

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

IN THE MATTER OF:)
)
Protective Insurance Company)
111 Congressional Boulevard, Suite 500)
Carmel, Indiana 46032)

Examination of: **Protective Insurance Company**


NOTICE OF ENTRY OF ORDER

Enclosed is the Final Order entered by Amy L. Beard, Commissioner of the Indiana Department of Insurance, after fully considering and reviewing the Verified Report of Examination of Protective Insurance Company, any relevant examination work papers, and any written submissions or rebuttals. The Verified Report of Examination, as amended by the Final Order, 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 Protective Insurance Company, shall file an affidavit with the Indiana Department of Insurance stating that he/she has received a copy of the Verified Report of Examination and the Final Order.

The Final Order is a final administrative decision that may be appealed pursuant to Ind. Code § 4-21.5-5.

June 27, 2024
Date


Roy Eft
Chief Financial Examiner

CERTIFIED MAIL NUMBER: 7018 1130 0001 7982 7021

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Examination of: **Protective Insurance Company**

FINDINGS AND FINAL ORDER

The Indiana Department of Insurance conducted an examination into the affairs of the Protective Insurance Company (hereinafter “Company”) for the time period January 1, 2018 through December 31, 2022.

The Verified Report of Examination was filed with the Commissioner of the Department of Insurance (hereinafter “Commissioner”) by the Examiner on May 15, 2024.

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 June 6, 2024 and was received by the Company on June 10, 2024.

On June 25, 2024 pursuant to Ind. Code § 27-1-3.1-10, the Company filed a response to the Verified Report of Examination. The Commissioner has fully considered the Company’s response.

NOW THEREFORE, based on the Verified Report of Examination and the response filed by the Company, the Commissioner hereby FINDS as follows:

1. The suggested modifications to the Verified Report of Examination submitted by the Company are reasonable and shall be incorporated into the Verified Examination Report. A copy of the Verified Report of Examination, as amended, is attached hereto.

2. The Verified Report of Examination, as amended, is true and accurate report of the financial condition and affairs of the Company as of December 31, 2022.
3. The Examiners' recommendations are reasonable and necessary in order for the Company to comply with the insurance 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, as amended, 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, as amended. 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 this 27 day of
June, 2024.



Amy L. Beard
Insurance Commissioner

ABOUT AFFIRMATIONS

The following pages for affirmations need to be signed by each Board Member and returned to the Indiana Department of Insurance within thirty (30) days in accordance with I.C. §27-1-3.1-12(b).

If your affirmations list individuals that are no longer on your Board of Directors, you may simply retype the form on plain white paper with the correct names and a line to the right for signature. If the names are misspelled, you may do the same, simply re-type the corrected form with a line to the right for signature.

Should you have any questions or difficulties with these forms or you require additional time past the thirty (30) day requirement, please do not hesitate to contact this department at (317) 232-2390.

STATE OF INDIANA

Department of Insurance

REPORT OF EXAMINATION

OF

PROTECTIVE INSURANCE COMPANY

NAIC Co. CODE 12416
NAIC GROUP CODE 0155

As of

December 31, 2022

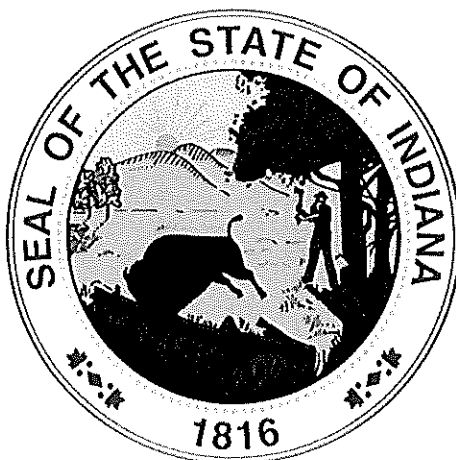


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STATE OF INDIANA

ERIC J. HOLCOMB, GOVERNOR

Indiana Department of Insurance

Amy L. Beard, Commissioner
311 W. Washington Street, Suite 103
Indianapolis, Indiana 46204-2787
Telephone: 317-232-2385
Fax: 317-234-2103
Website: in.gov/idoi

May 15, 2024

Honorable Amy L. Beard, 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 4145, an examination has been made of the affairs and financial condition of:

**Protective Insurance Company
111 Congressional Boulevard, Suite 500
Carmel, Indiana 46032**

hereinafter referred to as the "Company", or "PIC", an Indiana domestic stock, property and casualty insurance company. The examination was conducted remotely with assistance from the corporate office in Carmel, Indiana.

