

STATE OF MISSOURI



DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS AND PROFESSIONAL REGISTRATION

P.O. Box 690, Jefferson City, Mo. 65102-0690

RE: Examination Report of Savers Property and Casualty Insurance Company for the period ended December 31, 2010

ORDER

After full consideration and review of the report of the financial examination of Savers Property and Casualty Insurance Company for the period ended December 31, 2010, together with any written submissions or rebuttals and any relevant portions of the examiner's workpapers, I, John M. Huff, Director, Missouri Department of Insurance, Financial Institutions and Professional Registration pursuant to section 374.205.3(3)(a), RSMo., adopt such examination report. After my consideration and review of such report, workpapers, and written submissions or rebuttals, I hereby incorporate by reference and deem the following parts of such report to be my findings and conclusions to accompany this order pursuant to section 374.205.3(4), RSMo: summary of significant findings, subsequent events, company history, corporate records, management and control, fidelity bond and other insurance, pension, stock ownership and insurance plans, territory and plan of operations, growth of the company and loss experience, reinsurance, accounts and records, statutory deposits, financial statements, financial statement changes resulting from examination, and comments on financial statement items.

Based on such findings and conclusions, I hereby ORDER, that the report of the Financial Examination of Savers Property and Casualty Insurance Company as of December 31, 2010, be and is hereby ADOPTED as filed and for Savers Property and Casualty Insurance Company to take the following action or actions, which I consider necessary to cure any violation of law, regulation or prior order of the Director revealed by such report: (1) implement, and verify compliance with each item, if any, mentioned in the Comments on Financial Statement Items and/or Summary of Recommendations section of such report; (2) account for its financial condition and affairs in a manner consistent with the Director's findings and conclusions.

So ordered, signed and official seal affixed this 15th day of June, 2012.



John M. Huff, Director
Department of Insurance, Financial Institutions
and Professional Registration

REPORT OF THE
FINANCIAL EXAMINATION OF
**SAVERS PROPERTY AND CASUALTY
INSURANCE COMPANY**

AS OF
DECEMBER 31, 2010

FILED

JUN 25 2012

DIRECTOR OF INSURANCE,
FINANCIAL INSTITUTIONS &
PROFESSIONAL REGISTRATION



STATE OF MISSOURI

DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS AND
PROFESSIONAL REGISTRATION

JEFFERSON CITY, MISSOURI

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Southfield, MI
April 10, 2012

Honorable Joseph Torti, III, Deputy Director and
Superintendent of Banking and Insurance
Rhode Island Department of Business Regulation
Chair, NAIC Financial Condition (E) Committee

Honorable Stephen W. Robertson, Commissioner
Indiana Department of Insurance
Midwestern Zone Secretary

Honorable John M. Huff, Director
Missouri Department of Insurance, Financial
Institutions and Professional Registration
301 West High Street, Room 530
Jefferson City, Missouri 65102

Gentlemen:

In accordance with your financial examination warrant, a full scope financial association examination has been made of the records, affairs and financial condition of

Savers Property and Casualty Insurance Company

hereinafter referred to as Savers or as the Company. Its main administrative office is located at 26255 American Drive, Southfield, Michigan 48034, telephone number 248-358-1100. The fieldwork for this examination began on March 28, 2011, and concluded on the above date.

SCOPE OF EXAMINATION

Period Covered

We have performed a full scope association financial examination of Savers. The last examination was completed as of December 31, 2007 and was conducted by examiners from the State of Missouri representing the Midwestern Zone of the National Association of Insurance Commissioners (NAIC) with no other zone participating. This examination covers the period of January 1, 2008 through December 31, 2010. This examination was conducted by and performed concurrently with the examinations of the Company's parent, Star Insurance Company (Star) and affiliates Ameritrust Insurance Corporation (Ameritrust) and Willamsburg National Insurance Company (Willamsburg) by the Michigan Office of Financial and Insurance Regulation (MI OFIR). Affiliates Century Surety Company (Century) and ProCentury Insurance Company (ProCentury) were also examined by the Ohio Department of Insurance (OH DOI) and the Texas Department of Insurance (TX DOI), respectively. All companies examined will

collectively be referred to as the Group. The examination also includes the material transactions and/or events occurring subsequent to the examination date which are noted in this report.

