

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

IN THE MATTER OF:)
)
Universal Fire & Casualty Insurance Company)
518 Branch Court)
Columbia City, IN 46726)

Examination of: **Universal Fire & Casualty 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 Universal Fire & Casualty Insurance Company, any relevant examination work papers, and any written submissions or rebuttals. The Verified Report of Examination, as sent to you on June 2, 2017, 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 Universal Fire & Casualty 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.

6/21/2017
Date


Roy Eft
Chief Financial Examiner

CERTIFIED MAIL NUMBER: 7016 2070 0001 1479 8742

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

IN THE MATTER OF:)
)
Universal Fire & Casualty Insurance Company)
518 Branch Court)
Columbia City, IN 46725)

Examination of: **Universal Fire & Casualty Insurance Company**

FINDINGS AND FINAL ORDER

The Indiana Department of Insurance conducted an examination into the affairs of the Universal Fire & Casualty Insurance Company (hereinafter "Company") for the time period January 1, 2011 through December 31, 2015.

The Verified Report of Examination was filed with the Commissioner of the Department of Insurance (hereinafter "Commissioner") by the Examiner on March 31, 2017.

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 2, 2017 and was received by the Company on June 7, 2017.

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 Universal Fire & Casualty Insurance Company as of December 31, 2015.
2. That the Examiner's Recommendations are reasonable and necessary in order for the Universal Fire & Casualty 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 21st day of
June, 2017.



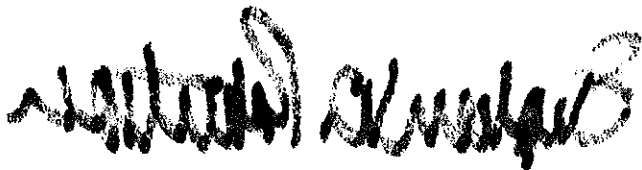
Stephen W. Robertson
Insurance Commissioner
Indiana Department of Insurance

ABOUT AFFIRMATIONS

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

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

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

A handwritten signature in black ink, appearing to read "Michael J. ...". The signature is written in a cursive style and is somewhat faded.

STATE OF INDIANA
Department of Insurance
REPORT OF EXAMINATION
OF

UNIVERSAL FIRE & CASUALTY INSURANCE COMPANY
NAIC COMPANY CODE 32867

As of

December 31, 2015

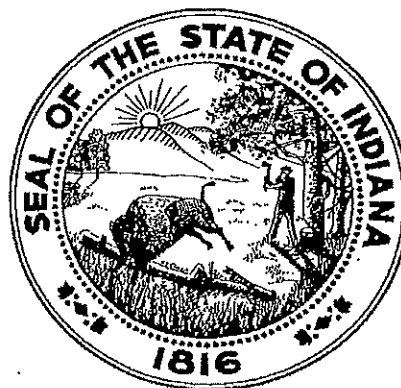


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STATE OF INDIANA

IDOI

ERIC HOLCOMB, 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

May 18, 2017

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 3902, an examination has been made of the affairs and financial condition of:

Universal Fire & Casualty Insurance Company
518 Branch Court
Columbia City, IN 46725

an Indiana stock insurance company, hereinafter referred to as the "Company." The examination was conducted at the Company's corporate offices located at 3214 Chicago Drive, Hudsonville, MI 49426.

The Report of Examination, showing the financial status of the Company as of December 31, 2015, is hereby respectfully submitted.

ACCREDITED BY THE
NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

AGENCY SERVICES (317) 232-2413 COMPANY COMPLIANCE (317) 233-0697 CONSUMER SERVICES (317) 232-2395 EXAMINATIONS/FINANCIAL SERVICES (317) 232-2390 MEDICAL MALPRACTICE (317) 232-2402 COMPANY RECORDS (317) 232-5692 STATE HEALTH INSURANCE PROGRAM 1-800-332-4674

SCOPE OF EXAMINATION

The Company was last examined by representatives of the Indiana Department of Insurance (INDOI) as of the period ending December 31, 2010. The present risk-focused examination was conducted by The Thomas Consulting Group, Inc. and covered the period from January 1, 2011 through December 31, 2015, and included any material transactions and/or events occurring subsequent to the examination date and noted during the course of this examination.

