



**DEPARTMENT OF INSURANCE, FINANCIAL  
INSTITUTIONS AND PROFESSIONAL REGISTRATION**

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

**ORDER**

After full consideration and review of the report of the financial examination of Safety Specialty Insurance Company for the period ended December 31, 2015, 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 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; pensions, stock ownership and insurance plans; territory and plan of operations; growth of company; loss experience; reinsurance; accounts and records; statutory deposits; financial statements; analysis of examination changes; comments on financial statements; and summary of recommendations.

Based on such findings and conclusions, I hereby ORDER that the report of the financial examination of Safety Specialty Insurance Company as of December 31, 2015 be and is hereby ADOPTED as filed and for Safety Specialty 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) 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 1<sup>st</sup> day of June, 2017.



*Chlora Lindley-Myers*

Chlora Lindley-Myers, Director  
Department of Insurance, Financial Institutions  
and Professional Registration

REPORT OF  
FINANCIAL EXAMINATION

# Safety Specialty Insurance Company

As of:  
DECEMBER 31, 2015

**FILED**

2017 JAN 2 2017

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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April 13, 2017  
St. Louis, MO

Honorable Chlora Lindley-Myers, Director  
Missouri Department of Insurance, Financial  
Institutions and Professional Registration  
301 West High Street, Room 530  
Jefferson City, MO 65101

Director Lindley-Myers:

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

**Safety Specialty Insurance Company**

hereinafter referred to as "SSIC" or the "Company." The Company's home office is located at 1832 Schuetz Road, St. Louis, Missouri 63146; telephone number (314) 995-5300. Examination fieldwork began on January 18, 2017, and concluded on the above date.

**SCOPE OF EXAMINATION**

**Period Covered**

We have performed a single-state examination of Safety Specialty Insurance Company. The last examination was completed as of December 31, 2010. This examination covers the period from January 1, 2011, through December 31, 2015, and also included material transactions or events occurring subsequent to December 31, 2015.

**Procedures**

This full-scope examination was conducted using guidelines set forth in the Financial Condition Examiners Handbook (Handbook) of the National Association of Insurance Commissioners (NAIC), except where practices, procedures and applicable regulations of the 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, assess corporate governance, identify current and prospective risks of the company and evaluate system controls and procedures used to mitigate those risks. An examination also includes identifying and evaluating significant risks that could cause an insurer's surplus to be materially misstated both currently and prospectively.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. This includes assessing significant estimates made by management and evaluating management's compliance with Statutory Accounting Principles. The examination does not attest to the fair presentation of the financial statements included herein. If, during the course of the examination an adjustment is identified, the impact of such adjustment is documented separately following the Company's financial statements.

This examination report includes significant findings of fact 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 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 balance sheet or income statement identified during the examination.

### SUBSEQUENT EVENTS

In 2016, SSIC entered into various agreements with Safety National Casualty Company (SNCC) and other affiliates. The following agreements have been entered into:

#### Capital Support Agreement

- Parties: SNCC, SSIC and Tokio Marine & Nichido Fire Insurance Co LTD (TMNF)
- Effective: May 21, 2013. The agreement was amended effective January 1, 2016, to add SSIC.
- Terms: TMNF will provide SNCC and/or SSIC an amount of statutory capital and surplus necessary to maintain a level at least equal to 300% of the amount of authorized control level RBC.
- Rate(s): No rate involved in this transaction, all funds transferred are considered a capital/surplus infusion from TMNF to SNCC/SSIC.

#### Inter-Company Service Agreement

- Parties: SSIC and SNCC
- Effective: January 1, 2016
- Terms: SNCC will provide various services to SSIC including management, accounting, finance, taxation, actuarial, law, claims processing and data services.
- Rate(s): SSIC reimburses SNCC for its allocable share of salaries paid to employees performing services for SSIC and other general and administrative expenses as calculated pursuant to the agreement.

### **Inter-Company Tax Allocation Agreement**

- Parties:** Delphi Financial Group, Inc., SNCC, SSIC, and other taxable entities within the Delphi Financial Group
- Effective:** March 5, 1996. Most recently amended effective January 1, 2016, to add SSIC to the agreement.
- Terms:** Delphi Financial Group, Inc. files a consolidated federal income tax return annually on behalf of all participating members of the agreement.
- Rate(s):** Each participant will pay its share of the consolidated tax liability on the same basis as if it had filed its tax return on a separate and individual basis.

