Schroeder	Senior Vice President
James C. Schumacher	Senior Vice President
Daniel J. Thelen	Senior Vice President
Ian R. Ward	Senior Vice President

## 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

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

IC 27-1-7-7(b) states an annual meeting of Shareholders, Members, or Policyholders shall be held within five (5) months after the close of each fiscal year of the Company and at such time within that period as the Bylaws may provide. The Company's Bylaws specify the annual meeting of shareholders shall be held on the second Monday of May, each year, unless such be a holiday, then the next following business day. For each year under review, the annual meeting was held within five (5) months following the close of each fiscal year.

The committee meeting minutes for the examination period, and through the fieldwork date, were reviewed for the following committees: Audit Committee Executive Committee, ERM Committee, and Finance Committee.

## AFFILIATED COMPANIES

### Organizational Structure

The following organizational chart shows the Company's parent and subsidiaries as of December 31, 2013:

	<u>NAIC Co. Code</u>	<u>Domiciliary State/Country</u>
Auto-Owners Insurance Company	18988	MI
Auto-Owners Life Insurance Company	61190	MI
Home-Owners Insurance Company	26638	MI
<b>Property-Owners Insurance Company</b>	<b>32905</b>	<b>IN</b>
Owners Insurance Company <sup>A</sup>	32700	OH
Southern-Owners Insurance Company	10190	MI

<sup>A</sup> 99.97% owned by AOIC.

### 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.

#### *Administrative Services Agreement*

The Administrative Services Agreement states that AOIC provides administrative services sufficient to carry on the normal business functions of a life, accident, health insurance company, or a property and casualty insurance company, such as, but not limited to; actuarial, advertising and accounting, claims settlement, electronic data processing, executive administration, housing, investments, policy underwriting, sales, systems and programming, tax matters, and all other essential general services. Administrative expenses were allocated between the companies with each paying its pro rata share. The amount paid by the Company for services rendered by AOIC during 2013 under the agreement was \$7,824,787.

*Intercompany Reinsurance Agreement*

Details of the Intercompany Reinsurance Agreement in place for the Company are outlined in the Reinsurance section of this Report of Examination.

*Tax Payment Allocation Agreement*

The Tax Payment Allocation Agreement survives to allow AOIC and its subsidiaries to file a consolidated federal income tax return. Parties to the agreement are AOIC, Auto-Owners Life Insurance Company, Home-Owners Insurance Company, Owners Insurance Company, POIC, Southern-Owners Insurance Company, and Lake Country Corporation (a property management company). The agreement became effective August 1, 1996. The consolidated federal income tax return is filed by AOIC.

**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 The Cincinnati Insurance Company. The bond has blanket coverage of \$700,000, with a \$25,000 deductible. The fidelity bond does not 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, auto liability, directors and officers liability, excess liability, fiduciary, general liability, professional liability, property, and workers' compensation.

**PENSION, STOCK OWNERSHIP, AND INSURANCE PLANS**

The Company has no direct retirement or insurance plans.

**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	\$2,007,883	\$2,054,805
All Other Special Deposits:		
Georgia	52,555	52,855
Nevada	320,780	332,461
Virginia	263,940	264,277
Total Deposits	<u>\$2,645,158</u>	<u>\$2,704,398</u>

**REINSURANCE**

The Company cedes 100% of its written premium to AOIC under the terms of an Intercompany Reinsurance Agreement. AOIC retains all of the business classified as certified terrorism, employment practices liability, equipment breakdown, identity recovery and data compromise, involuntary workers' compensation, mine subsidence, sinkhole insurance, and/or umbrella.

The Company does not assume any financially significant reinsurance.

### 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 December 31, 2013, were agreed to the respective Annual Statements. The Annual Statements for the years ended December 31, 2011 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.