Procedures

We conducted our examination in accordance with the NAIC Financial Condition Examiners Handbook (Handbook) except where practices, procedures and applicable regulations of the Missouri Department of Insurance, Financial Institutions and Professional Registration (DIFP) and statutes of the State of Missouri prevailed. The Handbook requires that we plan and perform the examination to evaluate the financial condition and identify prospective risks of the Company by obtaining information about the Company, including corporate governance, inherent risks within the Company, system controls, and procedures used to mitigate those risks. This examination also included assessing the principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation and management's compliance with Statutory Accounting Principles and annual statement instructions.

All accounts and activities of the Company were considered in accordance with the risk-focused examination approach. Key activities for Savers included: Investments, Underwriting, Expenses, Other Liabilities & Surplus, Taxes, Reinsurance Assumed and Ceded, Related Parties, Claims Handling, Premiums, and Reserves.

Reliance Upon Others

The examination relied heavily upon information provided by the Company and its management. Where the examiners have deemed appropriate, this information has been tested or verified with external sources. The examiners also relied upon information supplied by the Company's independent auditor, Ernst & Young, of Detroit, MI for its audits covering the period from January 1, 2009 through December 31, 2009. Information relied upon included fraud risk analysis and narrative descriptions of processes and controls.

The examination also relied upon information provided by the MI OFIR, OH DOI, and TX DOI in conjunction with their examinations of Star Insurance Company and the other companies within the Group. This information included, but was not limited to, assessment of prospective risks and control and substantive testing for investments, underwriting, expenses, taxes, reinsurance, related parties, claims, premiums and reserves.

SUMMARY OF SIGNIFICANT FINDINGS

There were no material adverse findings, significant non-compliance issues, or material changes to the financial statements noted during the examination.

SUBSEQUENT EVENTS

There were no significant subsequent events noted from December 31, 2010 through the date of this report.

CORPORATE HISTORY

General

Savers Property and Casualty Insurance Company was incorporated on December 17, 1985 as a stock casualty insurance company under the provision of Missouri Law at Chapter 379 (Insurance other than life) and commenced business effective January 28, 1986. Savers was owned by Franklin Insurance Holdings, Inc. prior to being sold to Star in 1990. Star is wholly owned by the Meadowbrook Insurance Group, Inc (MIGI).

Capital Contributions

No capital contributions were received by Savers during the examination period.

Dividends

Dividends paid to Star, as approved by the Board of Directors, are indicated below.

<u>Year Paid</u>	<u>Amount Paid</u>
2010	\$6,610,754
2009	6,545,886
2008	5,460,307

Mergers and Acquisition

On February 20, 2008, MIGI entered into a definitive merger agreement with ProCentury Corporation. The transaction was valued at approximately \$272.6 million. ProCentury Corporation and its subsidiaries (Century and ProCentury) are wholly owned by MIGI and affiliates of the Company.

CORPORATE RECORDS

A review was made of the Company's Articles of Incorporation and Bylaws for the period under examination. There were no amendments or changes to the Articles of Incorporation and Bylaws during the examination period.

The minutes of the Company's Board of Directors, the sole shareholder meetings and all committee meetings were reviewed and, in general, appear to properly reflect and approve the corporate transactions and events for the period under examination.

MANAGEMENT AND CONTROL

Board of Directors

The management of the Company is vested in a Board of Directors comprised of 9 Directors elected by the sole shareholder. Savers' Articles of Incorporation specify that the total number of directors shall be 9. The Directors elected and serving as of December 31, 2010, were as follows:

<u>Name and Address</u>	<u>Business Affiliation</u>
Kenn R. Allen, Northville, Michigan	President of Meadowbrook Insurance Agencies
Robert S. Cubbin, Bloomfield Hills, Michigan	President and Chief Executive Officer of Meadowbrook, Inc.
Steven C. Divine, Northville, Michigan	Vice President & Controller of Meadowbrook, Inc.
Randolph W. Fort, Northville, Michigan	Senior Vice President of Meadowbrook, Inc.
James M. Mahoney, Plymouth, Michigan	Senior Vice President of Meadowbrook, Inc.
Joseph E. Mattingly, Livonia, Michigan	Senior Vice President of Meadowbrook, Inc.
Archie S. McIntyre, Shelby Township, Michigan	Senior Vice President of Meadowbrook, Inc.
Karen M. Spaun, Farmington Hills, Michigan	Vice President & Treasurer of Meadowbrook, Inc.
Angelo L. Williams, Southfield, Michigan	Vice President of Meadowbrook, Inc.

The Savers' Board of Directors had no active committees. Committees of the direct and ultimate parent of Savers were utilized with their actions being reviewed and ratified by the Savers' Board of Directors.

