

# STATE OF MISSOURI



## DEPARTMENT OF COMMERCE & INSURANCE

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

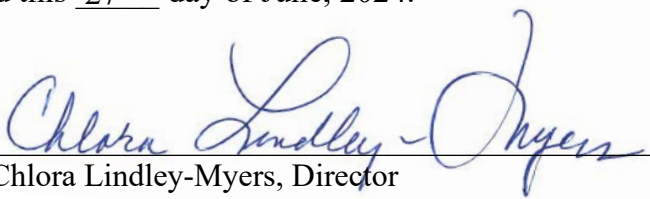
### ORDER

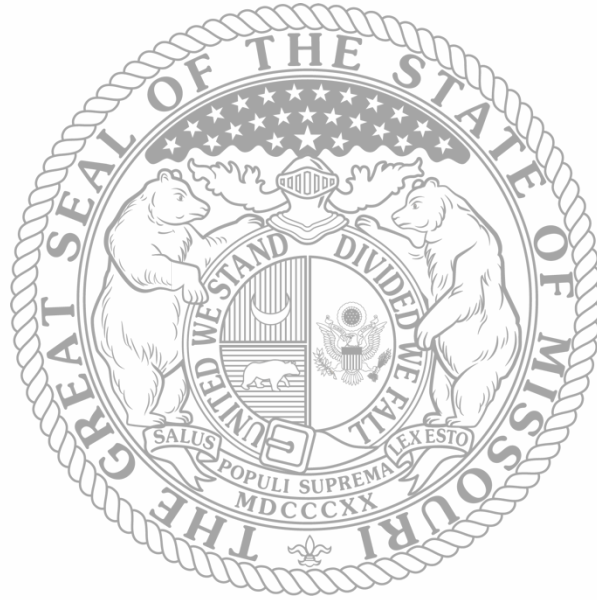
After full consideration and review of the report of the financial examination of National General Insurance Online, Inc. for the period ended December 31, 2022, together with any written submissions or rebuttals and any relevant portions of the examiner's workpapers, I, Chlora Lindley-Myers, Director 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 National General Insurance Online, Inc. as of December 31, 2022, be and is hereby ADOPTED as filed and for National General Insurance Online, Inc. 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 27<sup>th</sup> day of June, 2024.



  
Chlora Lindley-Myers, Director  
Department of Commerce and Insurance



REPORT OF  
FINANCIAL EXAMINATION OF

# **NATIONAL GENERAL INSURANCE ONLINE, INC.**

AS OF  
DECEMBER 31, 2022

**STATE OF MISSOURI  
DEPARTMENT OF COMMERCE & INSURANCE**

JEFFERSON CITY, MISSOURI

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Saint Louis, MO  
June 11, 2024

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

**National General Insurance Online, Inc. (NAIC #11044)**

hereinafter referred to as such, as NGIO, or as the Company. Its administrative office is located at 450 W. Hanes Mill Road, Ste. 101, Winston-Salem NC 27105, telephone number 336-435-2000. The fieldwork for this examination began on June 26, 2023, and concluded on the above date.

**SCOPE OF EXAMINATION**

**Period Covered**

The Missouri Department of Commerce and Insurance (Department) has performed a multi-state financial examination of National General Insurance Online, Inc. The last examination of the Company by the Department covered the period of January 1, 2015, through December 31, 2017. The current examination covers the period of January 1, 2018, through December 31, 2022, 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 the National General Holdings Company (NGHC) subgroup included Investments, Capital Management, Related Party, Reinsurance, Underwriting and Premiums – Property & Casualty (P&C),

Underwriting and Premiums – Accident and Health (A&H), Reserving – P&C and Reserving – A&H. The examination also included a review and evaluation of information technology general controls.

This examination was conducted as part of a coordinated examination of the NGHC subgroup of The Allstate Corporation (Allstate). The NGHC subgroup consists of twenty-eight insurance companies domiciled in numerous states. The North Carolina Department of Insurance (NCDOI) is the lead state regulator for the subgroup. Along with Missouri, twelve other states participated in the coordinated examination. The examination was also conducted concurrently with the examinations of the Company’s Missouri domiciled affiliates, National General Assurance Company (NGAC) and National General Insurance Company (NGIC).