The Report of Examination, reflecting the status of the Company as of December 31, 2022, is hereby respectfully submitted.

ACCREDITED BY THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

AGENCY SERVICES
317-232-2389

COMPANY COMPLIANCE
317-232-3495

CONSUMER SERVICES
317-232-2395/1-800-622-4461

FINANCIAL SERVICES
317-232-2390

MEDICAL MALPRACTICE
317-232-5253

COMPANY RECORDS
317-232-2383

STATE HEALTH INSURANCE PROGRAM
1-800-452-4800

SCOPE OF EXAMINATION

The Company was last examined by representatives of the Indiana Department of Insurance (INDOI) and covered the period from January 1, 2017, through December 31, 2021. The present risk-focused examination was conducted by Noble Consulting Services, Inc., and covered the period from January 1, 2022, through December 31, 2022, 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, assess corporate governance, identify current and prospective risks of the Company, and evaluate system controls and procedures used to mitigate those risks. An examination also includes identifying and evaluating significant risks that could cause an insurer's surplus to be materially misstated both currently and prospectively.

The examination of the Ohio domestic insurance companies of The Progressive Corporation (TPC) was called by the Ohio Department of Insurance (OHDOI) in accordance with the Handbook guidelines, through the NAIC's Financial Examination Electronic Tracking System. The OHDOI served as the lead state on the examination, and the INDOI and the state insurance departments representing Florida, Illinois, Louisiana, Michigan, New Jersey, New York, Texas, and Wisconsin served as participants.

Robert Daniel, ACAS, MAAA, and Mark Davenport, ACAS, MAAA of Merlinos & Associates, Inc., provided actuarial services throughout the examination and conducted a review of the Company's actuarial related risks as of December 31, 2022.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. This may include assessing significant estimates made by management and evaluating management's compliance with Statutory Accounting Principles. The examination does not attest to the fair presentation of the financial statements included herein. If, during the course of the examination, an adjustment is identified, the impact of such adjustment will be documented separately following the Company's financial statements.

This examination report includes significant findings of fact, as mentioned in the Indiana Code (IC) 27-1-3.1-10 and general information about the insurer and its financial condition. There may be other items identified during the examination that, due to their nature (e.g., subjective conclusions, proprietary information, etc.), are not included within the examination report but separately communicated to other regulators and/or the Company.

HISTORY

PIC is a stock, property and casualty insurance company incorporated on December 21, 1954, under the provisions of the 1935 Acts of the Indiana General Assembly. The Company was a subsidiary of Baldwin & Lyons, Inc. (B&L), a publicly traded company formed in 1930. PIC specializes in underwriting commercial casualty insurance for the trucking industry.

On December 15, 1985, B&L contributed the stock of Sagamore Insurance Company (SIC) to PIC. SIC was formed on December 15, 1981. In addition, the Company is the parent of Protective Specialty Insurance Company (PSIC), a surplus lines writer that was formed on May 1, 2008. Effective August 1, 2018, B&L changed its name to Protective Insurance Corporation (Protective Corp).

On June 1, 2021, TPC acquired Protective Corp resulting in TPC being the ultimate parent of Protective Corp, PIC, PSIC and SIC.

CAPITAL AND SURPLUS

As of December 31, 2022, the Company had 765,000 common shares authorized, issued, and outstanding, with a par value of \$10 each. The Company had no preferred stock authorized, issued, or outstanding.

DIVIDENDS TO STOCKHOLDERS

The Company paid no dividends to Protective Corp during the examination period.

