STATE OF MISSOURI

DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS AND PROFESSIONAL REGISTRATION

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

RE: Examination Report of Vanliner Insurance Company for the period ended December 31, 2010

ORDER

After full consideration and review of the report of the financial examination of Vanliner 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 Vanliner Insurance Company as of December 31, 2010, be and is hereby ADOPTED as filed and for Vanliner 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 29th day of May, 2012.

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

FINANCIAL EXAMINATION

Vanliner Insurance Company

AS OF:
DECEMBER 31, 2010

STATE OF MISSOURI
DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS
AND PROFESSIONAL REGISTRATION

JEFFERSON CITY, MISSOURI

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March 30, 2012
Saint Louis, MO

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

Honorable Ted Nickel, Commissioner
Department of Insurance
State of Wisconsin
Secretary, Midwestern Zone, NAIC

Honorable John M. Huff, Director
Missouri Department of Insurance, Financial
Institutions and Professional Registration
301 West High Street, Room 530
Jefferson City, MO 65101

Gentlemen:

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

Vanliner Insurance Company

also referred to as "Vanliner" or the "Company." The examination was conducted at the Company's statutory home office at One Premier Drive, St. Louis, MO 63026, telephone number (636) 343-9889. This examination began on November 21, 2011, and concluded on the above date.

SCOPE OF EXAMINATION

Period Covered

The previous examination of the Company was performed as of December 31, 2006. That examination was conducted by examiners from the state of Missouri representing the Midwestern Zone of the National Association of Insurance Commissioners (NAIC) with no other zones participating.

The current examination covers the period from January 1, 2007, through December 31, 2010. The examination was conducted by examiners from the state of Missouri representing the Midwestern Zone of the NAIC. No other zones participated in this examination. This examination also included material transactions or events occurring after December 31, 2010.

Procedures
We conducted the current 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 ("Department" or "DIFP") or statutes of the state of Missouri prevailed. The Handbook requires that we plan and perform the examination to evaluate the financial condition and to identify prospective risks of the Company. This process involves obtaining information about the Company, including its corporate governance, identifying and assessing inherent risks within the Company and evaluating the system controls and procedures used by the Company to mitigate those risks. The examination also includes assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation, including 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 process. We identified the following key activities: Affiliated Company, Investments, Treasury, Premiums and Underwriting, Claims, Reserves, Reinsurance, Taxes and Capital and Surplus.

Reliance On Others
This examination was conducted in coordination with the examination by the Ohio Department of Insurance ("ODI") of National Interstate Insurance Company ("NIIC"). NIIC is an Ohio domiciled company that acquired Vanliner Group Inc., which is Vanliner Insurance Company's immediate parent, on July 1, 2010. NIIC administers various activities for the Company including functions relating to the following key activities: Affiliated Companies, Investments, Treasury, Reserves, Reinsurance, Taxes, and Capital and Surplus. Vanliner's only key activities that are not administered by NIIC are Claims, Premiums and Underwriting. Ohio was the lead state for this coordinated examination and provided access to the workpapers generated during its examination of NIIC. This examination relied heavily upon the ODI workpapers.

The Company's independent auditor, Ernst & Young LLP, provided information and workpapers from its 2010 audit. We relied upon work performed by Ernst & Young when appropriate, including fraud risk analysis, internal control narratives, walk-throughs and tests of controls.

SUMMARY OF SIGNIFICANT FINDINGS

The previous examination report included two comments. Both were appropriately addressed.

SUBSEQUENT EVENTS

NIIC and its subsidiaries, including the Company, entered into a reinsurance pooling agreement effective January 1, 2011. The pooling agreement provides that all participants shall pool all of their net underwriting business after cessions to non-affiliated reinsurers. As the significantly larger company, NIIC became the pool leader and retains 70% of the total pool. The Company assumes 26% of the pool and two other affiliates, Triumphe Casualty Company and National Interstate Insurance Company of Hawaii, Inc., assume 2% each.

COMPANY HISTORY

General

The Company was originally incorporated as Great Southwest Fire Insurance Company under the laws of the state of Arizona on April 16, 1953, and received a certificate of authority on April 1, 1954. Dairyland Services, Inc., a wholly owned subsidiary of Dairyland Insurance Company acquired the Company in 1961. In 1966, Sentry Corporation, a wholly owned subsidiary of Sentry Insurance A Mutual Company, acquired Dairyland Insurance Company. In 1976, Dairyland Insurance Company acquired direct control of the Company from its subsidiary. In 1984, Sentry Corporation purchased 40.8% of the Company's common stock.

UniGroup, Inc. purchased 100% of the Company's common stock on September 10, 1986, and immediately contributed those shares to Vanliner Group, Inc., a wholly owned subsidiary of UniGroup, Inc. The Company's name was changed to Vanliner Insurance Company during this acquisition.