The Company's Bylaws stipulate that the Board of Directors shall elect a President, one or more Vice Presidents, a Secretary, a Treasurer, one or more Assistant Secretaries, and one or more Assistant Treasurers as officers of the Company. The officers elected and serving as of December 31, 2010 were as follows:

<u>Name</u>	<u>Title</u>
Robert S. Cubbin	Chairman
Joseph E. Mattingly	President
Michael G. Costello	Secretary, Senior Vice President, & General Counsel
Steven C. Divine	Treasurer & Vice President

Kenn R. Allen	Vice President
Randolph W. Fort	Vice President
Archie S. McIntyre	Vice President
Karen M. Spaun	Vice President
Angelo L. Williams	Vice President

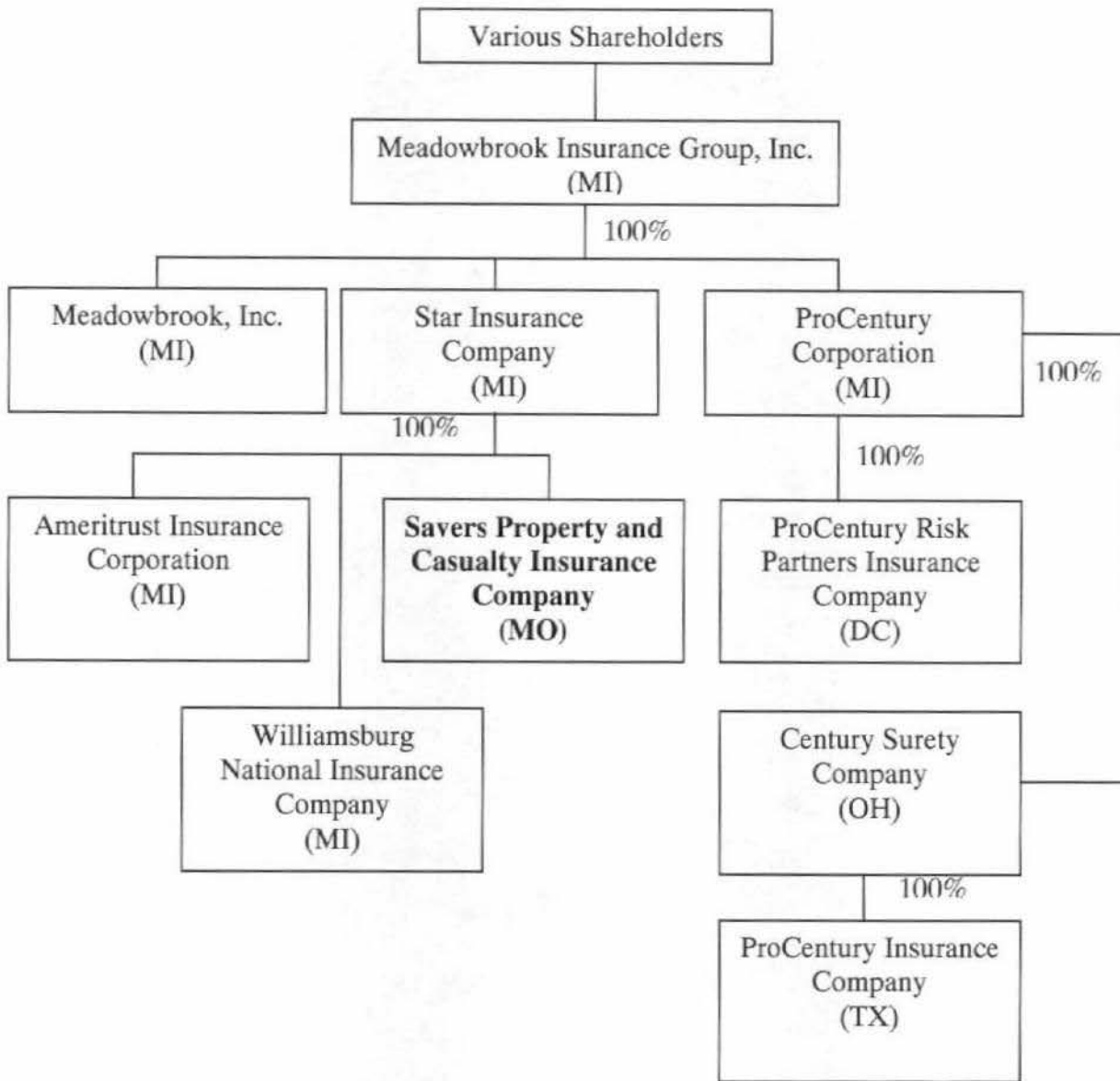
Holding Company, Subsidiaries and Affiliates

Savers is a member of an Insurance Holding Company System as defined by 382.010 RSMo (Definitions) and is wholly owned by Star Insurance Company. Star, in turn, is a wholly owned subsidiary of Meadowbrook Insurance Group, Inc, and insurance holding company.