TERRITORY AND PLAN OF OPERATION

PIC is licensed in all fifty (50) states, the District of Columbia, Puerto Rico, and all Canadian provinces. In 2022, the Company's top states with regards to direct premiums written were California and Pennsylvania, representing approximately 14% and 12% of total direct premiums written, respectively. No other state made up over 8% of direct writings in 2022.

The Company specializes in marketing and underwriting property, liability, and workers' compensation coverage for trucking fleets, as well as coverage for transportation industry independent contractors. PIC provides coverage for larger companies in the motor carrier industry that retain substantial amounts of self-insurance, for independent contractors utilized by trucking and delivery companies, and for medium-size and small trucking companies on a first-dollar deductible basis. This group of products is collectively referred to as commercial automobile. Large fleet trucking products are marketed both directly to commercial automobile clients and through relationships with non-affiliated brokers and specialized agents. Products for small and intermediate fleets and independent contractors are marketed through relationships with non-affiliated brokers and specialized agents.

GROWTH OF THE COMPANY

The following table summarizes the financial results, (in 000s), 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>
2022	\$1,260,632	\$ 891,988	\$ 368,644	\$ 510,283	\$ 2,277

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 seven (7) and no more than twelve (12) 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. It was determined that during the May 2022 Shareholder meeting seven (7) directors were elected but only six (6) were reported on the 2022 Annual Statement Jurat page. See Other Significant Issues section of this Report of Examination.

The following is a listing of persons serving as directors as of December 31, 2022, and their principal occupations as of that date:

Name and Address	Principal Occupation
Jeremy F. Goldstein Indianapolis, Indiana	Executive Vice President, Claims The Progressive Corporation
Michael J. Miller Rocky River, Ohio	Chairman, President, Chief Executive Officer and Chief Operating Officer The Progressive Corporation
Matthew F. Moore Sheridan, Indiana	Chief Financial Officer The Progressive Corporation
Patrick S. Schmiedt Indianapolis, Indiana	Senior Vice President, Underwriting The Progressive Corporation
Matthew A. Thompson Fishers, Indiana	Executive Vice President, Sales and Marketing The Progressive Corporation
Sally B. Wignall Indianapolis, Indiana	Vice President, General Counsel and Secretary The Progressive Corporation

Note – the titles listed above are considered each person’s title for PIC and would not be accurate titles for TPC.

Officers

The Bylaws state that the elected officers of the Company shall consist of a Chairman/Executive Chairman, a Chief Executive Officer, a Chief Operating Officer, a President, one (1) or more Executive Vice Presidents, one (1) or more Senior Vice Presidents, one (1) or more Vice Presidents, a Secretary, a Treasurer, and such assistant officers as the Board shall designate. Any two (2) or more offices may be held by the same person, except that the duties of the President and Secretary shall not be performed by the same person. Each officer (other than assistant officers) of the corporation shall be elected annually by the Board at its annual meeting and shall hold office for a term of one (1) year and until his/her successor shall be duly elected and qualified.

The following is a list of key officers and their respective titles as of December 31, 2022:

Name	Office
Michael J. Miller	Chairman, President, Chief Executive Officer and Chief Operating Officer
Jeremy F. Goldstein	Executive Vice President, Claims
William C. Reid	Executive Vice President, Programs
Matthew A. Thompson	Executive Vice President, Sales and Marketing
Sally B. Wignall	Vice President, General Counsel, and Secretary
Ronald A. Goshen	Treasurer
Matthew F. Moore	Chief Financial Officer
Patrick S. Schmiedt	Senior Vice President, Underwriting

Note – the titles listed above are considered each person’s title for PIC and would not be accurate titles for TPC.

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, 2022.

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 not all directors listed in the Management and Control section of this Report of Examination have subscribed to an oath as of December 31, 2022. See Other Significant Issues section of this Report of Examination.

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 that the date of the annual meeting of shareholders is to be held on the first Tuesday in May each year, or on such other date twelve (12) business days prior to or following this date as designated by the Board. For the year under review, the annual meeting of shareholders was held within five (5) months following the close of the fiscal year and was in compliance with the Company's Bylaws.