The company re-domiciled from Arizona to become a Missouri company in 2005.

Capital Stock

The Company is authorized to issue ten thousand (10,000) shares of common stock with a par value of $1,000 per share. As of December 31, 2010, three thousand (3,000) shares were issued and outstanding to the sole shareholder, Vanliner Group, Inc., resulting in capital stock of $3,000,000.

Dividends

The following dividends were paid during the examination period:

Year	Amount
2008	$ 9,000,000
2010	$26,157,492

The 2008 dividend was an ordinary dividend to its parent, Vanliner Group, Inc. The 2010 dividend was extraordinary and was paid to Vanliner Group, Inc., which in turn paid the dividend to UniGroup, Inc., just prior to the closing of the acquisition by National Interstate Insurance Company. The extraordinary dividend consisted of cash, real estate and specific investments.

Mergers and Acquisitions

Effective July 1, 2010, National Interstate Insurance Company purchased 100% of Vanliner Group, Inc. and its subsidiaries, including Vanliner Insurance Company. National Interstate Insurance Company is 100% owned by National Interstate Corporation ("NIC"), which at December 31, 2010, was 52.5% owned by Great American Insurance Company, which is 100% owned by American Financial Group, Inc.

Surplus Debentures
The Company did not have any surplus debentures issued or outstanding during the examination period.

CORPORATE RECORDS

A review was made of the Articles of Incorporation and Bylaws of the Company. During the examination period, the Articles of Incorporation were amended to change the Registered Agent and the Bylaws were amended to have the minimum and maximum numbers of directors serving on the Board agree with the parameters set within the Articles of Incorporation.

The minutes of the meetings of the shareholder and board of directors were reviewed for the period under examination and provided sufficient documentation of major corporate transactions.

MANAGEMENT AND CONTROL

Board of Directors
The management of the Company is vested in a board of nine (9) directors. The directors serving at December 31, 2010, were as follows:

Name	Principal Occupation and Business Affiliation
Arthur J. Gonzales	Vice President, General Counsel and Secretary National Interstate Corporation
Terri K. Johnson	Vice President National Interstate Insurance Company
Julie A. McGraw	Vice President, Chief Financial Officer and Treasurer National Interstate Corporation
Anthony J. Mercurio	Chief Executive Officer Vanliner Insurance Company
David W. Michelson	President and Chief Executive Officer National Interstate Corporation
Gary N. Monda	Vice President and Chief Investment Officer National Interstate Corporation
James A. Parks	Vice President National Interstate Insurance Company
Terry E. Phillips	Senior Vice President National Interstate Corporation

Name	Principal Occupation and Business Affiliation
Bradford L. Scofield	Vice President National Interstate Insurance Company