In conducting the examination, the INDOI, by its representatives, has relied upon the independent audit reports and opinions contained therein rendered by BDO Seidman, LLP for each year of the examination period. Such reports were prepared on a statutory basis and reconciled to the financial statements contained in the respective Annual Statements.

The examination was conducted in accordance with the 2015 NAIC *Financial Condition Examiners Handbook* which 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.

Actuarial specialists were not considered necessary in support of examination objectives due to the nature of the surety (bail bond) product sold by the Company. No loss or loss adjustment expenses were incurred or accrued as of December 31, 2015, as the agents assume 100% of the liability for any potential bond forfeitures. Further, the Company insulates itself from potential liability through maintenance of a buildup fund that can be utilized in the event of an agent default. Examiners verified that no loss or loss claims related activity occurred during or subsequent to the examination period ending December 31, 2015.

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

The Company was formed and licensed in 1976 as Physicians & Surgeons Liability Insurance Company, Inc. Effective June 26, 2002, North Pointe Holdings Corporation acquired the Company, maintaining a 40% ownership share, while its wholly-owned subsidiary, North Pointe Insurance Company, maintained the remaining 60% ownership share. Effective July 1, 2003, the Company was purchased by Universal Holding Corporation (UHC). The agreement was a clean shell purchase of 100% of the stock. The shell consisted of seven (7) state licenses and \$5,000,000 in unencumbered capital and surplus.

CAPITAL AND SURPLUS

The Company has 400,000 shares of authorized common stock with no par value, of which 372,000 shares were outstanding to its parent, UHC. The Company has 60,000 shares of class B no par value common stock authorized with none issued and 350 shares of \$1,000 par value preferred stock authorized with 250 shares stock issued and outstanding. As of December 31, 2015 the Company reported capital stock totaling \$2,000,000, preferred stock totaling \$250,000, gross paid in and contributed surplus totaling \$893,480 and unassigned funds (surplus) totaling \$ 3,658,548.

DIVIDENDS TO STOCKHOLDERS

There were no dividends declared or paid during the examination period.

TERRITORY AND PLAN OF OPERATION

As of December 31, 2015, the Company was licensed to transact insurance business in twenty-eight (28) states, writing in twenty-two (22) of those. The majority of 2015 premiums were produced in Ohio, Michigan, and Connecticut. In 2016, the Company was approved to write business in Georgia, Hawaii, Louisiana, Mississippi, and Texas. Surety bail is the Company's sole line of business. The Company enters into a fronting agreement with each of its contracted agents. Under the terms of this agreement, the agent retains the majority of the premiums (up to 89%) and assumes 100% of the liability for forfeiture of the bond.

GROWTH OF THE COMPANY

The following exhibit depicts the Company's financial results throughout the examination period:

<u>Year</u>	<u>Admitted Assets</u>	<u>Liabilities</u>	<u>Capital & Surplus</u>	<u>Premiums Earned</u>	<u>Net Income (Loss)</u>
2015	\$14,454,033	\$7,652,005	\$6,802,028	\$2,563,106	\$285,240
2014	14,161,578	7,482,238	6,679,340	2,602,705	127,489
2013	13,430,497	6,872,146	6,558,351	2,891,372	124,069
2012	12,619,570	6,188,788	6,430,782	2,835,025	4,089
2011	11,034,395	4,565,660	6,468,735	2,764,889	212,268

The Company has reported positive net income in each of the years under examination.

MANAGEMENT AND CONTROL

Directors

The Company's Bylaws provide that the business affairs of the Company are to be managed by a Board of Directors consisting of not less than five (5) and no more than nine (9) persons, at least one (1) of which must be a resident of the State of Indiana. The following persons served as directors of the Company as of December 31, 2015:

<u>Name and Residence</u>	<u>Position and Principal Occupation</u>
Thomas M. Parker Bloomfield Hills, Michigan	Chairman and Chief Executive Officer Universal Fire & Casualty Insurance Company
Richard J. Klimaszewski Houston, Texas	President and Chief Operating Officer Universal Fire & Casualty Insurance Company
Joseph A. Fink Haslett, Michigan	Partner Dickinson Wright PLLC
Richard L. Roehling Columbia City, Indiana	Owner Midwest Bonding Company
Lloyd A. Schwartz Bloomfield Hills, Michigan	Treasurer Universal Fire & Casualty Insurance Company