MIGI is a publicly traded entity listed on the New York Stock Exchange. No one shareholder owns ten percent (10%) or more of the issued and outstanding stock of MIGI.

Organizational Chart

The ultimate parent, MIGI, has a number of subsidiaries, which are too numerous to list in this report. Therefore, only entities that have a direct and indirect ownership of Savers and entities that have significant transactions with Savers are listed. The following organizational chart depicts the ownership of Savers as of December 31, 2010:



Intercompany Transactions

The Company's intercompany agreements as of December 31, 2010 are outlined below.

1. Type: Management Services Agreement

Parties: MIGI, Savers, Star, Ameritrust, Williamsburg, Century, ProCentury, ProCentury Risk Partners Insurance Company (ProCentury Risk), and Meadowbrook, Inc. (Meadowbrook)

Effective: October 1, 2007. Amended effective July 1, 2011

Terms: Meadowbrook will perform for Savers (and all other group insurers listed) the day-to-day operations by providing various administrative and management services. These services include, but are not limited to, accounting and actuarial services, claim and benefit payments, customer services, marketing and sales services, information technology services, legal and government relation services, broker and agent services, and general office services. Meadowbrook may engage a third-party, agents or subsidiaries to perform certain functions under this agreement. The insurers shall have the authority to approve or terminate the third-party as well as approval of commission rates. To the extent Meadowbrook delegates functions to a third-party, the fee for services shall be paid by Meadowbrook (subject to reimbursement by the insurers). Services provided will be reimbursed at the lower of Meadowbrook's actual costs or Savers direct costs if they performed the services directly.

Note: The agreement was amended effective July 1, 2011 to amend the method of determining expenses. Expenses will now be determined annually, based on the costs associated with each insurer's portion of underwritten business. Indirect and shared expenses will be allocated per SSAP #70 (Allocation of Expenses).

2. Type: Agency Agreement

Parties: Meadowbrook, Savers, and Meadowbrook's agency affiliates (collectively referred to as the Agent)

Effective: October 1, 2009

Terms: The Agent is appointed and provided limited authority to solicit and secure applications for Savers. The Agent is granted binding authority, pursuant to Savers' underwriting guidelines, policies, bulletins, or other documents. The Agent shall submit on the 10th of each month an account current indicating the prior month's premium and taxes/surcharges due. The Agent is responsible for billing and collecting from the policyholder, all deposit, installment, endorsement and audit premiums and remitting net of commission to the Company by the 15th day of the following month. Compensation to the Agent will be as set out in the commission schedule attached to the agreement.

3. Type: Tax Allocation Agreement

Parties: MIGI and its subsidiaries, including Savers

Effective: October 1, 2008

Terms: Each entity will calculate its tax liability on a stand-alone basis. All settlements will be made in thirty days, unless MIGI is receiving a refund. In a refund situation, the settlements will be made within thirty days of receipt of refund.

4. Type: Loan Agreement

Parties: MIGI; Star and its subsidiaries including Savers, Century, ProCentury, and ProCentury Risk (collectively referred to as the “Parties” and individually as the “Party”); and Meadowbrook

Effective: October 1, 2004

Terms: Meadowbrook is authorized to advance monies (Advances) in Meadowbrook’s control, from any of the Parties (Creditor) to any of the other Parties (Debtor). Meadowbrook is authorized to direct any of the Parties, as Debtor, to receive advances from another of the Parties acting as Creditor. Parties recognize that from time to time one Party may receive payment from or make payments to third parties on behalf of itself and one or more of the other Parties. Payments or advances for third parties shall not exceed the amounts which would have been paid to or received from the third party had the transaction occurred directly. Payments or advances in aggregate shall not exceed the lesser of three percent (3%) of either the Creditor’s or Debtor’s admitted assets or twenty-five percent (25%) of either the Creditor’s or Debtor’s policyholder surplus as of the preceding December 31. Meadowbrook shall maintain a written record of all advances and payments made pursuant to this agreement.