AFFILIATED COMPANIES

Organizational Structure

The following abbreviated organizational chart shows the Company's parent and subsidiaries or affiliates as of December 31, 2022:

	NAIC Co. Code	Domiciliary State/Country
The Progressive Corporation		OH
Progressive Commercial Holdings, Inc.		DE
Protective Insurance Corporation		IN
Protective Insurance Company	12416	IN
Protective Specialty Insurance Company	13149	IN
Sagamore Insurance Company	40460	IN
B&L Insurance LTD.		Bermuda
B&L Management, Inc.		DE
B&L Brokerage Services, Inc.		IN
Transport Specialty Insurance Agency, Inc.		MI
Progressive Direct Holdings, Inc.		DE
Progressive Paloverde Insurance Company	44695	IN
Progressive Agency Holdings, Inc.		DE
Progressive Southeastern Insurance Company	38784	IN
ARX Holding Corp.		DE
ASI Select Insurance Corp.	14042	IN

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.

Investment Services Agreement

Effective June 1, 2021, the Company entered into an Investment Services Agreement with Progressive Capital Management Corporation (PCMC), a non-insurance affiliate. Under the terms of the agreement, PCMC is to provide investment and capital management services in exchange for an investment management fee based on its use of services. During 2022, PIC paid \$176.9 thousand to PCMC for these services.

Allocation of Federal Income Taxes Agreement

Effective June 1, 2021, PIC participates in an Allocation of Federal Income Tax Agreement with TPC and all its eligible subsidiaries. The method of allocation between the companies is subject to written agreement and is jointly approved by an officer of TPC and of the Company. The tax liability allocated to any member of the TPC agreement shall not exceed the amount that such member would be liable for if it filed a separate income tax return. If a member of the TPC agreement has a net operating loss as determined on a separate return basis, the member will be reimbursed for such loss to the extent that the loss results in a reduction in the consolidated tax liability.

Joint Servicing Agreement

Effective June 1, 2021, PIC and Protective Corp entered into a Joint Servicing (cost allocation) Agreement with United Financial Casualty Company (UFCC), an insurance affiliate domiciled in Ohio. Under the terms of the agreement, UFCC can provide various services to PIC, and PIC, from time to time, can provide service to UFCC. In exchange for these services, the companies charge management fees based on each company's use of the other's services. In 2022, PIC paid UFCC \$1.9 million under this agreement.

Intercompany Expense Allocation Agreement

Under an Amended and Restated Intercompany Expense Allocation Agreement dated January 1, 2014, Protective Corp serves as common paymaster for PIC, PSIC, and SIC and many other shared expenses paid by Protective Corp are allocated to each operating company subsidiary. In 2022, PIC paid Protective Corp \$32.0 million under this agreement.

Building Occupancy Expense Allocation Agreement

PIC owns the home office building utilized by all members of the Protective Insurance Group companies. The Amended and Restated Intercompany Building Occupancy Expense Allocation Agreement dated January 1, 2014, allocates occupancy expenses to PSIC, SIC, and Protective Corp and PSIC, SIC and Protective Corp remits to PIC within thirty (30) days following the end of each quarter, their respective share of allocated net occupancy expense for the home office as reflected on the invoices prepared by PIC. This agreement automatically renews and extends itself for additional terms of one (1) year extending from January 1 to December 31 on the same terms and conditions without the need to execute any other instrument or document. During 2022, Protective Corp reimbursed PIC a total of \$144.7 thousand for occupancy expenses under this agreement, and SIC reimbursed PIC a total of \$313.9 thousand for occupancy expenses under this agreement. PSIC had no expenses under this agreement in 2022.

Agency Agreement

Protective Corp, in its capacity as an insurance broker, places risks with PIC pursuant to a Producer Contract. Commissions vary by product and are commensurate with those allowed other agents and brokers. The Agency Agreement with PIC was executed in 2006 and was amended and restated in 2017. During 2022, PIC incurred \$11.3 million in commissions for business placed with it by Protective Corp.