Officers

The Company's Bylaws state the officers of the Company, who shall be chosen by the Board of Directors, shall consist of a Chairman of the Board of Directors, President, Secretary, Treasurer, Controller, one (1) or more Vice Presidents, and such other subordinate officers as may be prescribed by the Bylaws. The same person may hold any two (2) or more offices, except the duties of the President and Secretary shall not be performed by the same person. The following is a list of key officers and their respective titles as of December 31, 2015:

<u>Name</u>	<u>Office</u>
Thomas M. Parker	Chairman and Chief Executive Officer
Richard J. Klimaszewski	President and Chief Operating Officer
Brian M. Lietzke	Chief Financial Officer, Secretary and Vice President
Lloyd A. Schwartz	Treasurer

Corporate Governance

In accordance with IC 27-1-4.1-6 the Company is required to submit a copy of its Corporate Governance filing no later than June 1st of each calendar year. The Corporate Governance filing due June 1, 2016 was submitted to the INDOI on April 3, 2017. See "SUBSEQUENT EVENTS" section of the examination report.

CONFLICT OF INTEREST

The Company has in place an established conflict of interest policy and procedures for the disclosure of any material interest or affiliation by any director, officer, or key employee, which is likely to conflict with

their official duties. From a review of the officers and directors signed statements, there were no material conflicts of interest noted for the period under examination.

OATH OF OFFICE

IC 27-1-7-10(i) requires 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 corporation and will not knowingly violate any of the laws applicable to such corporation. Each director serving as of December 31, 2015, signed an Oath of Office statement when elected.

CORPORATE RECORDS

Articles of Incorporation

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

Bylaws

The Company amended its Bylaws on September 25, 2012 to revise Article 10 - Indemnification. Significant revisions included: 1.) addition of language permitting the company to purchase and maintain indemnity insurance, and 2.) authorization of indemnification shall be determined by a vote of a quorum of directors who were not parties to the actions; or by independent legal counsel; or by the shareholder.

Minutes

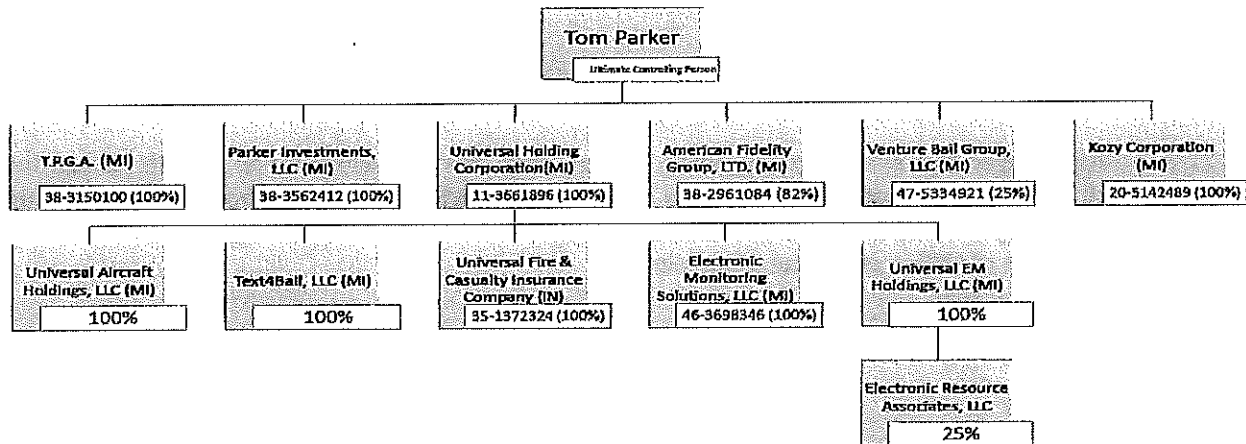
The Board of Directors and Shareholder Meeting minutes were reviewed for the period under examination through the fieldwork completion date, and significant actions taken during each meeting were noted. It was determined that the Annual Board Meetings and other regular board meetings were held in accordance with the Company's Bylaws.

