

STATE OF MISSOURI



DEPARTMENT OF COMMERCE & INSURANCE

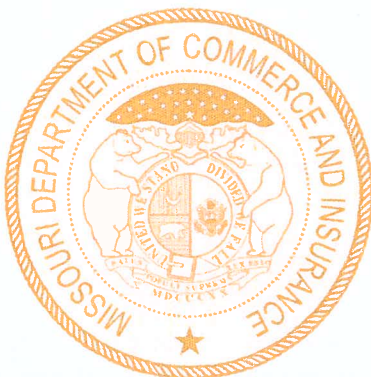
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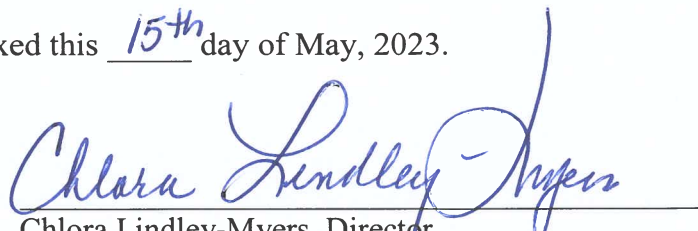
ORDER

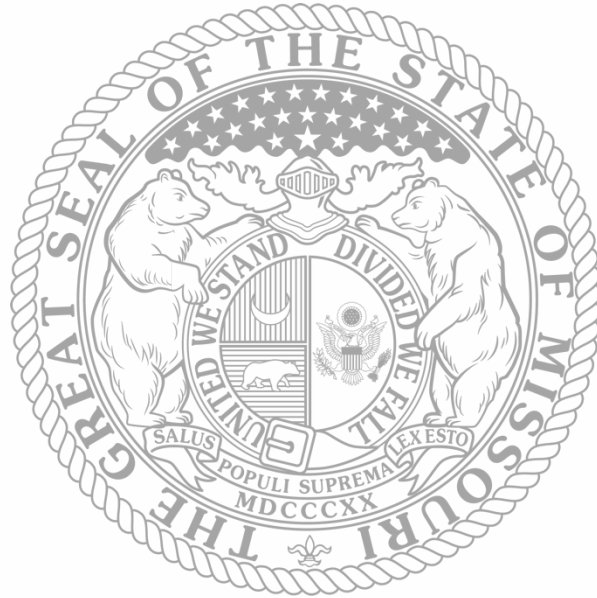
After full consideration and review of the report of the financial examination of The Travelers Protective Association of America for the period ended December 31, 2021, together with any written submissions or rebuttals and any relevant portions of the examiner's workpapers, I, Chlora Lindley-Myers, Director of the Missouri Department of Commerce and Insurance 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 finding, company history, management and control, territory and plan of operation, growth of company and loss experience, reinsurance, accounts and records, financial statements, comments on financial statement items, financial statement changes resulting from examination, and summary of recommendations.

Based on such findings and conclusions, I hereby ORDER that the report of the financial examination of The Travelers Protective Association of America as of December 31, 2021, be and is hereby ADOPTED as filed and for The Travelers Protective Association of America 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) 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 May, 2023.




Chlora Lindley-Myers, Director
Department of Commerce and Insurance



REPORT OF
FINANCIAL EXAMINATION OF

THE TRAVELERS PROTECTIVE ASSOCIATION OF AMERICA

AS OF
DECEMBER 31, 2021

STATE OF MISSOURI
DEPARTMENT OF COMMERCE & INSURANCE

JEFFERSON CITY, MISSOURI

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Saint Louis, MO
April 20, 2023

Honorable Chlora Lindley-Myers, Director
Missouri Department of Commerce and Insurance
301 West High Street, Room 530
Jefferson City, Missouri 65101

Director Lindley-Myers:

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

The Travelers Protective Association of America (NAIC #56006)

hereinafter referred to as such, as TPA, or as the Company. Its administrative office is located at 2041 Exchange Drive, Saint Charles, MO 63303, telephone number 636.724.2227. The fieldwork for this examination began on November 16, 2022, and concluded on the above date.

SCOPE OF EXAMINATION

Period Covered

The Missouri Department of Commerce and Insurance (Department) has performed a multiple-state financial examination of The Travelers Protective Association of America. The last examination of the Company by the Department covered the period of January 1, 2012, through December 31, 2016. The current examination covers the period of January 1, 2017, through December 31, 2021, as well as a review of any material transactions and events occurring subsequent to the examination period through the date of this report.

