

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

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

Examination of: **Sagamore 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 Sagamore Insurance Company, any relevant examination work papers, and any written submissions or rebuttals. The Verified Report of Examination, as sent to you on June 1, 2023, 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 Sagamore 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 29, 2023  
Date

  
Roy Eft  
Chief Financial Examiner

**CERTIFIED MAIL NUMBER: 7019 0700 0000 3590 2836**

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**Carmel, Indiana 46032** )

Examination of: **Sagamore Insurance Company**

### **FINDINGS AND FINAL ORDER**

The Indiana Department of Insurance conducted an examination into the affairs of the Sagamore Insurance Company (hereinafter “Company”) for the time period January 1, 2017 through December 31, 2021.

The Verified Report of Examination was filed with the Commissioner of the Department of Insurance (hereinafter “Commissioner”) by the Examiner on May 12, 2023.

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 1, 2023 and was received by the Company on June 7, 2023.

The Company did not file any objections.

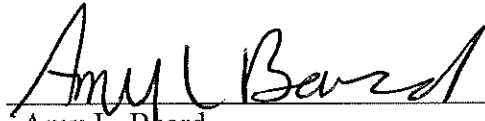
NOW THEREFORE, based on the Verified Report of Examination, I hereby make the following **FINDINGS**:

1. That the Verified Report of Examination is a true and accurate report of the financial condition and affairs of the Sagamore Insurance Company as of December 31, 2021.
2. That the Examiner’s Recommendations are reasonable and necessary in order for the Sagamore 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 this 29 day of  
June, 2023.

  
\_\_\_\_\_  
Amy L. Beard  
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.

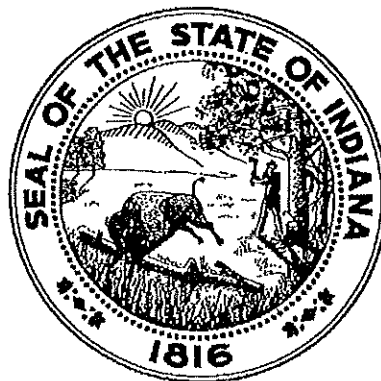
Should you have any questions or difficulties with these forms or you require additional time past the thirty (30) day requirement, please do not hesitate to contact this department at (317) 232-2390.

**STATE OF INDIANA**  
**Department of Insurance**  
**REPORT OF EXAMINATION**  
**OF**

**SAGAMORE INSURANCE COMPANY**  
NAIC Co. CODE 40460  
NAIC GROUP CODE 0155

As of

December 31, 2021



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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: 317-232-5251  
Website: [in.gov/idoi](http://in.gov/idoi)

May 12, 2023

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 4111, an examination has been made of the affairs and financial condition of:

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

hereinafter referred to as the "Company", or "SIC", 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, 2021, 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  
317-232-2402

COMPANY RECORDS  
317-232-5692

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, 2012, through December 31, 2016. The present risk-focused examination was conducted by Noble Consulting Services, Inc., and covered the period from January 1, 2017, through December 31, 2021, 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.

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, 2021.

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

SIC was incorporated on December 15, 1981. The Company was a subsidiary of Baldwin & Lyons, Inc. (B&L), a publicly traded company formed in 1930. SIC specializes in underwriting cargo, commercial auto, physical damage, and workers' compensation liability lines of insurance.

On December 15, 1985, B&L contributed the stock of SIC to Protective Insurance Company (PIC) and SIC became a wholly owned subsidiary of PIC. B&L, effective August 1, 2018, changed its name to Protective Insurance Corporation (Protective Corp).

On June 1, 2021, The Progressive Corporation (TPC) acquired Protective Corp resulting in TPC being the ultimate parent of Protective Corp, PIC, Protective Specialty Insurance Company (PSIC), and SIC.

## CAPITAL AND SURPLUS

As of December 31, 2021, the Company had 75,000 common shares authorized, issued, and outstanding, with a par value of \$100 each. SIC has no preferred stock authorized, issued, or outstanding. All issued and outstanding common shares have been owned by PIC throughout the examination period.



## DIVIDENDS TO STOCKHOLDERS

The Company paid no dividends during the examination period.

## TERRITORY AND PLAN OF OPERATION

SIC is licensed in forty-nine (49) states, the District of Columbia, and is registered as a surplus lines writer in the state of Florida. The Company currently writes fleet truck cargo, liability, physical damage and workers' compensation in forty-six (46) states, and customized product business to specific markets through a partnership with a program administrator in twenty-eight (28) states.