Advances unrelated to third party payments will accrue interest at a rate determined by Meadowbrook. Date of the repayment of these advances will be at Meadowbrook’s discretion. Advances related to third party payments will be settled within 30 days.

5. Type: Inter-Company Reinsurance Agreement

Parties: Star, Ameritrust, Savers, Williamsburg, Century, and ProCentury (collectively referred to as Affiliates)

Effective: January 1, 2009

Terms: Affiliates agree to cede to Star and Star agrees to reinsure 100% of the affiliates’ direct and assumed business. Under the agreement, the participants share all underwriting liabilities and income and expenses relating to all insurance and reinsurance policies existing as of January 1, 2009. Star is the lead insurer and is responsible for securing external reinsurance on behalf of the entire pool and redistributing the net retained pooled business to each participant in accordance with the following percentages: Star 35.83%, Century 29.07%, Savers 13.04%, ProCentury 9.44%, Williamsburg 6.72%, and Ameritrust 5.90%.

The following is a table of amounts incurred under the above described intercompany agreements to Meadowbrook.

Agreement	2010	2009	2008
Management Services Agreement	\$ 2,925,101	\$ 3,581,151	\$ 3,866,077
Agency Agreement	21,290	22,530	-
Totals	\$ 2,946,391	\$ 3,603,681	\$3,866,077

FIDELITY BOND AND OTHER INSURANCE COVERAGES

The Company is a named insured along with other insurance affiliates on a Financial Institution Bond purchased by Meadowbrook Insurance Group, Inc., the ultimate parent. The bond provides coverage with a liability limit of \$10,000,000 and a \$250,000 deductible. This level of coverage is sufficient to meet the suggested minimum amount of fidelity insurance coverage according to NAIC guidelines.

Savers is also a named insured on various policies purchased by MIGI. These policies include Directors' and Officers' Liability, Errors and Omissions, Employee Practices Liability, General Liability, Excess Liability, and Umbrella Liability.

PENSION, STOCK OWNERSHIP AND INSURANCE PLANS

Savers Property and Casualty Insurance Company has no direct employees. All services are provided to the Company by its affiliate Meadowbrook, Inc. in accordance with the provisions of a management services agreement that is explained in greater detail in the Intercompany Transactions section of this report.

Meadowbrook, Inc. provides a variety of standard benefits to its employees, which include, but are not limited to, health coverage, life insurance, short and long-term disability insurance, vacation and sick leave, tuition reimbursement and a 401(k) profit sharing plan. The expenses for these benefits are charged to Savers through intercompany service fees.

INSURANCE PRODUCTS AND RELATED PRACTICES

Territory and Plan of Operations

Savers Property and Casualty Insurance Company is licensed under Chapter 379 RSMo (Insurance other than life), to write the business of property and casualty insurance in the State of Missouri. As of December 31, 2010, the Company was also licensed in the states of Illinois, Kansas, Maine, and Massachusetts. In addition, the Company operates on a surplus lines or non-admitted basis in the District of Columbia and each state except in those jurisdictions where full licensure has been obtained.

The Company has specialized in writing insurance programs for professional trade groups including: appraisers, educators, municipalities, marketing centers, lawyers, and livestock

associations. The Company's direct lines of business include fire, allied lines, commercial multiple peril, inland marine, medical malpractice, workers' compensation, other liability, products liability, commercial auto liability, and auto physical damage. As of December 31, 2010, commercial multiple peril, workers compensation, other liability, commercial auto, and auto physical damage represented approximately 97.4% of aggregate direct written premiums.

The Company has numerous agency agreements with independent agencies and brokers to produce business, including an agreement that names several affiliates as agents. In 2010, approximately 86% of the Company's business was produced by three unaffiliated agencies, Missouri Rural Services Corporation (MRSC) 47.3%, Thompson Insurance Enterprises 24.2%, and Forrest T. Jones 14.2%. MRSC writes the majority of the workers' compensation programs and Forrest T. Jones writes the majority of the professional educators' liability program. In 2010, approximately half of the Company's direct written premiums were from the State of Missouri. The majority of the Company's remaining direct written premiums were from the following states Massachusetts, Florida, Virginia, California, New York, and Michigan.