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**

NGIO, formerly known as GMAC Insurance Company Online, Inc., was incorporated on April 6, 2000, and commenced business as a stock property and casualty insurer in Missouri under Chapter 379 RSMo. (Insurance other than life) on January 1, 2001. The Company was owned by Motors Insurance Corporation, which was owned by GMAC Insurance Holdings, Inc. The ultimate ownership was General Motors Acceptance Corporation (GMAC), part of the General Motors organization.

On March 1, 2010, American Capital Acquisition Corporation (ACAC) acquired GMAC’s U.S. personal lines private passenger auto business, including NGIO. ACAC, which was formed solely for purposes of the acquisition, was owned 79% by an individual, Michael Karfunkel, and 21% by AmTrust Financial Services, Inc. (ATFS)

In April 2013, ACAC changed its name to NGHC. In February 2014, NGHC became a standalone publicly traded entity.

On January 4, 2021, The Allstate Corporation, a publicly traded company, acquired all outstanding shares of NGHC. NGHC and all of its subsidiaries became wholly owned subsidiaries of Allstate.

#### **Mergers, Acquisitions, and Major Corporate Events**

During the examination period, Allstate acquired all outstanding shares of National General Holding Company’s stock, and the Company became a wholly owned subsidiary of The Allstate Corporation, a publicly traded company.

#### **Dividends and Capital Contributions**

No dividends or capital contributions were made during the examination period.

**Surplus Notes**

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

**MANAGEMENT AND CONTROL**

**Board of Directors**

The management of the Company is vested in a Board of Directors that are elected by the shareholders. The Company’s Articles of Incorporation specify that there shall be no less than nine, or more than twenty-five members. The Board of Directors elected and serving as of December 31, 2022, were as follows:

<b><u>Name and Address</u></b>	<b><u>Principal Occupation and Business Affiliation</u></b>
Cheryl Marie Bendtsen Odessa, FL	Senior Vice-President of Casualty Claims Allstate
Berta Alvarez Castellano Cooper City, FL	Executive Vice-President of Sales and Strategy National General Holdings Corporation
George Harvey Hall, Jr. Oak Ridge, NC	Senior Vice-President and Chief Claims Officer National General Management Corporation
Douglas Paul Hanes Winston-Salem, NC	Executive Vice-President of Product Management National General Insurance Company
Sarah Ann Inciong Dundee, IL	SVP Property-Liability Sales and Distribution Allstate
Aaron Benjamin Kuluk Nashville, TN	Executive Vice-President of Sales and Distribution National General Insurance Company
Patrick James Macellaro Northbrook, IL	Chief Financial Officer National General Insurance
Lawrence James Moloney New York, NY	Senior Vice-President of Finance National General Insurance Company
Peter Andrew Rendall New York, NY	Chief Operating Officer, Treasurer and Executive VP National General Holdings Corporation

**Senior Officers**

The officers elected and serving, as of December 31, 2022, were as follows:

<b><u>Name</u></b>	<b><u>Office</u></b>
Peter Andrew Rendall	President, COO and Chairman of the Board
Donald Jerome Bolar	Vice-President and Chief Accounting Officer
Patrick James Macellaro	Vice-President and Chief Financial Officer
Alexandra Tal Band	Senior Vice-President and Treasurer
George Harvey Hall, Jr.	Vice-President & Chief Claims Officer
Christina Hwang	Senior Vice-President

**Principal Committees**

The Allstate Insurance Holdings, LLC Audit Committee was designated as the Audit Committee for the Company on May 16, 2022. The Audit Committee serves the purpose of overseeing the audit of the annual statutory financial statements filed with state insurance regulators.

The Reinsurance Committee was established by the Board on June 8, 2022, and is authorized to review and approve all proposed treaty reinsurance placements for the Company and review approve proposed guidelines for facultative placements for the Company.