In 2021, the Company's largest two states with regards to direct premiums written were New York and California, with 25% and 10%, respectively, of total written premiums. No other state made up over 8% of direct writings in 2021.

The Company's small fleet trucking program and workers' compensation coverage is marketed through independent agents.

## GROWTH OF THE COMPANY

The following table 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>
2021	\$ 219,648,793	\$ 62,545,060	\$ 157,103,733	\$ 28,704,800	\$ 6,228,725
2020	207,519,642	57,051,708	150,467,934	28,465,190	6,009,528
2019	205,052,805	59,937,486	145,115,319	38,200,824	9,880,954
2018	191,463,465	55,738,337	135,725,128	36,255,860	5,590,723
2017	169,124,709	36,089,486	133,035,223	19,210,753	1,950,886

The increase in net admitted assets for 2021 was associated with the increase in premiums written.

The Company has a history of increases in surplus primarily due to net underwriting and investment gains.

Net income improved slightly for 2021 due to a modest increase in premium earned and realized capital gains which were offset by an increase in loss expenses.

## 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.

The following is a listing of persons serving as directors as of December 31, 2021, and their principal occupations as of that date:

Name and Address	Principal Occupation
Ashley J. Burris * Fishers, Indiana	Vice President and Chief Financial Officer The Progressive Corporation
Jeremy F. Goldstein Indianapolis, Indiana	Executive Vice President, Claims The Progressive Corporation
Michael J. Miller * Rocky River, Ohio	Chairman, President and Chief Executive Officer The Progressive Corporation
Bahram D. Omidfar Summit, Wisconsin	Chief Information 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

\* Included on the 2021 Annual Statement Jurat page but appointment not effective until January 1, 2022.  
Note – the titles listed above are considered each person’s title for SIC and would not be accurate titles for TPC.

Officers

The Bylaws state that the elected officers of the Company shall consist of a 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.

The following is a list of key officers and their respective titles as of December 31, 2021:

<u>Name</u>	<u>Office</u>
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
Ashley J. Burris *	Vice President and Chief Financial Officer
Sally B. Wignall	Vice President, General Counsel and Secretary
Ronald A. Goshen	Treasurer
Bahram D. Omidfar	Chief Information Officer
Patrick S. Schmiedt	Senior Vice President, Underwriting

\* Included on the 2021 Annual Statement Jurat page but appointment not effective until January 1, 2022.  
Note – the titles listed above are considered each person’s title for SIC 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, 2021.

### OATH OF OFFICE

IC 27-1-7-10(i) stipulates that every director, when elected, shall take and subscribe to an oath stating that he or she will faithfully, honestly, and diligently administer the affairs of the Company and will not knowingly violate any of the laws applicable to such Company. It was determined that all directors listed in the Management and Control section of this Report of Examination have subscribed to an oath as of December 31, 2021.

### 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 date of the annual meeting of shareholders is to be held within four (4) months after the close of the fiscal year, namely, on the third Tuesday in April of each year or on such other date five (5) business days prior to or following this date as may be designated by the Board. For each year under review, the annual meeting of shareholders was held within five (5) months following the close of each fiscal year.

The Protective Corp committee meeting minutes for the examination period, and through the fieldwork date, were reviewed for the following committees: Audit Committee, Nominating and Corporate Governance Committee. TPC Audit Committee minutes were reviewed post-acquisition date through December 31, 2021.

### **AFFILIATED COMPANIES**

#### Organizational Structure

The following abbreviated organizational chart shows the Company's parent and affiliates as of December 31, 2021:

	<u>NAIC Co. Code</u>	<u>Domiciliary State/Country</u>
The Progressive Corporation		OH
Progressive Commercial Holdings, Inc.		DE
National Continental Insurance Company	10243	NY
Progressive Express Insurance Company	10193	OH
Blue Hill Specialty Insurance Company, Inc.	15643	IL
Artisan and Truckers Casualty Company	10194	WI
United Financial Casualty Company	11770	OH
Protective Insurance Corporation		IN
B&L Brokerage Services, Inc.		IN
Transport Specialty Insurance Agency, Inc.		MI
<b>Protective Insurance Company</b>	<b>12416</b>	<b>IN</b>
<b>Protective Specialty Insurance Company</b>	<b>13149</b>	<b>IN</b>
<b>Sagamore Insurance Company</b>	<b>40460</b>	<b>IN</b>
B&L Insurance LTD.		Bermuda
B&L Management, Inc.		DE

#### 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 Corp. (PCMC), a non-insurance affiliate. Under the terms of the agreement, the Company is provided investment and capital management services in exchange for an investment management fee based on its use of services. During 2021, SIC did not pay any amounts to PCMC for these services.