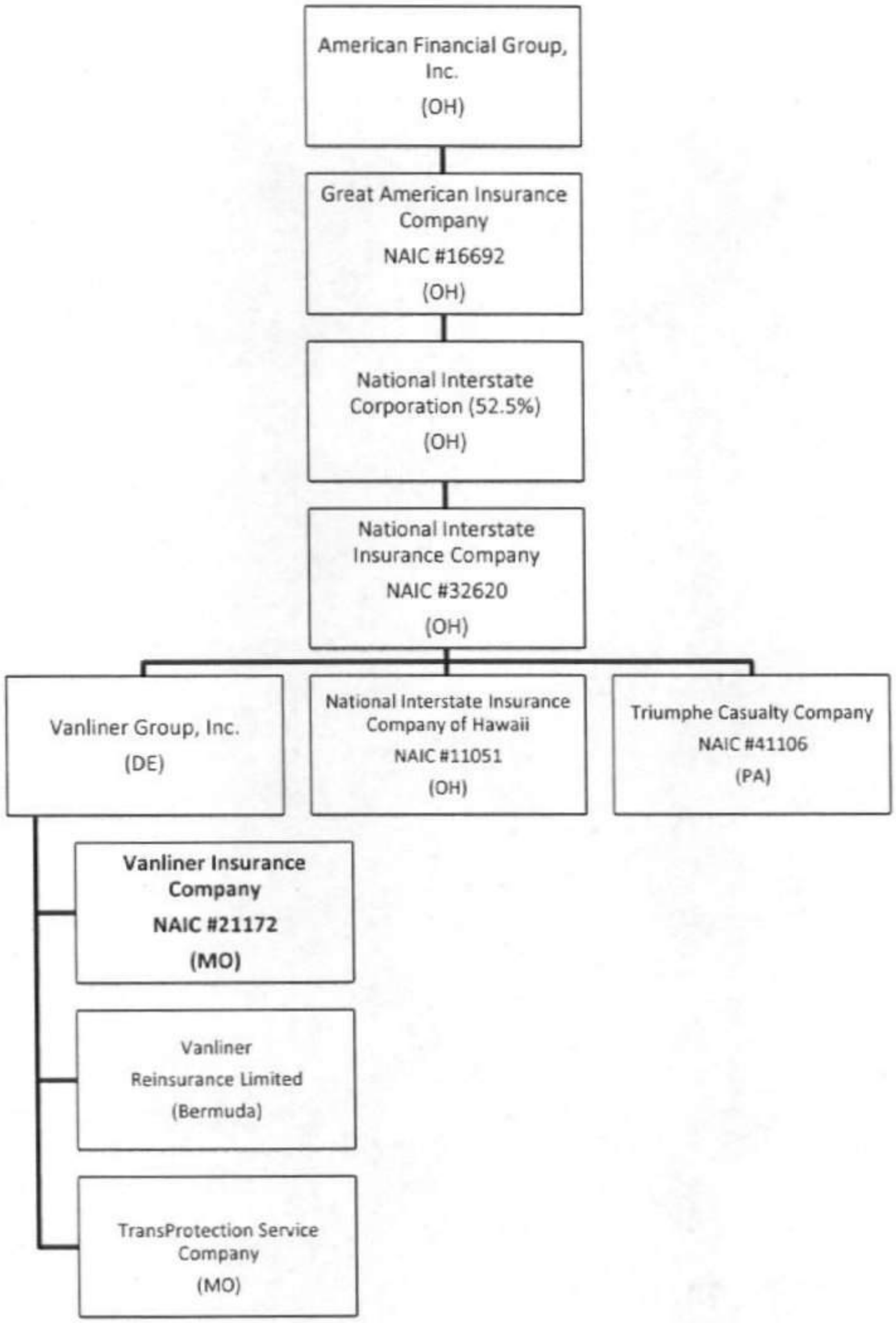
Senior Officers
Officers of the Company serving at December 31, 2010 were as follows:

Name	Position
Gale D. Preston	President
Julie A. McGraw	Vice President, Chief Financial Officer and Treasurer
Arthur J. Gonzales	Vice President, General Counsel and Secretary
Anthony J. Mercurio	Chief Executive Officer
Gary N. Monda	Vice President, Chief Investment Officer and Assistant Treasurer
Tanya M. Inama	Assistant Secretary

Principal Committees
The Company does not have any committees. To comply with Sections 375.1025-1062 RSMo, the Company relies on the Audit Committee of National Interstate Corporation, comprised of three (3) individuals: Joseph (Jeff) E. Consolino, Theodore H. Elliott Jr. and Joel Schiavone.

Holding Company, Subsidiaries and Affiliates
The Company is part of an Insurance Holding Company System as defined by Section 382.010 RSMo (Definitions). The Company is a wholly owned subsidiary of Vanliner Group, Inc. Effective July 1, 2010, Vanliner Group, Inc. and its affiliates were acquired by National Interstate Insurance Company, who is 100% owned by National Interstate Corporation, which is 52.5% owned by Great American Insurance Company, who is 100% owned by American Financial Group, Inc. American Financial Group, Inc. is the ultimate parent of the holding company system.

Organization Chart
The following organizational chart depicts an abbreviated portion of the holding company system at December 31, 2010, including the Company. All subsidiaries shown are wholly owned unless otherwise noted. Only entities with direct and indirect ownership of the Company, and entities that have transactions with the Company are listed.



Affiliated Transactions

The Company enters into various agreements with affiliates. Active agreements are discussed below:

Agency Agreement

Parties: TransProtection Service Company (TransProtection Service) and Vanliner

Effective: January 1, 1987 (agreement was in effect when Vanliner re-domiciled from AZ to MO in 2005.)

Terms: TransProtection Service receives and accepts proposals for insurance and issues contracts of insurance on behalf of Vanliner.

Rate(s): Commission rates from 2006 to April 2008 were 4%. Rates increased to 5.5% in May 2008.

Revolving Line of Credit Agreement

Parties: TransProtection Service and Vanliner

Effective: April 1, 2008

Terms: TransProtection Service may request loans up to $6 million from Vanliner. Vanliner has complete discretion as to whether to make any such loans to TransProtection Service. This line of credit has been extended to cover advances made to TransProtection Service to meet their cash flow requirements. The agreement is renewable for an additional five-year term.

Rate(s) Interest shall accrue at a floating rate equal to the Prime Rate as published by the Wall Street Journal.