**Audit Committee**

Thomas J. Wilson, Chair  
John C. Pintozzi  
Glenn T. Shapiro

**Reinsurance Committee**

Peter A. Rendall, Chair  
Michael W. Demetre  
Mark Q. Prindiville  
Patrick J. Macellaro  
John C. Pintozzi

**Corporate Records**

The Company's Articles of Incorporation and Bylaws were reviewed. The Articles of Incorporation were updated in 2021 to change the principal office of the corporation from Hazelwood, Missouri to Jefferson City, Missouri. The amendment to the Articles was properly filed with the Missouri Secretary of State.

The minutes of the meetings of the Board of Directors for NGIO were reviewed for the years under examination. The meeting minutes of the sole shareholder, NGHC, were also reviewed.

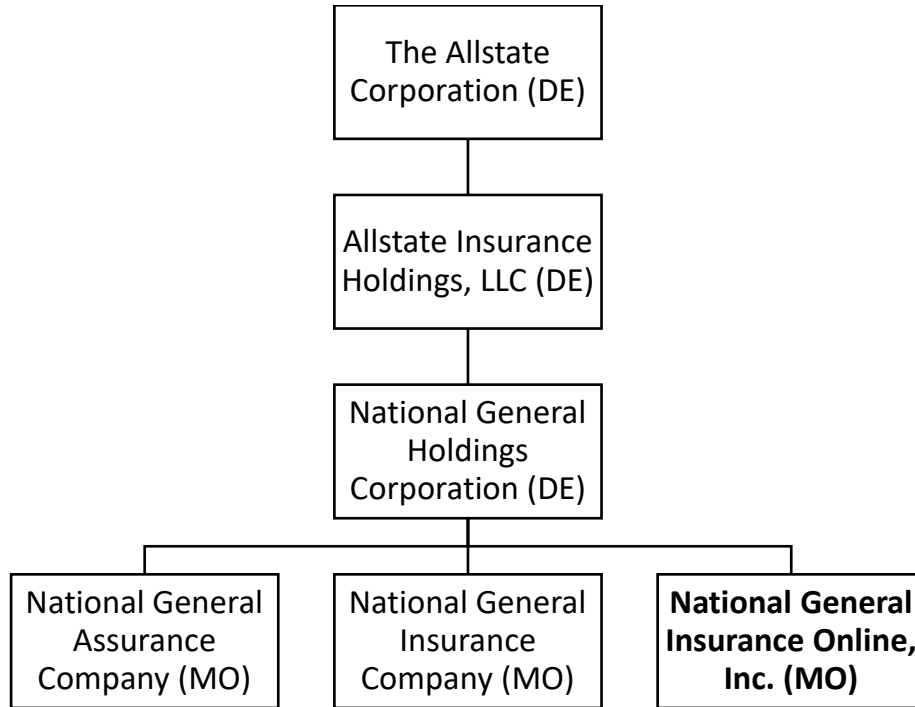
**Holding Company, Subsidiaries, and Affiliates**

NGIO is a member of an Insurance Holding Company System, as defined by Section 382.010 RSMo (Definitions). The Allstate Corporation is the ultimate controlling entity within the holding company system. Allstate directly and indirectly owned three life insurers and fifty-eight property and casualty companies across the United States as of December 31, 2022.

**Organizational Chart**

The following organizational chart depicts the applicable portion of the holding company group as of December 31, 2022. All subsidiaries are wholly owned.





**Intercompany Transactions**

The following agreements represent significant contracts executed with affiliated entities that were in effect as of December 31, 2022. A brief description of these agreements are as follows:

**Management Services Agreement:** An agreement between NGIO, NGAC, NGIC, Allstate Insurance Company (AIC), The Allstate Corporation (Allstate) and certain affiliates, effective January 4, 2021, whereby Allstate, AIC and certain affiliates provide certain marketing, claims, underwriting and policyholder services to the insurance entities.

**Management Services Agreement:** An agreement between NGIO, NGAC, NGIC and National General Management Corporation (NGMC), effective March 1, 2010, whereby NGMC provides underwriting duties, claims services, actuarial services, policyholder services, accounting, information technology and certain other administrative functions.

**Tax Allocation Agreement:** An agreement between NGIO, NGAC, NGIC and AIC, effective January 4, 2021, whereby each party is responsible for their tax liability as calculated on a separate return basis.