##### Allocation of Federal Incomes Taxes

SIC was a party to a Consolidated Tax Allocation Agreement with Protective Corp for the period January 1, 2021 through May 31, 2021. Effective June 1, 2021, SIC participates in an Allocation of Federal Incomes Tax Agreement

with TPC and all of 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.

#### 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 includes paying expenses such as payroll and related expenses paid by Protective Corp. In 2021, SIC paid Protective Corp \$9,387,421.

#### 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 remit 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 2021, SIC paid PIC \$305,713.

#### Cash Management Agreement

Effective December 1, 2021, SIC 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.

#### Interest Agreement

Effective February 1, 2022, the Company became a participant 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 \$1,000,000, with an aggregate amount of \$2,000,000, and a \$10,000,000 deductible. The fidelity bond is adequate to meet the prescribed minimum coverage specified by the NAIC.

The Company had additional types of coverage in-force as of December 31, 2021, including but not limited to commercial property liability, employment practices liability, management indemnity/directors' and officers' liability, professional indemnity liability, and workers' compensation liability.

## PENSION, STOCK OWNERSHIP, AND INSURANCE PLANS

Prior to the acquisition by TPC, Protective Corp maintained a 401(k) employee savings and profit sharing plan through May 31, 2021. Effective June 1, 2021 (date of acquisition), TPC sponsors the defined contribution savings plan for PIC.

TPC has a defined contribution pension plan (401(k) Plan) that covers employees who have been employed by TPC for at least 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 401k expense was \$383,813 and \$475,502 for 2021 and 2020, respectively.

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 Gainshare 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 as of December 31, 2021:

<u>State</u>	<u>Book Value</u>	<u>Fair Value</u>
For All Policyholders:		
Arkansas	\$ 167,134	\$ 165,619
California	18,134,092	17,969,683
Delaware	109,270	111,727
Indiana	2,653,260	2,629,205
Ohio	261,148	258,780
All Other Special Deposits:		
Arizona	447,012	457,065
Georgia	99,336	101,570
Idaho	530,603	532,898
Massachusetts	198,472	196,673
Missouri	532,741	527,911
Nevada	334,269	331,238
New Hampshire	548,410	543,438
New Mexico	622,563	616,844
North Carolina	365,608	362,293
Oregon	715,545	709,057
Tennessee	114,872	113,850
Virginia	209,200	213,043
Total Deposits	<u>\$ 26,043,535</u>	<u>\$ 25,840,894</u>

## 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, SIC is indemnified by PIC for certain losses and expenses. SIC ceded \$4,920,821 in losses and expenses to SIC under this agreement in 2021.

Under an agreement effective January 15, 2003, SIC cedes certain excess of loss risks to PIC. PIC recognized a reduction of losses and expenses of \$121,203 from SIC related to this treaty in 2021.

Under the Contingent Liability Quota Share Reinsurance Agreement dated October 1, 2010, PIC and SIC cede certain risks to PSIC. No premium was ceded under this agreement in 2021. PSIC recognized a reduction of losses and expenses of \$87,000 from SIC under this agreement in 2021.

Under the Professional Liability Quota Share Reinsurance Agreement dated December 1, 2009, PIC and SIC cede certain risks to PSIC. No premium was ceded and no losses were incurred under this agreement in 2021.

### Ceded Reinsurance

SIC 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 SIC with the ability to offer the higher limits required by trucking company insureds.

### Assumed Reinsurance

SIC also assumes reinsurance voluntarily from other insurers using treaty arrangements and participates in certain reinsurance pools that require insurance companies to provide coverages 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, 2021 was agreed to the respective Annual Statement. The Annual Statement for the year ended December 31, 2021 was agreed to the independent audit report without material exception. The Company's accounting procedures, practices, and account records were deemed satisfactory.