### **Cost Sharing Agreement**

- Parties:** SSIC and Delphi Capital Management (DCM)
- Effective:** March 31, 2016
- Terms:** DCM agrees to provide SSIC with all investment advisory and administrative services necessary for the conduct of its business
- Rate(s):** SSIC pays DCM its proportionate share of the costs of such services on an at-cost basis.

### **90% Quota Share Reinsurance Agreement**

- Parties:** SSIC and SNCC
- Effective:** March 15, 2016
- Terms:** SSIC cedes 90% of premiums and losses to SNCC for the specific lines classified as Public Officials Liability, Educators Legal Liability and Law Enforcement Liability. Losses shall not exceed \$1.8 million per claim per policy, although the contract also covers 90% of loss adjustment expenses as well as extra contractual obligations in excess of policy limits.
- Rates:** SSIC cedes 90% of premiums to SNCC and SSIC keeps a 27.5% ceding commission.

On January 1, 2017 SSIC began a program with Tokio Marine Kiln, Ltd. (TMK) in which SSIC writes commercial property business in the United States through program administrators. This business is ceded to TMK through a 100% reinsurance agreement. The following agreements were entered into as part of this program:

**Inter-Company Service Agreement**

Parties: SSIC and TMK

Effective: January 1, 2017

Terms: TMK provides various services to SSIC under the commercial property program including claims services, legal services, administration, actuarial, financial services and data processing.

Rate: SSIC reimburses TMK for actual cost of services provided

**100% Quota Share Reinsurance Agreement**

Parties: SSIC and TMK

Effective: January 1, 2017 to January 1, 2018

Terms: SSIC cedes 100% of premiums and losses related to the commercial property coverage written by program administrators to TMK.

Rate: SSIC cedes all premiums to TMK. SSIC retains a ceding commission between 1% and 5% based on the amount of gross net written premiums ceded.

**Assumption Agreement**

Parties: SSIC and TMK

Effective: January 1, 2017

Terms: TMK assumes, releases, discharges and indemnifies SSIC from any and all liabilities of SSIC arising from the commercial property insurance program.

Rate: There are no costs under this agreement.

## **Surplus Note**

**Parties:** SSIC and TMK

**Effective:** December 31, 2016 through January 15, 2037

**Terms:** SSIC issued a surplus note to TMK in the amount of \$1 million for the purpose of funding the commercial property insurance program. The note has a maturity date of January 15, 2037. All interest and principal payments will be made only with approval of DIFP.

**Rate:** 3% per annum fixed rate.

## **TPA Agreement**

**Parties:** SSIC and Precise Adjustments, Inc. (Precise)

**Effective:** January 1, 2017

**Terms:** Precise will provide claims handling services to SSIC relating to the commercial property insurance program.

**Rate:** The fees are outlined in Schedule B of the agreement.

## **COMPANY HISTORY**

### **General**

SSIC was previously known as SPARTA Specialty Insurance Company, a Connecticut domiciled insurer owned by SPARTA Insurance Company. In 2014, after incurring heavy losses, the Company was put in run-off status. Later in 2014, SPARTA Insurance Company was acquired by Catalina Holdings Bermuda, Ltd., which became the ultimate controlling entity.

In April of 2015, SPARTA Insurance Company entered into a Stock Purchase Agreement with Safety National Casualty Company for the sale of SPARTA Specialty Insurance Company. The sale was completed in December 2015, at which time the Company became a wholly owned subsidiary of SNCC. In conjunction with the acquisition, the Company also re-domiciled from Connecticut to Missouri, changed its name to Safety Specialty Insurance Company and became licensed as a Domestic Surplus Lines Insurer under Chapter 384 RSMo (Surplus Lines Insurance Laws).

SSIC was a shell company at the time of acquisition with no existing operations, in-force policies or outstanding claims. The transaction was accounted for as a Quasi-Reorganization in accordance with SSAP No. 72 (Surplus and Quasi-Reorganizations) and SSIC's Unassigned funds (surplus) balance was re-set to \$0 upon completion of the purchase.



Effective December 31, 2015, SNCC made a \$30 million capital contribution to SSIC, consisting of approximately \$28.7 million of investment grade bonds and \$1.3 million cash. The purpose of the contribution was to enhance SSIC's surplus and further their ability to write surplus lines insurance on a national basis.