GROWTH OF THE COMPANY AND LOSS EXPERIENCE

The Company's capital and surplus has remained relatively stable throughout the examination period, with a total increase of \$3.4 million from December 31, 2007. Premiums earned have increased \$27.0 million during the examination period with a corresponding overall increase in loss experience of \$26.4 million. The growth and loss experience of the Company is summarized in the following schedule

	2010	2009	2008
Direct Written Business	\$ 35,025,069	\$ 29,076,456	\$ 29,961,294
Net Written Premiums	90,445,343	75,634,361	66,885,282
Net Underwriting Gain	3,345,065	3,440,900	4,069,597
Net Income (Loss)	6,839,936	6,784,153	6,545,887
Net Loss & LAE Reserves	102,259,943	88,981,845	82,927,151
Total Capital & Surplus	45,064,671	44,418,859	42,718,329
Direct Written Premium to Surplus	77.7%	65.5%	70.1%
Net Written Premium to Surplus	200.7%	170.3%	156.6%
Net Loss & LAE Reserves to Surplus	226.9%	200.3%	194.1%
Loss and LAE Incurred to Premium Earned	60.5%	60.8%	62.0%

REINSURANCE

General

The Company's reinsurance and premium activity during the period under examination is as follows:

Premiums Written	2010	2009	2008
Direct	\$35,025,069	\$29,076,456	\$29,961,294
Assumed			
Affiliates	90,445,343	75,634,361	66,885,282
Non-Affiliates	233,153	57,664	(309,697)
Ceded			
Affiliates	35,258,222	29,134,120	29,651,597
Non-Affiliates	-	-	-
Net Premiums Written	\$90,445,343	\$75,634,361	\$66,885,282

Pooling

The Company entered into the Inter-Company Reinsurance Agreement effective January 1, 2006 with its parent, Star Insurance Company, and affiliates, Ameritrust Insurance Corporation and Williamsburg National Insurance Company. Per the Agreement, each subsidiary is required to cede 100% of its direct and assumed business to Star, the parent and lead insurer in the intercompany pool. Under the pooling agreement, the participants share all underwriting liabilities and income and expenses relating to all insurance and reinsurance policies issued by or on behalf of the affiliated Companies effective January 1, 2006. Pooled accounts do not include investment operations, dividends to stockholders, federal income tax liabilities and other liabilities not incurred in connection with underwriting and claim operations.

Star Insurance Company as lead insurer is responsible for securing external reinsurance on behalf of the entire pool and redistributing the net retained pooled business to each participant in accordance with the percentages stated in the Inter-Company Reinsurance Agreement. The percentages as of the January 1, 2006 agreement were Star 56.6%, Savers 22.0%, Williamsburg 11.4% and Ameritrust 10.0%.

As stated in the intercompany transactions sections of the report, a new agreement was executed which changed the participation percentages and the number of affiliated companies in the pool effective January 1, 2009. Per the new agreement, the new participants are as follows: Star, Ameritrust, Savers, Williamsburg, Century Surety Company, an Ohio domiciled corporation, and ProCentury Insurance Company, a Texas domiciled corporation. The participation percentages effective January 1, 2009 for new and existing business as well as loss development are as follows:

<u>Company</u>	<u>Respective Percentage</u>
Star	35.83%
Century	29.07%
Savers	13.04%
ProCentury	9.44%
Williamsburg	6.72%
Ameritrust	5.90%

Assumed

The Company participates in the Missouri Fair Plan and National Workers' Compensation Reinsurance Pool, mandatory pool plans. The Company also assumes business from its parent, Star Insurance Company, pursuant to the above described Inter-Company Reinsurance Agreement.

Ceded

The Company cedes 100% of its direct and assumed business to its parent, Star Insurance Company, pursuant to the above described Inter-Company Reinsurance Agreement.

The Company is contingently liable for all reinsurance losses ceded to others. This contingent liability would become an actual liability in the event that an assuming reinsurer fails to perform its obligations under the reinsurance agreement.

ACCOUNTS AND RECORDS

Savers' information systems are located at the Southfield, Michigan Information Processing Facility. Savers utilizes this facility in conjunction with Star, Ameritrust, and Williamsburg (collectively referred to as Star Group). Star Group mostly utilizes Intel 2003 servers with Window operating systems and SQL databases. The general ledger system currently in use is Clarus. Star Group has outsourced the hosting and most of the application support for its policy and billing application, Point, to the Point vendor, CSC, which is hosted on an AS/400 with DB2 databases. Star Group has recently licensed the source code for its claims system, Vision, and now supports the application. Star Group also supports the Advantage and Instec policy rating, quoting, and binding systems.