Procedures

We conducted our examination in accordance with the National Association of Insurance Commissioners (NAIC) *Financial Condition Examiners Handbook (Handbook)*, except where practices, procedures, and applicable regulations of the Department or statutes of the state of Missouri prevailed. The *Handbook* requires that we plan and perform the examination to evaluate the financial condition, assess corporate governance, identify current and prospective risks of the Company, and evaluate system controls and procedures used to mitigate those risks. An examination also includes the identification and evaluation of significant risks that could cause the Company's surplus to be materially misstated, both on a current and prospective basis.

This examination also included a review of significant estimates made by management and evaluation of 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.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. Those activities considered in the examination as key to TPA included Investments, Underwriting, Claims Handling and Reserving and Capital and Surplus. The examination also included a review and evaluation of information technology general controls.

This examination report includes significant findings of fact, as mentioned in Section 374.205 RSMo (Examination, director may conduct, when...) and general information about the Company 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 are separately communicated to other regulators and/or the Company.

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.

COMPANY HISTORY

General

The Company incorporated on June 11, 1890, as a fraternal benefit society under the name Commercial Travelers Benefit Association of America. On June 23, 1890, the Company changed its name to the current name, The Travelers Protective Association of America.

Mergers, Acquisitions, and Major Corporate Events

There were no mergers, acquisitions or major corporate events during the examination period.

Dividends and Capital Contributions

There were no dividends or capital contributions during the current examination period.

Surplus Notes

There were no surplus notes issued or outstanding during the current examination period.

MANAGEMENT AND CONTROL

Board of Directors

The management of the Company is vested in a Board of Directors elected by the members. The Company's Bylaws specify that the Board of Directors be composed of a total of eleven members, three of which are the President, the Vice-President and the Chief Administrative Officer. The Chief Administrative Officer is a non-voting member of the Board. The Board of Directors elected and serving as of December 31, 2021, were as follows:

Name and Address

Principal Occupation and Business Affiliation

L. Bailey Bledsoe
Greensboro, NC

Perfect Accents
Co-Owner

Thomas E. Davis
Henderson, KY

SAS Retail Services
Sales Representative

Delilah Keller
Laureldale, PA

Governor Mifflin School District
Retired Driver

Julie Kupper
Odessa, TX

University of Texas, Permian Basin
Adjunct Faculty

Joel Lederman
Englewood, CO

Solar Valley, LLC
Retired General Manager

Richard Martin
Blacksburg, SC

A & W, Inc.
Retired Sales Representative

Alfred Moore, Jr.
Lake Charles, LA

Fisk Electric Company
Retired Electrician

Wayne Wentworth
Perrinton, MI

Ledge Meadows Golf Course
Mechanic

Elwood L. Reed
Chillicothe, MO

Reeds Seeds, Inc.
Retired Co-Owner

Carlyle R. Wimbish, Jr.
South Boston, VA

Piedmont Community College
Retired Director of Business Development Center

Albert M. Shoemaker, Jr.
Saint Peters, MO

The Travelers Protective Association of America
Chief Administrative Officer

Senior Officers

The Bylaws establish the offices of President, Vice-President, Chief Administrative Officer and Director. The Bylaws do not mention a Secretary. The Bylaws assign the duties normally associated with the Secretary to the Chief Administrative Officer, who serves at the discretion of the Board of Directors. The officers elected and serving, as of December 31, 2021, were as follows:

Name

Office

Elwood L. Reed

President

Carlyle R. Wimbish, Jr.

Vice-President

Albert M. Shoemaker, Jr.

Chief Administrative Officer

Principal Committees

The Bylaws authorize the establishment of the following Standing Committees: Finance; Membership; Bylaws; Communications; Community Service; Convention; and Safety. Special committees may be created as needed by the Board of Directors or by the Annual Convention. The President, Vice-President and Chief Administrative Officer serve as ex-officio members of each committee. At year-end 2021, the Standing Committees were comprised as follows.

Finance

Richard Martin, Chair
Joel Lederman
Thomas Davis

Membership

L. Bailey Bledsoe, Chair
Joel Lederman
Alfred Moore, Jr.

Bylaws

Joel Lederman, Chair
Julie Kupper
Richard Martin
Wayne Wentworth

Convention

Wayne Wentworth, Chair
Paula Shoemaker
Brad Cunningham
Annamarie Cassis
Beth Koster
Sandy Wentworth

Communications

Beth Koster, Chair

Safety

Kay Aycock, Chair

Community Service

Helen Helms, Chair

Corporate Records

The Company's Articles of Incorporation and Bylaws were reviewed. Changes were made to the Bylaws each year of the examination period except 2020. The changes did not significantly affect TPA's operation. Amended Bylaws were submitted to the Department and approved. The minutes of the Annual Meetings and Board of Directors' meetings were reviewed for the period under examination.