PROPERTY-OWNERS INSURANCE COMPANY

Assets

As of December 31, 2013

	<u>Per Examination*</u>
Bonds	\$ 165,063,464
Stocks:	
Preferred stocks	590,257
Common stocks	16,000,548
Cash, cash equivalents and short-term investments	3,096,023
Subtotals, cash and invested assets	<u>184,750,291</u>
Investment income due and accrued	1,478,541
Premiums and considerations:	
Uncollected premiums and agents' balances in the course of collection	605,534
Deferred premiums, agents' balances and installments booked but deferred and not yet due	19,244,281
Reinsurance:	
Amounts recoverable from reinsurers	800,201
Net deferred tax asset	2,550,652
Guaranty funds receivable or on deposit	200
Aggregate write-ins for other than invested assets	222,994
Total	<u>\$ 209,652,694</u>

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

PROPERTY-OWNERS INSURANCE COMPANY  
 Liabilities, Surplus and Other Funds  
 As of December 31, 2013

	<u>Per Examination*</u>
Losses	\$ 31,940,586
Loss adjustment expenses	8,814,314
Commissions payable, contingent commissions and other similar charges	3,113,619
Other expenses	189,744
Taxes, licenses and fees	224,141
Current federal and foreign income taxes on realized capital gains (losses)	729,187
Unearned premiums	44,598,345
Advance premium	1,157,185
Ceded reinsurance premiums payable	4,102,975
Amounts withheld or retained by company for account of others	119,168
Payable to parent, subsidiaries and affiliates	10,133,224
Aggregate write-ins for liabilities	42,052
Total liabilities	<u>105,164,538</u>
Common capital stock	1,500,000
Gross paid in and contributed surplus	3,520,000
Unassigned funds (surplus)	99,468,156
Surplus as regards policyholders	<u>104,488,156</u>
Totals	<u>\$ 209,652,694</u>

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

PROPERTY-OWNERS INSURANCE COMPANY  
Statement of Income  
For the Year Ended December 31, 2013

	Per Examination*
<b>UNDERWRITING INCOME</b>	
Premiums earned	\$ 65,681,637
<b>DEDUCTIONS:</b>	
Losses incurred	30,584,663
Loss adjustment expenses incurred	5,850,328
Other underwriting expenses incurred	22,857,011
Total underwriting deductions	59,292,002
Net underwriting gain or (loss)	6,389,635
<b>INVESTMENT INCOME</b>	
Net investment income earned	5,512,512
Net realized capital gains or (losses) less capital gains tax	581,553
Net investment gain (loss)	6,094,065
<b>OTHER INCOME</b>	
Net gain (loss) from agents' or premium balances charged off	(83,480)
Aggregate write-ins for miscellaneous income	182,065
Total other income	98,585
Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	12,582,285
Federal and foreign income taxes incurred	3,556,879
Net income	\$ 9,025,406

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

PROPERTY-OWNERS INSURANCE COMPANY  
Capital and Surplus Account Reconciliation

	2013	2012	2011
Surplus as regards policyholders, December 31 prior year	\$ 93,544,363	\$ 85,262,978	\$ 83,840,942
Net income	9,025,406	7,455,980	1,631,297
Change in net unrealized capital gains or (losses) less capital gains tax	1,763,874	799,326	(323,717)
Change in net deferred income tax	169,166	90,356	122,852
Change in nonadmitted assets	(14,652)	(64,277)	(185,617)
Aggregate write-ins for gains and losses in surplus	-	-	177,220
Change in surplus as regards policyholders for the year	10,943,793	8,281,385	1,422,036
Surplus as regards policyholders, December 31 current year	<u>\$ 104,488,156</u>	<u>\$ 93,544,363</u>	<u>\$ 85,262,978</u>

### 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

The fidelity bond in effect at the examination date did not meet the prescribed minimum coverage specified by the NAIC.

There were no further significant issues identified as of December 31, 2013, based on the results of this examination.

### SUBSEQUENT EVENTS

Subsequent to the examination date and prior to the completion of fieldwork the Company obtained fidelity bond coverage adequate to meet the prescribed minimum coverage specified by the NAIC.

**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 Property-Owners 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 Property-Owners Insurance Company as of December 31, 2013, as determined by the undersigned.

\_\_\_\_\_  
James Kattman, CFE  
Noble Consulting Services, Inc.

State of: Indiana  
County of: Marion

On this \_\_\_\_\_ day of \_\_\_\_\_, 2015, before me personally appeared, James Kattman, 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: \_\_\_\_\_  
Notary Public

**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 Property-Owners 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 Property-Owners Insurance Company as of December 31, 2013, as determined by the undersigned.

  
\_\_\_\_\_  
James Kattman, CFE  
Noble Consulting Services, Inc.

State of: Ohio  
County of: Hamilton

On this 23<sup>rd</sup> day of March, 2015, before me personally appeared, James Kattman, 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: 03/25/2017



Notary Public



**ERIN M. WARMAN**  
Notary Public, State of Ohio  
My Commission Expires  
March 25, 2017