The CPA firm of Ernst & Young, Detroit, Michigan performed the Company's statutory audit for the years ending December 31, 2010, 2009, and 2008. The actuarial opinions certifying the Company's reserves as of December 31, 2010, 2009, and 2008 were provided by Christopher Tait, FCAS, MAAA, of Milliman, Inc., Wayne, Pennsylvania.

STATUTORY DEPOSITS

Deposits with the State of Missouri

The funds on deposit with the DIFP as of December 31, 2010, as reflected below, were sufficient to meet the capital deposit requirements for the State of Missouri in accordance with RSMo Section 379.098 (Securities to be deposited by all companies). The Company's required deposit was \$1,200,000. The funds on deposit were as follows:

<u>Description</u>	<u>Par Value</u>	<u>Fair Value</u>	<u>Book/Adjusted Carrying Value</u>
State Special Revenue	\$ 2,115,000	\$ 2,477,934	\$ 2,256,926
U.S. Treasury Notes	525,000	650,261	559,151
Totals	<u>\$ 2,640,000</u>	<u>\$ 3,128,195</u>	<u>\$ 2,816,077</u>

Deposits with Other States

The Company also has funds on deposit with various other states. The funds on deposit as of December 31, 2010, were as follows:

<u>State</u>	<u>Type of Bond</u>	<u>Par Value</u>	<u>Fair Value</u>	<u>Statement Value</u>
Arkansas	Political Subdivision	\$ 200,000	\$ 202,502	\$ 200,389
Louisiana	U.S. Treasury	100,000	104,094	100,993
Illinois	U.S. Treasury	200,000	212,954	205,855
Massachusetts	Various	200,000	210,340	203,456
New Hampshire	Industrial	500,000	544,515	503,894
New Jersey	U.S. Treasury	300,000	333,273	307,219
New Mexico	U.S. Treasury	110,000	160,686	124,675
New York	Various	2,600,000	2,828,560	2,689,673
Oklahoma	State Special Revenue	200,000	225,880	208,497
Totals		<u>\$ 4,410,000</u>	<u>\$ 4,822,804</u>	<u>\$ 4,544,651</u>

FINANCIAL STATEMENTS

The following financial statements, with supporting exhibits, present the financial condition of Savers Property and Casualty Insurance Company for the period ending December 31, 2010. Any examination adjustments to the amounts reported in the financial statements and/or comments regarding such are made in the "Comments on Financial Statement Items". The failure of any column of numbers to add to its respective total is due to rounding or truncation.

There may have been additional differences found in the course of this examination, which are not shown in the "Comments on Financial Statement Items". These differences were determined

to be immaterial concerning their effect on the financial statements and, therefore; were only communicated to the Company and noted in the workpapers for each individual activity.

	<u>Assets</u>	Non-Admitted	Net Admitted
	Assets	Assets	Assets
Bonds	\$ 172,340,792	\$ -	\$ 172,340,792
Cash and Short-term Investments	4,531,114	-	4,531,114
Investment Income Due and Accrued	1,908,182	-	1,908,182
Uncollected. Premiums and Agents' Balances in the Course of Collection	17,137,659	93,841	17,043,818
Deferred Premiums, Agent Balances, and Installments Booked and Not Yet Due	1,715,865	160	1,715,705
Amounts Recoverable from Reinsurers	3,400,088	-	3,400,088
Current Federal Income Tax Recoverable	1,094,886	-	1,094,886
Net Deferred Tax Asset	6,726,725	1,579,151	5,147,574
Guaranty Funds Receivable or on Deposit	8,040	-	8,040
Receivable from Parent, Subsidiaries and Affiliates	42,843	-	42,843
Aggr. Write-Ins for Other than Invested Assets:			
Miscellaneous Receivables	48,781	-	48,781
TOTAL ASSETS	<u>\$ 208,954,975</u>	<u>\$ 1,673,152</u>	<u>\$ 207,281,823</u>