Reinsurance Allocation Agreement

Parties: National Interstate Insurance Company, National Interstate Insurance Company of Hawaii, Inc. and Triumphe Casualty Company and Vanliner

Effective: July 1, 2010

Terms: If an occurrence covered under a reinsurance agreement involves more than one affiliate, each affiliate's retention and the reinsurer's limit of liability for the occurrence shall be proportionate, and the amount of loss to be retained by each affiliate under the reinsurance shall be reduced to that percentage which the affiliate's loss bears to the total of all losses contributing to that occurrence. The allocation of the reinsurer's limit of liability to each affiliate for each such occurrence shall be arrived at in the same manner.

Rate(s): There are no costs associated with the agreement.

Cost Sharing Agreement

Parties: National Interstate Insurance Company and its affiliates, including Vanliner

Effective: July 1, 2010

Terms: All parties to the agreement are members of the same holding company group. Some parties are capable of providing services to other parties. The parties agree to furnish and accept printing, office duplicating, telecommunications, purchasing, personnel, data processing, administrative, consultative and other services performed by a party ("Performing Party") as requested by another party ("Requesting Party").

Rate(s): Each Performing Party will receive and each Requesting Party agrees to pay for the services furnished on the basis of the cost of such service, provided that the cost will be no greater than that which the Requesting Party would expend in providing such services for itself.

Cash Management Agreement

Parties: NIIC and its parent, subsidiaries and affiliates, including Vanliner

Effective: July 1, 2010

Terms: The parties to this agreement desire to participate in a central cash system in order to realize the efficiencies and increased returns that result from a coordinated cash system.

Rate(s): There are no costs associated with this agreement.

Tax Allocation Agreement

Parties: NIIC and its subsidiaries, including Vanliner

Effective: July 1, 2010

Terms: The parties desire to establish a method for allocating the consolidated federal income tax liability of the group among the members in an agreed fashion and to compensate any member for use of its net operating and net capital losses, and tax credits utilized in computing consolidated federal taxable income, and to provide for the allocation and payment of any refund arising from a carryback of net operating or capital losses, or tax credits generated in subsequent taxable years. NIIC is appointed as agent for its parent and subsidiaries in payment of consolidated federal income taxes.

Rate(s): There are no costs associated with this agreement.

Management Agreement

Parties: NIIC and Vanliner

Effective: July 1, 2010

Terms: NIIC will provide Vanliner services including management of Vanliner's reinsurance, financial and accounting services including premium billing and collections, commission payments, taxes, payroll, legal, administration and record keeping, investment, data processing, systems support and human resource services including benefit management.

Rate(s): Vanliner will reimburse NIIC for all identifiable expenses, and for all non-identifiable expenses allocated to Vanliner, that are paid or incurred on Vanliner's behalf by NIIC. NIIC agrees the amount of administrative overhead allocated to Vanliner will fairly and adequately compensate NIIC for the management services that it provides to Vanliner. NIIC will not charge additional or separate management fees.

The following material intercompany agreement became effective subsequent to the date of this examination report:

Reinsurance Pooling Agreement

Parties: Triumphe Casualty Company (TCC), National Interstate Insurance Company of Hawaii (NIH), NIIC and Vanliner

Effective: January 1, 2011

Terms: All policies written by Vanliner, TCC, NIH and NIIC will be executed by the respective participating company. Each participating company will cede to NIIC, and NIIC will accept, 100% of the net liability and net premiums. NIIC will be liable for 100% of the net liability in the same manner and with the same force and effect as if such policies had been issued by NIIC. NIIC will cede to each participating company, and each participating company will accept, a portion of the pooled premium and liabilities relating to all insurance business written or assumed by NIIC. The pooled premium and liabilities will be distributed as follows: NIIC – 70%, Vanliner – 26%, NIH – 2%, TCC – 2%.

Rate(s): There are no rates associated with the agreement.

FIDELITY BOND AND OTHER INSURANCE

Vanliner is covered by two separate fidelity bond policies. The first is a $25,000,000 bond with St. Paul Mercury Insurance Company; this bond is held by American Financial Group, Inc. (Ultimate Controlling Parent of Vanliner). Vanliner is also covered under a $1,000,000 bond with Federal Insurance Company; this bond is held by NIIC and subsidiaries. The bond with Federal Insurance Company essentially covers the $1,000,000 deductible that applies to the bond with St. Paul Mercury Insurance Company. Vanliner's fidelity bond coverage is well in excess of the minimum amount suggested by the NAIC.

Vanliner is also covered under a number of other insurance policies purchased by American Financial Group, Inc. and NIIC. Some of the other insurance coverage includes Directors and Officers Liability, Auto Liability and Physical Damage, Commercial Excess and Umbrella, Employment Practices Liability and Workers Compensation insurance. Vanliner appears to be adequately protected by its insurance coverage.