#### **Capital Stock and Paid-In Surplus**

SSIC had 6,000 shares of \$1,000 par value common stock authorized, with 4,200 shares issued and outstanding as of December 31, 2015. All outstanding shares are owned by Safety National Casualty Corporation. Total paid-in surplus was \$58,817,973 as of December 31, 2015. This total included a \$30 million contribution from SNCC in 2015.

#### **Dividends**

The Company did not issue any dividends during the exam period.

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

As detailed above, SSIC was acquired by SNCC in December 2015.

#### **Surplus Debentures**

SSIC did not have any outstanding surplus notes as of December 31, 2015. The Company issued a \$1 million surplus note to Tokio Marine Kiln, Ltd. in 2016.

### **CORPORATE RECORDS**

A review was made of the Articles of Incorporation and Bylaws of the Company. The Articles were amended in September 2015 to satisfy the requirements for the re-domestication to Missouri. They were further amended in December 2015 to change the name from SPARTA Specialty Insurance Company to Safety Specialty Insurance Company as well as changing the purpose of the company from operating as a Property & Casualty Insurer to operating as a Missouri Domestic Surplus Line Insurer. There were no changes to the Bylaws during the examination period, however they were subsequently amended in 2016 to change the name and certificate of authority as was previously done with the Articles.

We reviewed the Board of Directors minutes since the acquisition of the Company by SNCC. The minutes appear to properly document and approve corporate events and transactions.

## MANAGEMENT AND CONTROL

### **Board of Directors**

The management of the Company is vested in a board of 9 directors. The directors serving at December 31, 2015, were as follows:

<b><u>Name</u></b>	<b><u>Principal Occupation and Business Affiliation</u></b>
Gus E. Aivaliotis St. Louis, Missouri	Senior Vice President Safety National Casualty Corporation
John P. Csik St. Louis, Missouri	Executive Vice President and Chief Financial Officer Safety National Casualty Corporation
Duane A. Hercules St. Louis, Missouri	President Safety National Casualty Corporation
Nicholas A. Kriegel St. Louis, Missouri	Vice President & Assistant Secretary Safety National Casualty Corporation
Steven F. Luebbert St. Louis, Missouri	Chief Operating Officer Safety National Casualty Corporation
Eugene R. Maier St. Louis, Missouri	Executive Vice President and Chief Underwriting Officer Safety National Casualty Corporation
Jeffrey W. Otto St. Louis, Missouri	Senior Vice President and Secretary Safety National Casualty Corporation
Seth A. Smith St. Louis, Missouri	Senior Vice President Safety National Casualty Corporation
Mark A. Wilhelm St. Louis, Missouri	Chief Executive Officer Safety National Casualty Corporation

### **Officers**

The officers of the Company at December 31, 2015, were as follows:

<b><u>Name</u></b>	<b><u>Position</u></b>
Mark A. Wilhelm	Chief Executive Officer
Duane A. Hercules	President
Jeffrey W. Otto	Secretary
John P. Csik	Treasurer
Steven F. Luebbert	Chief Operating Officer
Nicholas A. Kriegel	Assistant Secretary

**Committees**

The Company has two formal committees in place: an Audit Committee and an Executive and Investment Committee. The individuals serving on each committee as of December 31, 2015, were as follows:

**Audit Committee**

John P. Csik  
Duane A. Hercules  
Steven F. Luebbert

**Executive and Investment Committee**

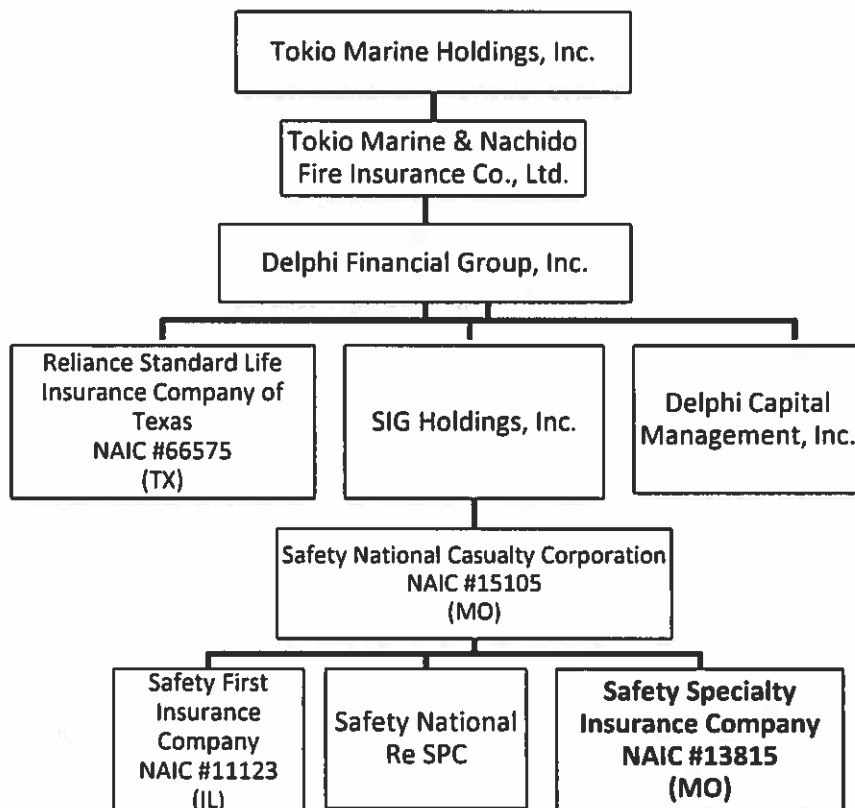
Duane A. Hercules  
Steven F. Luebbert  
Mark A. Wilhelm

**Holding Company, Subsidiaries and Affiliates**

The Company is a member of an insurance holding company system as defined by Chapter 382 RSMo (Insurance Holding Companies). Affiliations are described in the Company History section above. Tokio Marine Holdings, Inc. is the ultimate controlling entity within the holding company system.

**Organization Chart**

The following is an abridged organizational chart which depicts the structure of companies relating to SSIC as of December 31, 2015. All subsidiaries are wholly owned unless otherwise noted.



### **Affiliated Transactions**

There were no intercompany agreements with affiliates as of December 31, 2015. SSIC has entered into numerous affiliated agreements in 2016 and 2017, which are summarized in the Subsequent Events section.

### **FIDELITY BOND AND OTHER INSURANCE**

SSIC is covered on a financial institution bond held by Delphi Financial Group, Inc. that provides coverage with a limit of liability of \$20,000,000. This coverage exceeds the minimum amount of fidelity insurance recommended by the NAIC.

The Company is also included on various other policies held by upstream affiliates that provide coverage such as commercial property and liability, commercial excess liability, directors and officers, errors and omissions, workers' compensation and umbrella liability. The Company's insurance coverage appears to be adequate.

### **PENSIONS, STOCK OWNERSHIP AND INSURANCE PLANS**

SSIC does not have any direct employees. Services are provided by employees of SNCC pursuant to an Inter-Company Service Agreement. SNCC provides its employees with benefits typical of the industry including medical coverage, life and disability insurance, paid leave, holidays, dependent care assistance and educational assistance.

### **TERRITORY AND PLAN OF OPERATIONS**

SSIC is licensed in Missouri under Chapter 384 RSMo (Surplus Lines Insurance) to write surplus lines insurance in Missouri. The Company is authorized to write surplus lines insurance in all 50 states, as well as all U.S. territories and Canada.

SSIC did not write any direct business in 2015 and very little direct business in 2014 prior to being put in run-off. The Company was acquired in 2015 to write various types of surplus lines coverage to complement the products offered by SNCC.

## GROWTH OF COMPANY

The table below shows various indicators of the Company's growth during the examination period.

	2011	2012	2013	2014	2015
Gross Written Premiums	\$ 33,840,456	\$ 37,718,425	\$ 42,651,704	\$ 3,313,402	\$ 940,330
Net Written Premiums	33,809,962	37,552,766	42,444,776	3,299,108	940,330
Net Income	(1,754,141)	(54,204)	(10,634,330)	(10,201,453)	(1,915,785)
Total Admitted Assets	95,540,678	104,689,633	120,223,065	97,297,878	64,092,691
Total Capital and Surplus	45,713,293	46,032,655	43,164,950	35,899,381	64,078,303

SSIC was a shell company at the time of acquisition in 2015 with no existing in-force policies or outstanding claims. The written premiums reported in 2014 and 2015 were related to premiums assumed under a reinsurance pooling agreement with SSIC's former parent company prior to the acquisition by SNCC. Capital and surplus increased in 2015 due to the \$30 million capital contribution from SNCC.