AFFILIATED COMPANIES

Organizational Structure

The Company is a member of an insurance holding company system as defined within IC 27-1-23 and Regulation of Insurance Holding Company Systems. The Company is wholly owned by UHC, a Michigan domiciled corporation. The following organizational chart depicts the Company's relationship within the holding company system.

ORGANIZATIONAL CHART



Affiliated Agreements

The following affiliated agreements were disclosed as part of the Form B – Holding Company Registration Statement and were filed with, and not disapproved by, the INDOI in accordance with IC 27-1-23-4(b)(4).

Management, Service, and Production Agreement

The Company has an agreement with UHC and Tom Parker General Agency, Inc. (TPGA), under which the Company receives services such as management, consulting, underwriting, licensing, human resources, regulatory filings, financial statements, agent appointments, and other consulting services. The Company paid inter-company fees to TPGA, totaling \$255,869 and \$355,955, as compensation for introduction of its limited surety agent network during 2015 and 2014, respectively. In addition the Company incurred management fees from UHC of \$450,000 and \$475,000 during 2015 and 2014, respectively.

Lease Agreement

The Company paid rent to Parker Investments, LLC under a ten-year lease agreement which was effective January 1, 2008. The total lease expense paid to Parker Investments, LLC during 2015 was \$206,988.

FIDELITY BOND AND OTHER INSURANCE

The Company protects itself against loss from any fraudulent or dishonest acts by its employees through a fidelity bond issued by Star Insurance Company. The bond has aggregate coverage of \$350,000 with a single loss limit of \$350,000. The fidelity bond limit was adequate to meet the prescribed minimum coverage specified by the NAIC.

The Company had additional types of coverage in-force as of December 31, 2015, including, but not limited to property and liability, workers' compensation, and employers' liability.

STATUTORY AND SPECIAL DEPOSITS

The Company reported special deposits comprised of U.S. Treasury Notes and short-term investments held by various Departments of Insurance as of December 31, 2015:

<u>State</u>	<u>Book Value</u>	<u>Fair Value</u>
Deposits For the Benefit of All Policyholders:		
Indiana	\$ 1,604,207	\$ 1,621,111
All Other Special Deposits:		
Florida	100,000	100,000
Indiana	80,511	80,511
Kansas	75,000	75,000
Michigan	73,364	75,279
Nevada	224,235	215,357
New Mexico	118,591	121,962
South Carolina	241,432	246,485
Virginia	217,135	220,369
Total Deposits	\$ 2,734,475	\$ 2,756,074

REINSURANCE

Reinsurance Ceded

The Company has a quota share reinsurance agreement with Star Insurance Company. Bonds with limits greater than \$600,000 up to \$1,000,000 shall be included under the agreement. The reinsurer shall pay to the Company 40% of all paid losses and loss expenses. In consideration for the reinsurance provided, there will be a reinsurance premium (ceded premium) by the Company, which equals 40% of the gross written premium less the ceding commission. The agreement shall cover the same territory as the bonds written by the Company.

The Company did not have any ceded reinsurance premiums in 2014 or 2015.

RESERVES

Mark A. Doepke, FCAS, MAAA, of Actuarial Advisor, Inc. was the Appointed Actuary for the Company. Mr. Doepke was appointed by the Board of Directors to render an opinion on the statutory-basis loss reserves of the Company for all years covered by this examination.

The scope of the opinion stated the Actuary examined the reserves as shown in the Annual Statement of the Company as prepared for filing with state regulatory officials as of December 31, 2015. In forming the opinion, information prepared by the Company was relied upon. The provided data was evaluated for reasonableness and consistency. The data was reconciled to Schedule P – Part 1 of the Company's Annual Statement as of December 31, 2015. The examination included such review of the actuarial assumptions and methods and such tests of the calculations as considered necessary.

The 2015 opinion stated the reserve balances: 1) meet the requirements of the insurance laws of Indiana; 2) are consistent with reserves computed in accordance with accept actuarial standards and principles; 3) make a reasonable provision for all unpaid loss and loss adjustment expense obligations of the Company under the terms of its contracts and agreements.

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 ending December 31, 2011 to 2015, were agreed to the respective Annual Statements without exception. The Annual Statement for the year ending December 31, 2015, was agreed to the year's independent audit report with no exception noted.