Holding Company, Subsidiaries, and Affiliates

TPA is not a member of an Insurance Holding Company System, as defined by Section 382.010 RSMo (Definitions). The Company is affiliated with two charities with which it shares members. The TPA Hearing Trust provides scholarships to hearing-impaired individuals. The TPA Homer T. Wilson Benevolent Fund for Indigent Members, Widows, Widowers and Orphans provides financial assistance to TPA members in need.

TPA provides administrative services to the TPA Hearing Trust without charge. TPA also incurs the first \$10,000 in expenses, including shared employee time. Expenses in excess of \$10,000 are reimbursed to TPA on an actual cost basis. TPA provides administrative services to the TPA Homer T. Wilson Benevolent Fund for Indigent Members, Widows, Widowers and Orphans at no cost.

TERRITORY AND PLAN OF OPERATION

The Travelers Protective Association of America is licensed in Missouri as a fraternal benefit society under Chapter 378 RSMo (Fraternal Benefit Societies). At year-end 2021, the Company was licensed in an additional twenty-eight states.

TPA offers accidental death, medical loss, and disability insurance to its members. Coverage is only available to TPA members. The Company does not rely upon agents or brokers to market its products.

GROWTH OF COMPANY AND LOSS EXPERIENCE

The table below summarizes the Company's growth and loss experience for the period under examination:

(\$000s omitted)

Year	Net Premiums	Change in Net Premiums	Benefits and Losses	Capital and Surplus	Ratio of Net Premiums to Surplus	Net Income (Loss)
2017	\$ 565	\$ (74)	\$ 297	\$ 12,822	4.4%	\$ (366)
2018	548	(17)	286	12,488	4.4%	(324)
2019	504	(44)	197	12,576	4.0%	86
2020	443	(61)	155	12,334	3.6%	(281)
2021	383	(60)	182	12,447	3.1%	(122)

REINSURANCE

The Company does not assume or cede reinsurance.

ACCOUNTS AND RECORDS

Independent Auditor

The certified public accounting (CPA) firm, Kerber, Eck & Braeckel, LLP, in Springfield, IL, performed the statutory audit of the Company for the years 2017 through 2021. Reliance was placed upon the CPA workpapers as deemed appropriate. Such reliance included, but was not limited to, control testing, walk-throughs, narratives and tests of account balances.

Actuarial Opinion

The Company's actuarial opinion regarding reserves and other actuarial items was issued by Gary L. Rose, FSA, MAAA, CLU for the years 2017 and 2018 and by Kimberly Shores, FSA, MAAA, for the years 2019 through 2021. Gary L. Rose and Kimberly Shores are employed by Lewis & Ellis in Kansas City, Missouri.

Information Systems

In conjunction with this examination, Kimberly Dobbs, MBA, CFE, AES, CISA, Information Systems Financial Examiner-in-charge with the Department, conducted a review of the Company's information systems.

FINANCIAL STATEMENTS

The following financial statements are based on the statutory financial statements filed by the Company with the Department and present the financial condition of The Travelers Protective Association of America for the period ending December 31, 2021. The accompanying comments on financial statements reflect any examination adjustments to the amounts reported in the financial statements and should be considered an integral part of the financial statements. 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 key activity.

ASSETS

As of December 31, 2021

	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	\$ 8,483,426	\$ 0	\$ 8,483,426
Stocks:			
Common Stocks	2,571,947	0	2,571,947
Real Estate:			
Properties Occupied by the Company	230,036	0	230,036
Cash, Cash Equivalents, and Short- Term Investments	2,609,222	0	2,609,222
Investment Income Due and Accrued	86,267	0	86,267
TOTAL ASSETS	\$ 13,980,899	\$ 0	\$ 13,980,899