**Investment Management Agreement:** An agreement between NGIO, NGAC, NGIC, Allstate Insurance Company (AIC), The Allstate Corporation (Allstate) and Allstate Investments, LLC (AILLC), effective January 4, 2021, whereby AILLC serves as the investment manager of the investment assets of AIC and certain affiliates.

**Agency Agreement:** An agreement between NGAC, NGIC, NGIO, NGMC and Northeast Agencies Inc. (NEA), effective April 12, 2007, whereby NEA may represent certain affiliates formerly part of the GMAC Insurance brand, to receive and accept proposals for insurance covering certain classes of risks.

### TERRITORY AND PLAN OF OPERATION

NGIO is licensed in Missouri under Chapter 379 RSMo (Insurance other than life) to write property, liability and miscellaneous insurance. The Company is licensed in 45 states, and the District of Columbia, and writes standard and preferred auto and RV business in 8 states. The Company's business is comprised of automobile coverages marketed to members of affinity groups. The Company's largest states for premium volume as of 2022 were New York, Oregon and Florida.

Effective January 1, 2012, the Company entered into a 100% quota share agreement in which the Company ceded 100% of its net underwriting results to affiliate Integon National Insurance Company (INIC).

### GROWTH OF COMPANY AND LOSS EXPERIENCE

The table below summarizes the Company's premium writings and writing ratios for the period under examination:

*(\$000s omitted)*

Year	Net Premiums Written	Change in Net Premiums	Capital and Surplus	Ratio of Net Premiums to Surplus
2018	\$ 0	\$ 0	\$ 11,789	0%
2019	0	0	11,932	0%
2020	0	0	12,113	0%
2021	0	0	12,282	0%
2022	0	0	12,327	0%

The table below summarizes the Company's incurred losses and loss ratios for the period under examination:

*(\$000s omitted)*

Year	Net Premiums Earned	Net Losses and Loss Adjustment Expenses	Loss Ratio
2018	\$ 0	\$ 0	0%
2019	0	0	0%
2020	0	0	0%
2021	0	0	0%
2022	0	0	0%

### REINSURANCE

#### General

The Company's premium activity on a direct written, assumed, and ceded basis for the period under examination is detailed below:

(\$000s omitted)

<b>Premium Type</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Direct Premiums Written	\$ 21,988	\$ 20,490	\$ 28,764	\$ 46,517	\$ 69,695
Reinsurance Assumed:	0	0	0	0	0
Reinsurance Ceded:					
Affiliates	21,988	20,490	28,764	46,517	69,695
<b>Net Premiums Written</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>

### **Assumed Reinsurance**

The Company did not assume any premiums during the period under examination.

### **Ceded Reinsurance**

The Company cedes 100% of its net underwriting results to an affiliate, INIC, through a 100% quota share agreement described above.

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 contract.

## **ACCOUNTS AND RECORDS**

### **Independent Auditor**

The certified public accounting (CPA) firm, Deloitte & Touche LLP, in Chicago IL, performed the statutory audit of the Company for the years 2021 and 2022. The CPA firm, Ernst & Young LLP, in New York, NY, performed the statutory audit of the Company for the years 2018, 2019, and 2020. Reliance was placed upon the CPA workpapers as deemed appropriate.

### **Actuarial Opinion**

The Company's actuarial opinion regarding loss reserves, loss adjustment expense (LAE) reserves, and other actuarial items was issued by Ian Sterling, FCAS, MAAA for 2021 and 2022, and Gareth Kennedy, ACAS, MAAA, for 2018, 2019, and 2020. Mr. Sterling, FCAS, MAAA is employed by KPMG LLP in Radnor, PA. Mr. Kennedy, ACAS, MAAA is employed by Ernst & Young LLP in Chicago, IL.

### **Consulting Actuary**

As part of the coordinated examination, NCDOL contracted Risk & Regulatory Consulting (RRC) to review the underlying actuarial assumptions and methodologies used by NGIO to determine the adequacy of reserves and other actuarial items. RRC determined that the Company made a reasonable provision for the reserves and other actuarial items that were reported in the statutory financial statements, as of December 31, 2022.