The Company's independent auditors issued unqualified opinions on the Company's audited financial statements for each year during the examination period. No material exceptions were noted when agreeing the Company's audited financial statements to the respective Annual Statements. All of the independent audit work papers were made available to the examiners during the examination.

FINANCIAL EXHIBITS

Comparative Exhibit – Statutory Statement of Admitted Assets
Comparative Exhibit – Statutory Statement of Liabilities, Surplus and Other Funds
Comparative Exhibit - Statutory Statement of Income
Comparative Exhibit – Statutory Capital and Surplus Account

NOTE: Amounts are shown in whole dollars and columns may not total due to rounding.

UNIVERSAL FIRE & CASUALTY INSURANCE COMPANY

FINANCIAL STATEMENTS

Assets

As of December 31, 2015

	Per Annual Statement	Exam Adjustments	Per Examination	December 31, Prior Year
Assets:				
Bonds	\$ 2,678,887	\$ -	\$ 2,678,887	\$ 4,341,366
Mortgage loans on real estate	239,099	-	239,099	241,890
Real estate	-	-	-	523,174
Cash, cash equivalents and short-term investments	3,715,109	-	3,715,109	1,306,138
Other invested assets	<u>128,813</u>	-	<u>128,813</u>	<u>200,000</u>
Subtotals, cash and invested assets	<u>\$ 6,761,908</u>	<u>\$ -</u>	<u>\$ 6,761,908</u>	<u>\$ 6,612,568</u>
Investment income due and accrued	\$ 23,166	\$ -	\$ 23,166	\$ 53,588
Uncollected premiums and agents' balances in the course of collection	132,995	-	132,995	129,405
Current federal and foreign income tax recoverable and interest thereon	4,564	-	4,564	15,064
Aggregate write-ins for other than invested assets	7,531,400	-	7,531,400	7,350,953
Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts	<u>\$ 14,454,033</u>	<u>\$ -</u>	<u>\$ 14,454,033</u>	<u>\$ 14,161,578</u>
Total Assets	<u><u>\$ 14,454,033</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 14,454,033</u></u>	<u><u>\$ 14,161,578</u></u>

UNIVERSAL FIRE & CASUALTY INSURANCE COMPANY

FINANCIAL STATEMENTS

Liabilities, Surplus, and Other Funds

As of December 31, 2015

	Per Annual Statement	Exam Adjustments	Per Examination	December 31, Prior Year
Liabilities:				
Other expenses (excluding taxes, licenses and fees)	\$ 3,182	\$ -	\$ 3,182	\$ 2,663
Taxes, licenses and fees (excluding federal and foreign income taxes)	24,644	-	24,644	28,051
Net deferred tax liability	4,519	-	4,519	4,500
Payable to parent, subsidiaries, and affiliates	99,671	-	99,671	99,671
Aggregate write-ins for liabilities	<u>7,519,989</u>	<u>-</u>	<u>7,519,989</u>	<u>7,347,353</u>
Total liabilities excluding protected cell liabilities	<u>\$ 7,652,005</u>	<u>\$ -</u>	<u>\$ 7,652,005</u>	<u>\$ 7,482,238</u>
Total liabilities	<u>\$ 7,652,005</u>	<u>\$ -</u>	<u>\$ 7,652,005</u>	<u>\$ 7,482,238</u>
Common capital stock	\$ 2,000,000	\$ -	\$ 2,000,000	\$ 2,000,000
Preferred capital stock	250,000	-	250,000	250,000
Gross paid in and contributed surplus	893,480	-	893,480	893,480
Unassigned funds (surplus)	<u>3,658,548</u>	<u>-</u>	<u>3,658,548</u>	<u>3,535,860</u>
Surplus as regards policyholders	<u>\$ 6,802,028</u>	<u>\$ -</u>	<u>\$ 6,802,028</u>	<u>\$ 6,679,340</u>
Total Liabilities, Surplus and Other Funds	<u>\$ 14,454,033</u>	<u>\$ -</u>	<u>\$ 14,454,033</u>	<u>\$ 14,161,578</u>