FINANCIAL STATEMENTS

SAGAMORE INSURANCE COMPANY

Assets

As of December 31, 2021

	<u>Per Examination*</u>
Bonds	\$ 179,223,097
Cash, cash equivalents and short-term investments	21,543,506
Receivable for securities	51
Subtotal, cash and invested assets	<u>200,766,654</u>
Investment income due and accrued	679,653
Premiums and considerations:	
Uncollected premiums and agents' balances in course of collection	6,211,725
Deferred premiums, agents' balances and installments booked but deferred and not yet due	2,093,967
Reinsurance:	
Amounts recoverable from reinsurers	1,111,654
Net deferred tax asset	1,182,869
Guaranty funds receivable or on deposit	52,952
Receivables from parent, subsidiaries, and affiliates	7,340,315
Aggregate write-ins for other-than-invested assets	209,004
Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts	<u>219,648,793</u>
Total	<u>\$ 219,648,793</u>

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



SAGAMORE INSURANCE COMPANY  
Liabilities, Surplus and Other Funds  
As of December 31, 2021

	Per Examination*
Losses	\$ 39,360,478
Loss adjustment expenses	8,169,000
Commissions payable, contingent commissions and other similar charges	190,053
Other expenses	1,094,851
Taxes, licenses, and fees	205,220
Current federal and foreign income taxes	2,052,162
Unearned premiums	6,076,300
Ceded reinsurance premiums payable	4,784,615
Amounts withheld or retained by company for account of others	(446,384)
Remittances and items not allocated	604,538
Payable to parent, subsidiaries, and affiliates	299,436
Aggregate write-ins for liabilities	154,791
Total liabilities excluding protected cell liabilities	62,545,060
Total liabilities	62,545,060
Common capital stock	7,500,000
Gross paid in and contributed surplus	24,559,612
Unassigned funds (surplus)	125,044,121
Surplus as regards policyholders	157,103,733
Totals	\$ 219,648,793

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

SAGAMORE INSURANCE COMPANY  
Statement of Income  
For the Year Ended December 31, 2021

	Per Examination*
<b>UNDERWRITING INCOME</b>	
Premiums earned	\$ 28,704,800
<b>DEDUCTIONS</b>	
Losses incurred	9,923,472
Loss adjustment expenses incurred	6,556,391
Other underwriting expenses incurred	10,887,737
Total underwriting deductions	27,367,600
Net underwriting gain or (loss)	1,337,200
<b>INVESTMENT INCOME</b>	
Net investment income earned	2,732,384
Net realized capital gains or (losses) less capital gains tax	3,096,365
Net investment gain (loss)	5,828,749
<b>OTHER INCOME</b>	
Net gain (loss) from agents' or premium balances charged off	(77,340)
Finance and service charges not included in premiums	588
Aggregate write-ins for miscellaneous income	2,334
Total other income	(74,418)
Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	7,091,531
Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	7,091,531
Federal and foreign income taxes incurred	862,806
Net income	\$ 6,228,725

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

SAGAMORE INSURANCE COMPANY  
Capital and Surplus Account Reconciliation

	2021	2020	2019	2018	2017
Surplus as regards policyholders, December 31 prior year	\$150,467,934	\$145,115,319	\$135,725,128	\$133,035,223	\$129,063,726
Net income	6,228,725	6,009,528	9,880,954	5,590,723	1,950,886
Change in net unrealized capital gains or (losses) less capital gains tax	304,676	(566,601)	(598,531)	(3,386,060)	1,362,631
Change in net deferred income tax	40,730	34,528	73,109	296,546	677,079
Change in nonadmitted assets	61,668	(124,840)	34,659	188,696	(19,099)
Change in surplus as regards policyholders for the year	<u>6,635,799</u>	<u>5,352,615</u>	<u>9,390,191</u>	<u>2,689,905</u>	<u>3,971,497</u>
Surplus as regards policyholders, December 31 current year	<u>\$157,103,733</u>	<u>\$150,467,934</u>	<u>\$145,115,319</u>	<u>\$135,725,128</u>	<u>\$133,035,223</u>

### COMMENTS ON THE FINANCIAL STATEMENTS

There were no recommended adjustments to the financial statements as of December 31, 2021, based on the results of this examination.

### OTHER SIGNIFICANT ISSUES

There were no other significant issues to report.

### 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 Sagamore Insurance Company, as of December 31, 2021.

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 Sagamore Insurance Company as of December 31, 2021, as determined by the undersigned.

Paul Ellis  
Paul Ellis, CFE  
Noble Consulting Services, Inc.

Under the Supervision of:

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

State of: Indiana  
County of: Marion

On this 20<sup>th</sup> day of June, 2023, before me personally appeared, Paul Ellis and 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: 1-29-28

[Signature]  
Notary Public



Theresa Johnson  
Notary Public, State of Ohio  
My Commission Expires 01-29-28

\_\_\_\_\_  
Notary Public