### **Information Systems**

As part of the coordinated examination, NCDOL contracted RRC to review the Company's information systems. Missouri DCI IT Examiner-In-Charge, Kim Dobbs, MBA, CFE, AES, CISA, reviewed the work of RRC.

## **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 NGIO for the period ending December 31, 2022. 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, 2022

	<b>Assets</b>	<b>Nonadmitted Assets</b>	<b>Net Admitted Assets</b>
Bonds	\$ 8,768,095	\$ 0	\$ 8,768,095
Cash, Cash Equivalents, and Short- Term Investments	284,622	0	284,622
Investment Income Due and Accrued	38,889	0	38,889
Premiums and Considerations:			
Uncollected Premiums and Agents' Balances in the Course of Collection	793,455	25,666	767,789
Deferred Premiums, Agents' Balances, and Installments Booked but Deferred and Not Yet Due	6,484,808	0	6,484,808
Net Deferred Tax Asset	490		490
Aggregate Write-Ins for Other-Than- Invested Assets	6,755	0	6,755
<b>TOTAL ASSETS</b>	<b>\$ 16,377,113</b>	<b>\$ 25,666</b>	<b>\$ 16,351,447</b>

**LIABILITIES, SURPLUS AND OTHER FUNDS**

As of December 31, 2022

Current Federal and Foreign Income Taxes	9,600
Ceded Reinsurance Premiums Payable (Net of Ceding Commissions)	3,648,069
Payable to Parent, Subsidiaries, and Affiliates	366,283
<b>TOTAL LIABILITIES</b>	<b>\$ 4,023,952</b>
Common Capital Stock	4,000,000
Gross Paid In and Contributed Surplus	6,000,000
Unassigned Funds (Surplus)	2,327,495
<b>TOTAL CAPITAL AND SURPLUS</b>	<b>\$ 12,327,495</b>
<b>TOTAL LIABILITIES AND SURPLUS</b>	<b>\$ 16,351,447</b>

**STATEMENT OF INCOME**  
For the Year Ended December 31, 2022

Premiums Earned	\$	0
DEDUCTIONS:		
Other Underwriting Expenses Incurred		(1,509)
Total Underwriting Deductions	\$	1,509
Net Income of Protected Cells		
<b>Net Underwriting Gain (Loss)</b>	<b>\$</b>	<b>1,509</b>
Net Investment Income Earned		120,987
Net Realized Capital Gains		(55,128)
<b>Net Investment Gain (Loss)</b>	<b>\$</b>	<b>65,859</b>
Federal and Foreign Income Taxes Incurred		24,223
<b>NET INCOME (LOSS)</b>	<b>\$</b>	<b>43,145</b>

**RECONCILIATION OF CAPITAL AND SURPLUS**  
Changes from January 1, 2018 to December 31, 2022

*(\$000s omitted)*

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Capital and Surplus,					
Beginning of Year	\$ 12,282	\$ 12,113	\$ 11,932	\$ 11,789	\$ 11,304
Net Income (Loss)	43	166	78	114	135
Change in Net Unrealized Capital Gains (Losses)					
Less Capital Gains Tax	0	0	0	0	6
Change in Net Deferred Income Tax	(2)	(2)	(15)	(99)	15
Change in Nonadmitted Assets	4	5	118	128	232
Aggregate Write-Ins for Gains and Losses in Surplus	0	0	0	0	97
Net Change in Capital and Surplus	45	169	181	143	485
<b>Capital and Surplus, End of Year</b>	<b>\$ 12,327</b>	<b>\$ 12,282</b>	<b>\$ 12,113</b>	<b>\$ 11,932</b>	<b>\$ 11,789</b>

**COMMENTS ON FINANCIAL STATEMENT ITEMS**

None.

**FINANCIAL STATEMENT CHANGES RESULTING FROM EXAMINATION**

None.

**SUMMARY OF RECOMMENDATIONS**

None.

**SUBSEQUENT EVENTS**

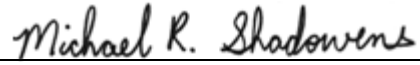
None.





### **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.



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