## LOSS EXPERIENCE

The following exhibit illustrates the Company's underwriting results during the examination period.

	2011	2012	2013	2014	2015
Net Underwriting Gain	\$ (4,427,999)	\$ (1,981,148)	\$ (12,251,111)	\$ (11,697,859)	\$ (3,483,429)
Net Investment Gain	2,202,793	1,956,783	1,288,208	1,465,737	1,574,054
Net Income	(1,754,141)	(54,204)	(10,634,330)	(10,201,453)	(1,915,785)
RBC Ratio	918%	860%	719%	828%	8367%

SSIC reported net underwriting losses and overall net losses in each of the past five years. Due to the consistent losses, the Company was placed in run-off in 2014. RBC increased substantially in 2015 due to the acquisition and subsequent capital contribution by SNCC.

## REINSURANCE

### General

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

	2011	2012	2013	2014	2015
Direct Business	\$ 30,494	\$ 165,659	\$ 206,928	\$ 14,294	\$ -
Reinsurance Assumed	33,809,962	37,552,766	42,444,776	3,299,108	940,330
Reinsurance Ceded	30,494	165,659	206,928	14,294	-
Net Written Premiums	<u>\$ 33,809,962</u>	<u>\$ 37,552,766</u>	<u>\$ 42,444,776</u>	<u>\$ 3,299,108</u>	<u>\$ 940,330</u>

### Assumed

Prior to the acquisition by SNCC, SSIC was party to a reinsurance pooling agreement with its former parent, SPARTA Insurance Company (SPARTA). Under this agreement the company ceded all premiums and losses to SPARTA, and then re-assumed a portion of the total premiums and losses of the pool.

The Company has not assumed any reinsurance since the acquisition by SNCC.

### Ceded

SSIC entered into a 100% quota share reinsurance agreement with SPARTA Insurance Company in December 2015. The purpose of this agreement was to cede to SPARTA all business in effect prior to the effective date of the acquisition by Safety National.

Effective March 15, 2016, the Company entered into a 90% quota share reinsurance agreement with Safety National. Under this agreement the Company cedes 90% of premiums and losses, less a ceding commission, on business classified as Public Officials Liability, Educators Legal Liability and Law Enforcement Liability insurance.

Effective January 1, 2017, the Company entered into a 100% quota share reinsurance agreement with Tokio Marine Kiln, Ltd. Under this agreement the company writes commercial property insurance through program administrators in the United States, and cedes all business to TMK less a ceding commission.

## ACCOUNTS AND RECORDS

### General

Accounting, claims processing, policy administration and other related functions are performed by employees of SNCC under an Inter-Company Service Agreement. Investment functions are performed at the Delphi Financial level for all subsidiaries, including Safety National.

### Independent Auditor

SSIC does not currently have an external auditor appointed. The company received an exemption from DIFP from filing audited financial statements for 2015 since no business was

written in 2015. The financial statements of the parent company, SNCC, are audited annually by the accounting firm PricewaterhouseCoopers.

**Actuarial Opinion**

SSIC held no reserves as of December 31, 2015, and no business was written in 2015. As a result, the Company received an exemption from DIFP from filing an actuarial opinion for 2015 and no actuarial specialist was engaged for this examination.

**Information Systems**

The DIFP IT Examiner evaluated the systems of SNCC during their most recent examination as of December 31, 2014. Since SNCC provides all administrative services to SSIC, no review of the information systems was performed for this examination.

**STATUTORY DEPOSITS**

**Deposits with the State of Missouri**

The Company had \$1,200,000 in cash on deposit with the State of Missouri as of December 31, 2015. The Company is licensed as a Domestic Surplus Lines Insurer under Chapter 382 RSMo, which does not require a deposit to be held in Missouri.