Liabilities, Surplus and Other Funds

Losses	\$ 79,017,419
Reinsurance Payable on Paid Losses and Loss Adjustment Expenses	10,717,800
Loss Adjustment Expenses	23,242,524
Commissions Payable, Contingent Commissions and Other Similar Charges	641,685
Other Expenses (Excluding Taxes, Licenses and Fees)	27,441
Taxes, Licenses and Fees (Excluding Federal and Foreign Income Taxes)	492,887
Unearned Premiums	42,298,682
Advance Premium	3,118
Ceded Reinsurance Premiums Payable (Net of Ceding Commissions)	5,621,813
Payable to Parent, Subsidiaries and Affiliates	143,782
Aggregate Write-Ins for Liabilities:	
Miscellaneous Payables	10,000
TOTAL LIABILITIES	\$ 162,217,152
Aggregate Write-Ins for Special Surplus Funds:	
Additional Admitted Deferred Tax Assets – SSAP 10R	1,165,881
Common Capital Stock	2,500,000
Gross Paid In and Contributed Surplus	17,568,926
Unassigned Funds (Surplus)	23,829,864
Surplus as Regards Policyholders	\$ 45,064,671
TOTAL LIABILITIES AND SURPLUS	\$ 207,281,823

Statement of Income**Underwriting Income:**

Premiums Earned	\$ 86,043,076
Deductions:	
Losses Incurred	41,110,191
Loss Adjustment Expenses Incurred	10,979,466
Other Underwriting Expenses Incurred	30,599,354
Net Underwriting Gain or (Loss)	\$ 3,354,065

Investment Income:

Net Investment Income Earned	\$ 7,079,750
Net Realized Capital Gains or (Losses)	181,087
Net Investment Gain or (Loss)	\$ 7,260,836

Other Income:

Net Gain or (Loss) from Agents' or Premium Balances Charged Off Finance and Service Charges Not Included in Premiums	\$ (367,210) 5,541
Aggregate Write-ins for Miscellaneous Income:	
Miscellaneous Income	1,118

Total Other Income

Total Other Income	\$ (360,552)
Net Income Before Federal and Foreign Income Taxes	\$ 10,254,350
Federal and Foreign Income Taxes Incurred	3,414,415
NET INCOME	\$ 6,839,935

Capital and Surplus Account

Surplus as Regards Policyholders, December 31, 2009	\$ 44,418,859
Net Income	6,839,935
Change in Net Deferred Income Tax	704,437
Change in Non-Admitted Assets	(395,860)
Dividends to Stockholders	(6,610,754)
Aggregate Write-Ins for Gains and Losses in Surplus	
Additional Admitted Deferred Tax Assets – SSAP 10R	108,054
Net Change in Surplus as Regards Policyholders for 2010	\$ 645,812
Surplus as Regards Policyholders, December 31, 2010	\$ 45,064,671

FINANCIAL STATEMENT CHANGES RESULTING FROM EXAMINATION

None

COMMENTS ON FINANCIAL STATEMENT ITEMS

None

SUMMARY OF RECOMMENDATIONS

None

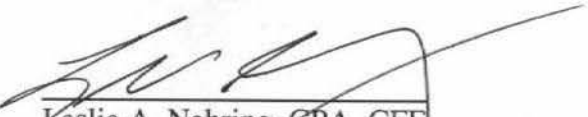
ACKNOWLEDGMENT

The assistance and cooperation extended by the officers and the employees of Savers Property and Casualty Insurance Company during the course of this examination is hereby acknowledged and appreciated. In addition to the undersigned, Timothy Carroll examiner for the DIFP, participated in this examination.

VERIFICATION

State of Missouri)
County of)

I, Leslie A. Nehring, CPA, CFE, on my oath swear that to the best of my knowledge and belief the above examination report is true and accurate and is comprised of only facts appearing upon the books, records or other documents of Savers Property and Casualty Insurance Company, its agents or other persons examined or as ascertained from the testimony of its officers or agents or other persons examined concerning its affairs and such conclusions and recommendations as the examiners find reasonably warranted from the facts.


Leslie A. Nehring, CPA, CFE
Examiner-In-Charge
Missouri Department of Insurance, Financial
Institutions and Professional Registration

Sworn to and subscribed before me this 9th day of April, 2012.

My commission expires: 04-14-2016


Notary Public



BEVERLY M. WEBB
My Commission Expires
April 14, 2016
Clay County
Commission #12464070



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Commissioner of Health Services
Government of India
New Delhi



SUPERVISION

The examination process has been monitored and supervised by the undersigned. The examination report and supporting workpapers have been reviewed and approved. Compliance with NAIC procedures and guidelines as contained in the Financial Condition Examiners Handbook has been confirmed, except where practices, procedures and applicable regulations of the DIFP and statutes of the State of Missouri prevailed.



Mark A. Nance, CFE, CPA

Audit Manager

Missouri Department of Insurance, Financial
Institutions and Professional Registration