PENSIONS, STOCK OWNERSHIP AND INSURANCE PLANS

Vanliner has 127 employees. Employees receive a comprehensive benefit package that includes medical coverage, dental and vision coverage, paid time off, holidays, group life, short-term disability, flexible spending accounts, a 401(k) plan and a variable bonus plan.

TERRITORY AND PLAN OF OPERATIONS

Vanliner writes a number of commercial lines of insurance specializing in the moving and storage industry. Coverage written includes commercial auto liability and physical damage, workers compensation, employer's liability, cargo, commercial umbrella, multiple perils and movers/warehouse liability. The vast majority of Vanliner's business is workers compensation and commercial auto liability.

The following table shows Vanliner's product mix by business component as measured by direct written premium (dollars in thousands):

	2007		2008		2009		2010	
Customer Type	Premium	Ratio	Premium	Ratio	Premium	Ratio	Premium	Ratio
Alternative Risk	-	0.0%	-	0.0%	-	0.0%	618	0.5%
Mayflower	20,059	13.6%	18,002	12.1%	16,681	9.3%	13,572	11.2%
Non-Affiliated	68,191	46.4%	54,834	36.8%	45,918	25.6%	44,595	36.9%
Specialty Products	10,209	6.9%	33,637	22.6%	75,514	42.1%	28,496	23.6%
United Van Lines	48,563	33.0%	42,578	28.6%	41,255	23.0%	33,499	27.7%
Total	147,022	100.0%	149,051	100.0%	179,368	100.0%	120,780	100.0%

Historically Vanliner marketed extensively to the agents and independent owner operators of its previous parent, UniGroup, Inc. ("UniGroup"), while also providing insurance services to unaffiliated moving and storage enterprises. UniGroup is the parent company of United Van Lines and Mayflower Transit, two leaders in the moving and storage industry. In conjunction with the acquisition by NIIC, UniGroup, Vanliner, and NIIC entered into a five-year Affinity Agreement under which Vanliner remains the exclusively endorsed insurance provider for United Van Lines and Mayflower Transit moving and storage agents.

In general United Van Lines and Mayflower customers are serviced by TransProtection Service while non-affiliated movers are administered by various independent agents throughout the country.

In an effort to improve and maintain its premium writings during the 2008-2009 economic downturn that negatively impacted the moving and storage industry, Vanliner began targeting its marketing efforts to specialty products transportation. However the underwriting performance of this product was unfavorable and the product competed directly with NIIC's trucking business. To ensure that the newly related entities did not compete with each other, this book of business was transferred to NIIC and re-underwritten with NIIC's pricing and underwriting guidelines.

In late 2010, Vanliner introduced the Alternative Risk Transfer ("ART") product structure to certain of its moving and storage insurance customers. The ART product, also known as captives, offers a group of similar customers the opportunity to share in the underwriting profits or losses and investment results of the group through the use of a captive reinsurer. NIIC's expertise and success in the ART market were the catalysts for the introduction of this product structure into Vanliner's moving and storage business.

The Missouri DIFP has a Market Conduct staff that performs a review of the Company's policy forms, underwriting and treatment of policyholders and generates a separate market conduct report. The most recent market conduct examination was called in 2006 and concluded with a Filing Order issued on October 15, 2007. The Filing Order did not contain any adverse findings.

GROWTH OF COMPANY

The Company reported net income in four of the last five years. The net loss reported in 2008 was primarily due to poor investment returns during the period of the financial market collapse. Total Capital and Surplus has increased in two of the last four years with the 2008 and 2010 decreases resulting primarily from dividends paid to stockholders. Total Capital and Surplus decreased by approximately 6% during the examination period.

	2007	2008	2009	2010
Premium Income	$ 147,022,285	$ 149,051,504	$ 151,765,654	$ 135,987,145
Net Income	$ 12,567,268	$ (11,018,974)	$ 8,160,214	$ 12,275,991
Stockholders Dividends	-	(9,000,000)	-	(26,157,492)
Capital and Surplus	$ 118,554,579	$ 106,883,498	$ 119,352,477	$ 106,335,701
Change From Prior Year	5%	-10%	12%	-11%
Premiums: Surplus Ratio	124%	139%	127%	128%

LOSS EXPERIENCE

The following exhibit reflects the annual underwriting results of the Company over the last four years:

	2007	2008	2009	2010
Premium Income	$ 147,022,285	$ 149,051,504	$ 151,765,654	$ 135,987,145
Total Benefits & Expenses	150,114,979	129,283,991	149,280,850	139,759,540
Investment Income	21,291,461	(18,071,487)	12,409,410	18,583,663
Net Income	12,567,268	(11,018,974)	8,160,214	12,275,991

Premium revenues decreased somewhat in 2010 compared with 2007-2009. This decrease was primarily due to the impact that the economic environment had on the Company's moving and storage customers and the Company's movement away from the specialty products transportation market. The Company reported net income in four out of the last five years. The net loss reported in 2008 was primarily due to poor investment results.