Cash Management Agreement

Effective December 1, 2021, PIC entered into a Cash Management Agreement with Progressive Casualty Insurance Company (PCIC), an affiliate TPC company, which has a central cash management system for the benefit of members of the TPC group of companies. PCIC provides cash management services to participating TPC companies and the participating companies pay or receive interest on their payable or receivable balances based on the prevailing U.S. Treasury Bill rate.

Parental Guaranty Agreement

The Company has a Parental Guaranty Agreement (the Guaranty) with its wholly owned subsidiary, PSIC. The Guaranty requires the Company to provide the necessary capital if PSIC becomes financially unable, for any reason, to respond to its liabilities and/or obligations. The Company will make payment promptly upon demand by PSIC. The Guaranty was approved by the INDOI on June 10, 2010, and is continuous, subject to a one (1) year notice of termination. Either party may terminate the Guaranty by giving the other party written notice of its intent to terminate at least one (1) year prior to the termination date.

Interest Agreement

The Company became a participant, effective February 1, 2022, to the existing Interest Agreement with PCIC and members of the Progressive holding company system. Pursuant to the agreement, the Company agrees to pay PCIC or receive credit from PCIC for any balances owed to PCIC or owed by PCIC, as a result of the activity in the cashier account as stated in the Cash Management Agreement.

Reinsurance Agreements

See the Reinsurance section of this Report of Examination for further information regarding affiliated reinsurance agreements.

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 Federal Insurance Company, a member of the Chubb Insurance Group. The bond has a single loss coverage limit of \$1 million with an aggregate amount of \$2 million, and a \$10 million 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 as of December 31, 2022, including but not limited to, commercial property liability, general liability, management indemnity/directors and officers liability, umbrella coverage, and workers' compensation.

PENSION, STOCK OWNERSHIP, AND INSURANCE PLANS

TPC has a defined contribution pension plan (401(k) Plan) that covers employees who have been employed by TPC for at least thirty (30) days. Under this plan, TPC matches up to a maximum of 6% of an employee's eligible compensation contributed to the plan. Employee and TCP matching contributions are invested, at the direction of the employee in a number of investment options available under the plan, including various mutual funds, a self-directed brokerage option, and an employee stock ownership program within the 401(k) Plan. The Company's share of 401(k) expenses for 2022 was \$1.8 million.

TPC's incentive compensation includes both non-equity incentive plans (cash) and equity incentive plans. Cash incentive compensation includes an annual cash incentive program for a limited number of senior executives and TPC's Gainsharing program for all other employees; the structures of these programs are similar in nature. Equity incentive compensation plans provide for the granting of restricted stock unit awards to key members of management.

TPC grants equity-based awards under the 2015 Equity Incentive Plan.

TPC maintains the Progressive Corporation Executive Deferred Compensation Plan, which permits eligible executives to defer receipt of some or all of their annual bonuses and all of their annual equity awards.

SPECIAL AND STATUTORY DEPOSITS

The Company reported the following deposits, (in 000s), as of December 31, 2022:

<u>State</u>	<u>Book Value</u>	<u>Fair Value</u>
For All Policyholders:		
Arkansas	\$ 396	\$ 366
California	91,458	84,579
Delaware	113	105
Indiana	2,713	2,509
All Other Special Deposits:		
Georgia	113	105
Idaho	465	430
Massachusetts	524	485
Nevada	334	309
New Mexico	360	333
North Carolina	344	318
Oregon	2,672	2,471
Tennessee	113	105
Virginia	226	209
Total Deposits *	<u>\$ 99,831</u>	<u>\$ 92,322</u>

* The balances include immaterial rounding differences.

REINSURANCE

The Company has no intercompany pooling arrangements; however, the following intercompany reinsurance agreements are in place:

Under the Property/Casualty Excess of Loss Reinsurance Agreement dated January 1, 2016, PIC indemnifies SIC for certain losses and expenses. SIC ceded no premium to PIC under this agreement in 2022. SIC ceded \$13.4 million of losses and expenses to PIC related to this treaty in 2022.

Under an agreement effective January 15, 2003, SIC cedes certain excess of loss risks to PIC. During 2022, PIC incurred no losses and expenses from SIC under this agreement.