UNIVERSAL FIRE & CASUALTY INSURANCE COMPANY

FINANCIAL STATEMENTS

Statement of Income

As of December 31, 2015

	Per Annual Statement	Exam Adjustments	Per Examination	December 31, Prior Year
Underwriting Income				
Premiums earned	\$ 2,563,106	\$ -	\$ 2,563,106	\$ 2,602,705
Other underwriting expenses incurred	\$ 2,461,145	\$ -	\$ 2,461,145	\$ 2,545,531
Total underwriting deductions	\$ 2,461,145	\$ -	\$ 2,461,145	\$ 2,545,531
Net underwriting gain or (loss)	\$ 101,961	\$ -	\$ 101,961	\$ 57,174
Investment Income				
Net investment income earned	\$ 99,146	\$ -	\$ 99,146	\$ 49,730
Net realized capital gains (losses) less capital gains tax	67,296	-	67,296	-
Net investment gain (loss)	\$ 166,442	\$ -	\$ 166,442	\$ 49,730
Other Income				
Aggregate write-ins for miscellaneous income	\$ 27,337	\$ -	\$ 27,337	\$ 22,385
Total Other Income	\$ 27,337	\$ -	\$ 27,337	\$ 22,385
Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	\$ 295,740	\$ -	\$ 295,740	\$ 129,289
Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income tax	\$ 295,740	\$ -	\$ 295,740	\$ 129,289
Federal and foreign income taxes incurred	10,500	-	10,500	1,800
Net Income	\$ 285,240	\$ -	\$ 285,240	\$ 127,489

UNIVERSAL FIRE & CASUALTY INSURANCE COMPANY

FINANCIAL STATEMENTS

Capital and Surplus Account

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Capital and Surplus Account:					
Surplus as regards policyholders, December 31, prior year	\$ 6,679,340	\$ 6,558,351	\$ 6,430,782	\$ 6,468,735	\$ 6,249,367
Net income	\$ 285,240	\$ 127,489	\$ 124,069	\$ 4,089	\$ 212,268
Change in net unrealized capital gains or (losses) less capital gains tax	(162,533)	-	-	-	-
Change in net deferred income tax	(19)	(6,500)	3,500	25,600	7,100
Aggregate write-ins for gains and losses in surplus	-	-	-	(67,642)	-
Change in surplus as regards policyholders for the year	\$ 122,688	\$ 120,989	\$ 127,569	\$ (37,953)	\$ 219,368
Surplus as regards policyholders, December 31 current year	\$ 6,802,028	\$ 6,679,340	\$ 6,558,351	\$ 6,430,782	\$ 6,468,735

COMMENTS ON THE FINANCIAL STATEMENTS

There were no recommended adjustments to surplus as of December 31, 2015, based on the results of this examination.

OTHER SIGNIFICANT FINDINGS

There were no other significant findings noted based upon the results of this examination.

SUBSEQUENT EVENTS

Corporate Governance Annual Disclosure

In accordance with IC 27-1-4.1-6, the Company shall, no later than June 1 of each calendar year, provide the INDOI with a copy of its Corporate Governance filing. On April 3, 2017, prior to completion of fieldwork, the Company provided the INDOI with a copy of the Corporate Governance filing due June 1, 2016.

It is recommended that the company submit its Corporate Governance Annual Disclosure prior to the June 1 annual deadline.

MANAGEMENT REPRESENTATION

In support of contingencies and accuracy of information provided during the course of the examination, the Examiners obtained a management representation letter in the standard NAIC format. This letter was executed by key financial personnel of the Company and provided to the Examiners.

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 The Thomas Consulting Group, Inc., performed an examination of the **Universal Fire & Casualty Insurance Company** as of **December 31, 2015**.

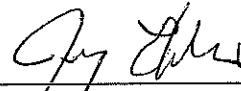
The Indiana Department of Insurance is accredited under the National Association of Insurance Commissioners Financial Regulation Accreditation Standards.

The examination was performed in accordance with those procedures required by the 2015 NAIC *Financial Condition Examiner's Handbook* and other procedures tailored for this examination. Such procedures performed on this examination do not constitute an audit made in accordance with generally accepted auditing standard 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 the **Universal Fire & Casualty Insurance Company** as of **December 31, 2015**, as determined by the undersigned.



David Daulton, CFE
The Thomas Consulting Group, Inc.




Jerry Ehlers, CFE, CPA
Indiana Department of Insurance

State of:

County of:

On this 1 day of June, 2017, before me personally appeared, David Daulton, 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 05/06/2018 
Notary Public