REINSURANCE

Premiums written by the Company during the current examination period were as follows:

	2007	2008	2009	2010
Direct Written	$ 170,594,207	$ 172,041,210	$ 179,368,369	$ 120,780,126
Assumed from Affiliates	0	0	0	0
Assumed from Non-Affiliates	0	0	0	219,206
Ceded to Affiliates	0	0	0	213,558
Ceded to Non-Affiliates	18,290,698	22,851,184	21,838,633	14,536,460
Net Premiums	$ 152,303,509	$ 149,190,026	$ 157,529,736	$ 106,249,314

Assumed

The Company's only assumed reinsurance results from participation in the National Workers Compensation Reinsurance Pool and various mandatory state pools. Total premiums assumed in 2010 were immaterial, approximately $219,000.

Ceded

The Company had a number of ceding reinsurance agreements in effect as of December 31, 2010, including Clash, Cargo, Workers Compensation, Commercial Property Per Risk, Property Catastrophe, Equipment Breakdown, Umbrella and Compass reinsurance. The primary agreements were the Workers Compensation and Umbrella agreements, which accounted for \$12.3 million ceded premium in 2010, approximately 83% of the \$14.7 million total 2010 ceded premiums, and \$52 million reinsurance losses recoverable as of December 31, 2010, approximately 90% of the \$59 million total. Below are summaries of the Workers Compensation and Umbrella agreements.

Workers Compensation

First Occurrence Layer

Reinsurers: Safety National Casualty Corporation (85%), Alterra Bermuda Ltd. (10%), Aspen Insurance UK Ltd. (5%)

Retention:	\$1,000,000 each loss occurrence
Reinsurance Limit:	\$4,000,000 each loss occurrence

Second Occurrence Layer

Reinsurers: Midwest Employers Casualty Company (80%), Wesco Insurance Company (20%)

Retention:	\$5,000,000 each loss occurrence
Reinsurance Limit:	\$5,000,000 each loss occurrence

Third Occurrence Layer

Reinsurers: Alterra Bermuda Ltd. (30%), Flagstone Reassurance Suisse SA (25%), Partner Reinsurance Company of the US (20%), Aspen Insurance UK Ltd. (5%), Various Lloyd's Syndicates (20%)

Retention:	\$10,000,000 each loss occurrence
Reinsurance Limit:	\$20,000,000 each loss occurrence

First Per Person Layer

Reinsurers: Safety National Casualty Corporation (80%), Various Lloyd's Syndicates (20%)

Retention:	\$10,000,000 each person, each loss occurrence
Reinsurance Limit:	\$5,000,000 each person, each loss occurrence Annual aggregate limit of \$5,000,000

Second Per Person Layer

Reinsurers: Safety National Casualty Corporation (60%), Aspen Insurance UK Ltd. (10%), Various Lloyd's Syndicates (30%)

Retention:	\$15,000,000 each person, each loss occurrence
Reinsurance Limit:	\$5,000,000 each person, each loss occurrence

Umbrella

Reinsurer: General Reinsurance Corporation

Retention:	5% of the first $5,000,000 each occurrence
Reinsurance Limit:	95% of the first $5,000,000 each occurrence
	100% of the policy limit in excess of $5,000,000

ACCOUNTS AND RECORDS

General
The Company maintains its general ledger on a commercial software accounting system (Enterprise Accounting System) that was written and is supported by Sungard. Significant operational functions including premium and claims processing, billing and rating functions are performed on a commercially supported software (Point) system obtained from Computer Sciences Corporation. Underwriting functions are performed on an internally written software system that interfaces with Point.

Independent Auditor
The Company's financial statements are audited annually by the accounting firm Ernst & Young LLP. The workpapers and reports of the 2010 independent audit were reviewed for this examination. These workpapers and reports were used in the course of this examination as deemed appropriate.

Independent Actuaries
Reserves and related actuarial accounts reported in the financial statements were reviewed and certified by John L. Doellman, FCAS, MAAA. Mr. Doellman is Vice President and Chief Actuary of Great American Insurance Company.

Consulting actuary, Jon W. Michelson, FCAS, MAAA of Expert Actuarial Services, LLC was retained by the Missouri DIFP to review the adequacy of the Company's reserves.

Information Systems
In conjunction with this examination, Andrew Balas, Information Systems Financial Examiner with the Missouri DIFP, conducted a review of the Company's information systems.