Under the Property/Casualty Excess of Loss Reinsurance Agreement dated January 1, 2013, PIC indemnifies PSIC for certain losses and expenses. PIC incurred \$263.6 thousand in losses and expenses under this agreement in 2022. PSIC did not cede any premium under this agreement in 2022.

Under the Contingent Liability Quota Share Reinsurance Agreement dated October 1, 2010, PIC and SIC indemnify PSIC for certain losses and expenses. In 2022, no premiums were ceded by PSIC to PIC or SIC, and PSIC incurred no losses or expenses under this agreement.

Under the Professional Liability Quota Share Reinsurance Agreement dated December 1, 2009, PIC and SIC cede certain losses to PSIC for certain losses and expenses. PSIC incurred \$786.1 thousand in losses and expenses from PIC. No premium was ceded under this agreement in 2022.

Ceded Reinsurance

PIC cedes portions of its gross premiums written to certain insurers using excess of loss, quota share, and facultative agreements for commercial automobile and workers' compensation business. These agreements principally provide PIC with the ability to offer the higher limits required by trucking company insureds.

PIC cedes certain risks to B&L Insurance Ltd. under an Agreement dated August 1, 1981. PIC receives ceding commissions commensurate with industry standards and associated acquisition expenses. In 2022, PIC ceded premium to B&L Insurance, Ltd. of \$148.4 thousand and B&L Insurance, Ltd. incurred \$.40 thousand in losses and expenses under this agreement.

Assumed Reinsurance

Effective October 1, 1994, B&L Insurance Ltd. cedes certain risks to PIC. B&L Insurance Ltd. ceded premium to PIC in an amount of \$366.0 thousand and PIC did not incur any losses or expenses under this agreement in 2022.

PIC also assumes reinsurance voluntarily from other insurers using treaty arrangements and participates in certain reinsurance pools that require insurance companies to provide coverage on assigned risks. The assigned risk pools allocate participation to all insurers based upon each insurer's portion of the premium writings on a state or national level.

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 balance prepared from the Company's general ledger for the year ended December 31, 2022 was agreed to the Annual Statement. The Annual Statement for the year ended December 31, 2022 was agreed to the independent audit report without material exception. The Company's accounting procedures, practices, and account records were deemed satisfactory.

FINANCIAL STATEMENTS

PROTECTIVE INSURANCE COMPANY

Assets
As of December 31, 2022
(in 000s)

	Per Examination*
Bonds	\$ 774,174
Stocks:	
Common stocks	226,712
Mortgage loans on real estate:	
Other than first liens	1,854
Real estate:	
Properties occupied by the company	25,513
Cash, cash equivalents and short-term investments	30,558
Other invested assets	4,610
Receivable for securities	96
Aggregate write-ins for invested assets	10,708
Subtotal, cash and invested assets	1,074,223
Investment income due and accrued	2,955
Premiums and considerations:	
Uncollected premiums and agents' balances in course of collection	93,382
Accrued retrospective premiums	(1,505)
Reinsurance:	
Amounts recoverable from reinsurers	49,801
Funds held by or deposited with reinsured companies	2,500
Net deferred tax asset	16,327
Guaranty funds receivable or on deposit	74
Electronic data processing equipment and software	560
Receivables from parent, subsidiaries, and affiliates	3,310
Aggregate write-ins for other than invested assets	19,004
Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts **	1,260,632
Total **	\$ 1,260,632

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

**The balances include immaterial rounding differences.

PROTECTIVE INSURANCE COMPANY
 Liabilities, Surplus and Other Funds
 As of December 31, 2022
 (in 000s)

	<u>Per Examination*</u>
Losses	\$ 637,962
Reinsurance payable on paid losses and loss adjustment expenses	5,393
Loss adjustment expenses	115,614
Commissions payable, contingent commissions and other similar charges	5,696
Other expenses	12,400
Taxes, licenses, and fees	2,126
Current federal and foreign income taxes	2,636
Unearned premiums	45,332
Ceded reinsurance premiums payable	30,642
Funds held by company under reinsurance treaties	424
Amounts withheld or retained by company for account of others	17,989
Remittances and items not allocated	279
Payable to parent, subsidiaries, and affiliates	12,282
Aggregate write-ins for liabilities	3,213
Total liabilities excluding protected cell liabilities	891,988
Total liabilities	891,988
Common capital stock	7,650
Gross paid in and contributed surplus	44,035
Unassigned funds (surplus)	316,959
Surplus as regards policyholders	368,644
Total **	\$ 1,260,632