LIABILITIES, SURPLUS AND OTHER FUNDS

As of December 31, 2021

Aggregate Reserve for Accident and Health Contracts	\$ 189,546
Contract Claims:	
Accident and Health	100,011
Premiums and Annuity Considerations for Life and Accident and Health Contracts Received in Advance	74,401
Contract Liabilities Not Included Elsewhere:	
Interest Maintenance Reserve	388,989
General Expenses Due or Accrued	2,731
Miscellaneous Liabilities:	
Asset Valuation Reserve	662,426
Division Funds Held in Escrow	77,382
Unredeemed Checks	1,432
Due Division	36,998
TOTAL LIABILITIES	\$ 1,533,917
Unassigned Funds (Surplus)	12,446,982
TOTAL CAPITAL AND SURPLUS	\$ 12,446,982
TOTAL LIABILITIES AND SURPLUS	\$ 13,980,899

SUMMARY OF OPERATIONS

For the Year Ended December 31, 2021

Premiums and Annuity Considerations for Life and Accident and Health Contracts	\$ 383,426
Net Investment Income	424,047
Amortization of Interest Maintenance Reserve	43,157
Aggregate Write-Ins for Miscellaneous Income	571
Total Revenue	\$ 851,202
Death Benefits	75,000
Disability Benefits and Benefits Under Accident and Health Contracts	107,410
Increase in Aggregate Reserves for Life and Accident and Health Contracts	(35,890)
General Insurance Expenses	1,032,498
Insurance Taxes, License, and Fees, Excluding Federal Income Taxes	75,036
Total Underwriting Deductions	\$ 1,254,054
Net Gain (Loss) From Operations Before Dividends to Policyholders and Federal Income Taxes	\$ (402,852)
Net Realized Capital Gains (Losses)	280,703
NET INCOME (LOSS)	\$ (122,148)

RECONCILIATION OF CAPITAL AND SURPLUS

Changes from January 1, 2017 to December 31, 2021

(\$000's omitted)

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Capital and Surplus, Beginning of Year	\$ 13,044	\$ 12,822	\$ 12,488	\$ 12,576	\$ 12,334
Net Income (Loss)	(366)	(324)	86	(281)	(122)
Change in Net Unrealized Capital Gains (Losses)					
Less Capital Gains Tax	225	(215)	187	(85)	317
Change in Asset Valuation Reserve	(81)	204	(185)	123	(82)
Net Change in Capital and Surplus	(223)	(334)	88	(243)	113
Capital and Surplus, End of Year	\$ 12,822	\$ 12,488	\$ 12,576	\$ 12,334	\$ 12,447

COMMENTS ON FINANCIAL STATEMENT ITEMS

None.

FINANCIAL STATEMENT CHANGES RESULTING FROM EXAMINATION

None.

SUMMARY OF RECOMMENDATIONS

None.

SUBSEQUENT EVENTS

For 2022, TPA reported a net loss of \$365,000, which contributed to a surplus decline of \$446,000. The decline represents 4% of the prior year-end surplus.

The COVID-19 pandemic has continued to develop, with significant uncertainty remaining regarding the full effect of COVID-19 on the U.S. and global insurance and reinsurance industry. The Department has been in communication with the Company regarding the impact of COVID-19 on its business operations and financial position. The Department continues to closely monitor the impact of the pandemic on the Company and will take necessary action if a solvency concern arises.

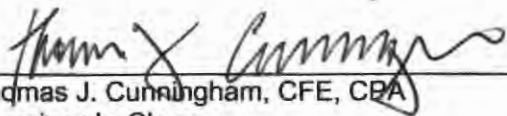
ACKNOWLEDGMENT

The assistance and cooperation extended by the officers and the employees of The Travelers Protective Association of America during the course of this examination is hereby acknowledged and appreciated. In addition to the undersigned, Conner Nilges, CFE, examiner for the Missouri Department of Commerce and Insurance, also participated in this examination.

VERIFICATION

State of Missouri)
)
County of Saint Louis) ss

I, Thomas J. Cunningham, CFE, CPA, 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 Travelers Protective Association of America, 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.



Thomas J. Cunningham, CFE, CPA
Examiner-In-Charge
Missouri Department of Commerce and Insurance

Sworn to and subscribed before me this 27 day of April, 2023.

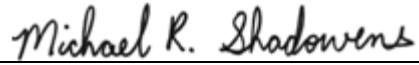
My commission expires: 12-8-2026 

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 NAIC procedures and guidelines as contained in the *Financial Condition Examiners Handbook* has been confirmed, except where practices, procedures, and applicable regulations of the Missouri Department of Commerce and Insurance and statutes of the state of Missouri prevailed.



Michael R. Shadowens, CFE
Assistant Chief Financial Examiner
Missouri Department of Commerce and
Insurance