STATUTORY DEPOSITS

Deposits with the State of Missouri
The funds on deposit with the Missouri 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, Kind and Amount). The funds on deposit as of December 31, 2010, were as follows:

Type of Security		Par Value		Market Value		Statement Value
Jackson Cnty MO Spl Oblg Rev	$	1,950,000	$	2,027,591	$	2,027,657
MO State CTFS Partn Ser A		950,000		958,246		945,398
Totals	$	2,900,000	$	2,985,837	$	2,973,055

Deposits with Other States

The Company also has funds on deposit with other states to satisfy their statutory deposit requirements. Those funds on deposit as of December 31, 2010, were as follows:

State	Type of Security		Par Value		Market Value		Statement Value
Arizona	Various	$	1,330,000	$	1,408,291	$	1,359,827
California	Various		20,450,000		21,782,176		20,999,345
Delaware	US Dept-HUD Govt		120,000		128,861		120,000
Florida	IL Muncipal McHenry Cnty		525,000		527,268		525,618
Georgia	GA Muncipal DeKalb Cnty		95,000		102,933		95,963
Idaho	US Treasury Note		48,000		54,431		48,307
Massachusetts	US Dept-HUD Govt		150,000		161,076		150,000
Michigan	US Dept-HUD Govt		150,000		161,076		150,000
Montana	US Treasury Note		25,000		28,350		25,160
Nevada	US Treasury Note		100,000		113,398		100,639
New Hampshire	NY State GO Bond		900,000		954,441		939,092
New Jersey	Various		225,000		248,003		231,389
New Mexico	Dallas TX GO Bond		350,000		405,685		366,491
North Carolina	US Treasury Note		325,000		368,544		327,078
Oregon	Glendale AZ Muni Prop Corp		1,150,000		1,216,792		1,169,982
Rhode Island	Various		100,000		115,773		103,014
South Carolina	US Treasury Note		150,000		170,097		150,959
Virginia	US Dept-HUD Govt		245,000		263,091		245,000
Total		$	26,438,000	$	28,210,286	$	27,107,864

FINANCIAL STATEMENTS

The following financial statements, with supporting exhibits, present the financial condition of the Company as of December 31, 2010, and the results of operations for the fiscal period then ended. Any examination adjustments to the amounts reported in the financial statements or comments regarding such are made in the "Comments on the Financial Statements" which follow the financial statements.

There may have been additional differences found in the course of this examination which are not shown in the "Comments on the Financial Statements." These differences were determined to be immaterial in relation to the financial statements, and therefore were only communicated to the Company and noted in the workpapers for each individual financial statement item.

ASSETS

	Assets	Non-Admitted Assets	Net Admitted Assets
Bonds	$ 389,335,432	$ -	$ 389,335,432
Cash and Short-Term Investments	490,908	-	490,908
Investment Income Due and Accrued	4,411,868	-	4,411,868
Uncollected Premiums and Agents' Balances	14,149,156	-	14,149,156
Deferred Premiums	32,150,373	-	32,150,373
Accrued Retrospective Premiums	2,457,597	46,696	2,410,901
Amounts Recoverable from Reinsurers	1,147,539	-	1,147,539
Funds Held by Reinsured Companies	423,223	-	423,223
Net Deferred Tax Asset	16,180,844	3,875,434	12,305,410
EDP Equipment and Software	98,400	-	98,400
Furniture and Equipment	4,550	4,550	-
Receivables from Parent and Affiliates	7,345,627	2,585,623	4,760,004
Deductible Receivable	714,012	58,042	655,970
Loss Escrow Fund	79,600	-	79,600
Account Receivable - Other	295,299	-	295,299
Prepaid Expenses	205,597	205,597	-
Total Assets	**$ 469,490,025**	**$ 6,775,942**	**$ 462,714,083**

LIABILITIES, CAPITAL AND SURPLUS

		Current Year
Losses	$	238,312,351
Loss Adjustment Expenses		47,309,506
Commissions Payable and Other Similar Charges		1,291,918
Other Expenses		3,042,061
Taxes; Licenses and Fees		1,564,654
Current Federal and Foreign Income Taxes		9,350,307
Unearned Premiums		45,508,024
Ceded Reinsurance Premiums Payable		4,543,119
Funds Held by Company Under Reinsurance Treaties		3,815,134
Amounts Withheld or Retained by Company		1,450,238
Provision for Reinsurance		55,000
Payable to Parent; Subsidiaries and Affiliates		136,070
Total Liabilities	**$**	**356,378,382**
Common Capital Stock	$	3,000,000
Implementation of SSAP 10R		3,051,006
Gross Paid in and Contributed Surplus		4,000,000
Unassigned Funds (Surplus)		96,284,695
Surplus as Regards Policyholders	**$**	**106,335,701**
Total Liabilities and Surplus	**$**	**462,714,083**