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

**The balances include immaterial rounding differences.

PROTECTIVE INSURANCE COMPANY
Statement of Income
For the Year Ended December 31, 2022
(in 000s)

	Per Examination*
UNDERWRITING INCOME	
Premiums earned	\$ 510,283
DEDUCTIONS	
Losses incurred	315,308
Loss adjustment expenses incurred	57,432
Other underwriting expenses incurred	145,800
Total underwriting deductions	518,541
Net underwriting gain or (loss)	(8,258)
INVESTMENT INCOME	
Net investment income earned	14,672
Net realized capital gains or (losses) less capital gains tax	(1,677)
Net investment gain (loss)	12,995
OTHER INCOME	
Net gain (loss) from agents' or premium balances charged off	(1,095)
Finance and service charges not included in premiums	294
Aggregate write-ins for miscellaneous income	2,998
Total other income	2,198
Net income, before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	6,935
Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	6,935
Federal and foreign income taxes incurred	4,658
Net income **	\$ 2,277

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

**The balances include immaterial rounding differences.

PROTECTIVE INSURANCE COMPANY
 Capital and Surplus Account Reconciliation
 (in 000s)

	2022
Surplus as regards policyholders, December 31 prior year	\$ 390,410
Net income	2,277
Change in net unrealized capital gains or (losses)	
less capital gains tax	716
Change in net deferred income tax	6,726
Change in nonadmitted assets	(33,456)
Change in provision for reinsurance	100
Surplus adjustment:	
Paid in	1,871
Change in surplus as regards policyholders for the year	(21,766)
Surplus as regards policyholders, December 31 current year**	\$ 368,644

**The balances include immaterial rounding differences.

COMMENTS ON THE FINANCIAL STATEMENTS

There were no recommended adjustments to the financial statements as of December 31, 2022, based on the results of this examination.

OTHER SIGNIFICANT ISSUES

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 seven (7) and no more than twelve (12) 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. It was determined that during the May 2022 Shareholder meeting seven (7) directors were elected but only six (6) were reported on the 2022 Annual Statement Jurat page.

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 not all directors listed in the Management and Control section of this Report of Examination have subscribed to an oath as of December 31, 2022. It is recommended that every director shall take and subscribe to an Oath of Office at the time of annual election to the Board.

SUBSEQUENT EVENTS

There were no events subsequent to the examination date and prior to the completion of field work which were considered material events requiring disclosure in this Report of Examination.

AFFIDAVIT

This is to certify that the undersigned is a duly qualified Examiner-in-Charge appointed by the Indiana Department of Insurance and that he, in coordination with staff assistance from Noble Consulting Services, Inc. and actuarial assistance from Merlinos & Associates, Inc., performed an examination of Protective Insurance Company, as of December 31, 2022.

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 the condition of the Protective Insurance Company as of December 31, 2022, as determined by the undersigned.

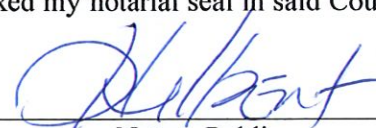


Paul Ellis, CFE
Noble Consulting Services, Inc.

State of: Ohio
County of: Mahoning

On this 6 day of JUNE, 2024, before me personally appeared, Paul Ellis, 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: 10.10.2025  _____
Notary Public



DENISE HILBERT
Notary Public, State of Ohio
My Commission Expires October 10, 2025

Under the Supervision of:

Jerry Ehlers, CFE, AES
Examinations Manager
Indiana Department of Insurance

State of: Indiana
County of: Marion

On this 10th day of June, 2024, before me personally appeared, Jerry Ehlers, 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 11, 2025

Notary Public

Lorie A. Ellert

Notary Public