**Deposits with Other States**

The Company holds certain funds on deposit with other states in which it is an eligible surplus lines carrier. The funds held in other states as of December 31, 2015 were as follows:

<u>State</u>	<u>Type of Security</u>	<u>Par Value</u>	<u>Market Value</u>	<u>Statement Value</u>
Connecticut	US Treasury Notes	\$ 2,500,000	\$ 2,504,465	\$ 2,497,980
Kentucky	Cash and Special Revenue Bond	600,000	600,000	600,000
New York	Special Revenue Bonds	2,500,000	2,666,225	2,651,476
Totals		<u>\$ 5,600,000</u>	<u>\$ 5,770,690</u>	<u>\$ 5,749,456</u>

**FINANCIAL STATEMENTS**

The following financial statements are based on the statutory financial statements filed by the Company and present the financial condition of the Company for the period ending December 31, 2015. The accompanying comments on financial statements reflect any examination adjustments to the amounts reported in the annual statement and should be considered an integral part of the financial statements.

There may have been additional differences found in the course of this examination that are not shown in the "Comments on 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 annual statement item.

## ASSETS

	Assets	Non-Admitted Assets	Net Admitted Assets
Bonds	\$ 32,199,870	\$ -	\$ 32,199,870
Cash and short-term investments	31,512,580	-	31,512,580
Receivables for securities	42,402	-	42,402
Investment income due and accrued	337,839	-	337,839
<b>TOTAL ASSETS</b>	<b>\$ 64,092,691</b>	<b>\$ -</b>	<b>\$ 64,092,691</b>

## LIABILITIES, SURPLUS AND OTHER FUNDS

Current federal and foreign income taxes	\$ 6,614
Net deferred tax liability	7,774
<b>TOTAL LIABILITIES</b>	<b>\$ 14,388</b>
Common capital stock	4,200,000
Gross paid in and contributed surplus	59,817,973
Unassigned funds (surplus)	60,330
<b>SURPLUS AS REGARDS POLICYHOLDERS</b>	<b>\$ 64,078,303</b>
<b>TOTAL LIABILITIES AND SURPLUS</b>	<b>\$ 64,092,691</b>



## STATEMENT OF INCOME

### Underwriting Income:

Premiums earned		\$ 1,375,809
Deductions:		
Losses incurred	\$ 2,818,622	
Loss adjustment expenses incurred	423,748	
Other underwriting expenses incurred	<u>1,616,868</u>	
Total underwriting deductions		<u>4,859,238</u>
<b>Net Underwriting Gain (Loss)</b>		<b>\$ (3,483,429)</b>

### Investment Income:

Net investment income earned	\$ 1,723,530	
Net realized capital gains	<u>(149,476)</u>	
<b>Net Investment Gain (Loss)</b>		<b>\$ 1,574,054</b>

### Other Income:

Net loss from agents or premium balances charged off	\$ (1,195)	
Miscellaneous income	<u>1,399</u>	
<b>Total Other Income</b>		<b>\$ 204</b>

**Net income before dividends and FIT** **\$ (1,909,171)**

Dividends to policyholders		-
Federal income taxes incurred		<u>6,614</u>
<b>Net income</b>		<b><u>\$ (1,915,785)</u></b>

## RECONCILIATION OF SURPLUS

Changes from December 31, 2010 to December 31, 2015

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Capital and surplus, PY	\$ 16,061,454	\$ 45,713,293	\$ 46,032,656	\$ 43,164,950	\$ 35,899,381
Net Income	(1,754,141)	(54,204)	(10,634,330)	(10,201,453)	(1,915,785)
Change in U/R cap. gains	-	-	-	(65,510)	96,306
Change in net def. taxes	727,751	438,711	(2,612,721)	-	(7,774)
Change in nonadm. assets	(321,771)	(65,144)	379,346	1,394	6,175
Change in paid in capital	700,000	-	-	-	-
Change in paid in surplus	30,300,000	-	10,000,000	3,000,000	30,000,000
Change in cap. and surplus	<u>29,651,839</u>	<u>319,363</u>	<u>(2,867,705)</u>	<u>(7,265,569)</u>	<u>28,178,922</u>
<b>Capital and surplus, CY</b>	<b><u>\$ 45,713,293</u></b>	<b><u>\$ 46,032,656</u></b>	<b><u>\$ 43,164,950</u></b>	<b><u>\$ 35,899,381</u></b>	<b><u>\$ 64,078,303</u></b>

### **ANALYSIS OF EXAMINATION CHANGES**

No adjustments or reclassifications were made as a result of the examination.

### **COMMENTS ON FINANCIAL STATEMENTS**

There are no comments on the financial statements.

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### **SUMMARY OF RECOMMENDATIONS**

There are no recommendations.