STATEMENT OF REVENUE AND EXPENSES

Underwriting Income:		
Premiums Earned		$ 135,987,145
Deductions:		
Losses Incurred	$ 85,421,315	
Loss Adjustment Expenses Incurred	26,160,588	
Other Underwriting Expenses Incurred	28,177,637	
Total Underwriting Deductions		139,759,540
Net Underwriting Gain (Loss)		(3,772,395)
Investment Income:		
Net Investment Income Earned	14,160,922	
Net Realized Capital Gains (Losses)	4,422,741	
Net Investment Gain (Loss)		18,583,663
Other Income:		
Miscellaneous Income	33,265	
Total Other Income (Loss)		33,265
Net Income:		
Net Income Before Dividends and Income Taxes		14,844,533
Dividends to Policyholders		-
Net Income After Dividends to Policyholders		14,844,533
Federal and Foreign Income Taxes Incurred		2,568,542
Net Income After Dividends and Income Taxes		**$ 12,275,991**

CAPITAL AND SURPLUS ACCOUNT

Surplus as Regards Policyholders; December 31, 2006			$	112,738,563
Net Income	$	12,567,268		
Change in Net Unrealized Capital Gains or (Losses)		(5,437,247)		
Change in Net Deferred Income Tax		424,000		
Change in Nonadmitted Assets		(1,581,005)		
Change in Provision for Reinsurance		(157,000)		
Change in Surplus as Regards Policyholders				5,816,016
Surplus as Regards Policyholders; December 31, 2007			$	118,554,579
Surplus as Regards Policyholders; December 31, 2007			$	118,554,579
Net Income	$	(11,018,974)		
Change in Net Unrealized Capital Gains or (Losses)		4,510,505		
Change in Net Deferred Income Tax		2,297,000		
Change in Nonadmitted Assets		1,416,388		
Change in Provision for Reinsurance		124,000		
Dividends to Stockholders		(9,000,000)		
Change in Surplus as Regards Policyholders				(11,671,081)
Surplus as Regards Policyholders; December 31, 2008			$	106,883,498
Surplus as Regards Policyholders; December 31, 2008			$	106,883,498
Net Income	$	8,160,214		
Change in Net Unrealized Capital Gains or (Losses)		2,415,989		
Change in Net Deferred Income Tax		3,873,000		
Change in Nonadmitted Assets		(1,692,224)		
Change in Provision for Reinsurance		(288,000)		
Change in Surplus as Regards Policyholders				12,468,979
Surplus as Regards Policyholders; December 31, 2009			$	119,352,477
Surplus as Regards Policyholders; December 31, 2009			$	119,352,477
Net Income	$	12,275,991		
Change in Net Unrealized Capital Gains or (Losses)		(1,843,154)		
Change in Net Deferred Income Tax		(894,422)		
Change in Nonadmitted Assets		285,294		
Change in Provision for Reinsurance		266,000		
Dividends to Stockholders		(26,157,492)		
Implementation of SSAP 10R		3,051,006		
Change in Surplus as Regards Policyholders				(13,016,776)
Surplus as Regards Policyholders; December 31, 2010			**$**	**106,335,701**

EXAMINATION CHANGES

There were no examination changes.

COMMENTS ON FINANCIAL STATEMENTS

There were no comments on the financial statements.

SUMMARY OF RECOMMENDATIONS

There were no examination recommendations.

ACKNOWLEDGMENT

The assistance and cooperation extended by the officers and employees Vanliner Insurance Company during the course of this examination is hereby acknowledged and appreciated. In addition to the undersigned, John Boczkiewicz, CFE, CPA; Karen Milster, CFE, CPA; and Andy Balas, AES, CFE, CPA; examiners for the Missouri Department of Insurance, Financial Institutions and Professional Registration; and Jon W. Michelson, FCAA, MAAA, of Expert Actuarial Services, LLC, participated in this examination.

VERIFICATION

State of Missouri)
) ss
City of St. Louis)

I 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 the 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.

Richard Hayes
Richard Hayes, CFE, FLMI
Examiner-in-Charge
Department of Insurance, Financial Institutions and Professional Registration

Sworn to and subscribed before me this 22nd day of March, 2012.
My commission expires:

5/4/2013

KATHRYN M. CANUPP
Notary Public-Notary Seal
STATE OF MISSOURI
St. Louis County
My Commission Expires May 4, 2013
#09782534

Kathryn M. Canupp
Notary Public

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 the National Association of Insurance Commissioners procedures and guidelines as contained in the Financial Condition Examiners Handbook has been confirmed.

Michael R. Shadowens
Michael Shadowens, CFE
Audit Manager
Department of Insurance, Financial Institutions and Professional Registration