



## DEPARTMENT OF COMMERCE & INSURANCE

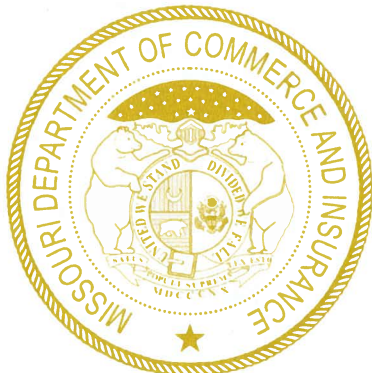
P.O. Box 690, Jefferson City, Mo. 65102-0690

### ORDER

After full consideration and review of the report of the financial examination of Old Reliable Casualty Company for the period ended December 31, 2023, together with any written submissions or rebuttals and any relevant portions of the examiner's workpapers, I, Angela L. Nelson, 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.

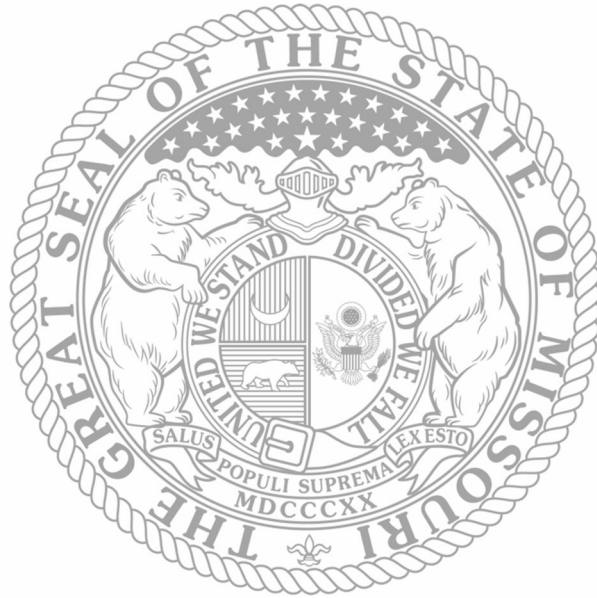
Based on such findings and conclusions, I hereby ORDER that the report of the financial examination of Old Reliable Casualty Company as of December 31, 2023, be and is hereby ADOPTED as filed and for Old Reliable Casualty Company to take the following action or actions, which I consider necessary to 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 30th day of June, 2025.



A handwritten signature in blue ink, reading "Angela L. Nelson".

Angela L. Nelson, Director  
Department of Commerce and Insurance



REPORT OF  
FINANCIAL EXAMINATION OF

# **OLD RELIABLE CASUALTY COMPANY**

AS OF  
DECEMBER 31, 2023

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

JEFFERSON CITY, MISSOURI

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Chicago, IL  
May 28, 2025

Honorable Angela L. Nelson, Director  
Missouri Department of Commerce and Insurance  
301 West High Street, Room 530  
Jefferson City, Missouri 65101

Director Nelson:

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

**Old Reliable Casualty Company (NAIC #36625)**

hereinafter referred to as such, as Old Reliable, or as the Company. Its administrative office is located at 12115 Lackland Road, St. Louis, MO 63146-4003, telephone number (314) 819-4300. The fieldwork for this examination began on February 19, 2024, 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 Old Reliable. The last examination of the Company by the Department covered the period of January 1, 2014, through December 31, 2018. The current examination covers the period of January 1, 2019, through December 31, 2023, 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 Old Reliable included Reserves & Pricing, Investment Accounting & Reporting, Treasury Liquidity & Capital Management, Specialty Underwriting, Premium Billing & Collections, Specialty Claims Handling

& Data, Related Party Transactions, and Specialty Commissions Management. 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 Kemper Group, which consists of forty-one insurance companies domiciled in numerous states. The Illinois Department of Insurance is the lead state regulator for the group. Along with Missouri, eleven other states participated in the coordinated examination. The examination was also conducted concurrently with the examination of the Company's Missouri-domiciled affiliate, The Reliable Life Insurance Company.

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**

Old Reliable was incorporated on December 18, 1978, and received its certificate of authority to operate under Chapter 379 RSMo (Insurance Other than Life) on December 29, 1978.

At the time of its incorporation, 100% of the capital stock of Old Reliable was owned by The Reliable Life Insurance Company (Reliable Life), a Missouri domestic insurer. During 1981, Reliable Life sold the stock of Old Reliable to Clayton Holdings Corporation, a subsidiary of Capitol County Mutual Fire Insurance Company (Capitol County), resulting in Capitol County becoming the indirect ultimate controlling entity of Old Reliable.

In 1986, Clayton Holdings Corporation contributed all of the capital stock of Old Reliable to Capitol County, leaving Capitol County as the direct owner and ultimate controlling entity of the Company.

Old Reliable had a service agreement with United Insurance Company of America (United), whereby United managed all the underwriting functions of the Company on an at-cost basis.<sup>1</sup> A review by the State of Texas of the agreement and management structures in place between Capitol County and Reliable found the two Companies to be affiliates, and Texas required that the affiliation be reported by Capitol County. As a result of subsequent inquiry by the Department, Old Reliable has agreed that it is affiliated with Reliable Life and ultimately Unitrin as well, and thus the reporting of Unitrin as the ultimate controlling entity of Old Reliable was initiated. This holding company structure has generally remained the same since that date.

On August 25, 2011, Unitrin, Inc. changed its name to Kemper Corporation (a Delaware corporation).

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<sup>1</sup> This Agreement has been replaced with the General Services Agreement with Merastar Insurance Company and Infinity Insurance Company referenced in the Intercompany Transactions section of this report.

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

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

**Dividends and Capital Contributions**

There were no dividends or capital contributions, as applicable, during the examination period.

**Surplus Notes**

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

**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 Bylaws specify that there shall be at least 9 but not more than 25 directors. The Board of Directors elected and serving as of December 31, 2023, were as follows:

<b><u>Name and Address</u></b>	<b><u>Principal Occupation and Business Affiliation</u></b>
James Alexander Carmel, New York	Senior Vice President and Chief Accounting Officer Kemper Corporation
John Boschelli Geneva, Illinois	Executive Vice President and Chief Investment Officer Kemper Corporation
Jose Galiano Chesterfield, Missouri	Vice President, Head of Operations Kemper Life
Maxwell Mindak Elmhurst, Illinois	Senior Vice President, Chief Risk Officer Kemper Corporation
Kenneth Bohrer Cincinnati, Ohio	Vice President, Finance Kemper Life
Steven Froning La Habra, California	Senior Vice President, Business Transformation Analytics Kemper Life
Troy McGill Cross Plains, Wisconsin	Senior Vice President, Tax Kemper Corporation
Christopher Moses Chicago, Illinois	Vice President, Treasury Kemper Corporation

**Senior Officers**

The officers elected and serving, as of December 31, 2023, were as follows:

<b><u>Name</u></b>	<b><u>Office</u></b>
Christopher Flint	President
Jennifer Kopps-Wagner	Senior Vice President & Secretary
Christian Dancer	Treasurer

### **Principal Committees**

The Bylaws give Old Reliable's Board of Directors authority to create committees to be composed of two or more members who shall serve at the pleasure of the Board. The Board appointed the Audit Committee of United Insurance Company of America to also serve as the Audit Committee for Old Reliable. The following committees were in place as of December 31, 2023.

#### **Executive Committee**

Maxwell Mindak  
John Boschelli  
James Alexander

#### **Investment Committee**

Maxwell Mindak  
John Boschelli  
James Alexander

### **Corporate Records**

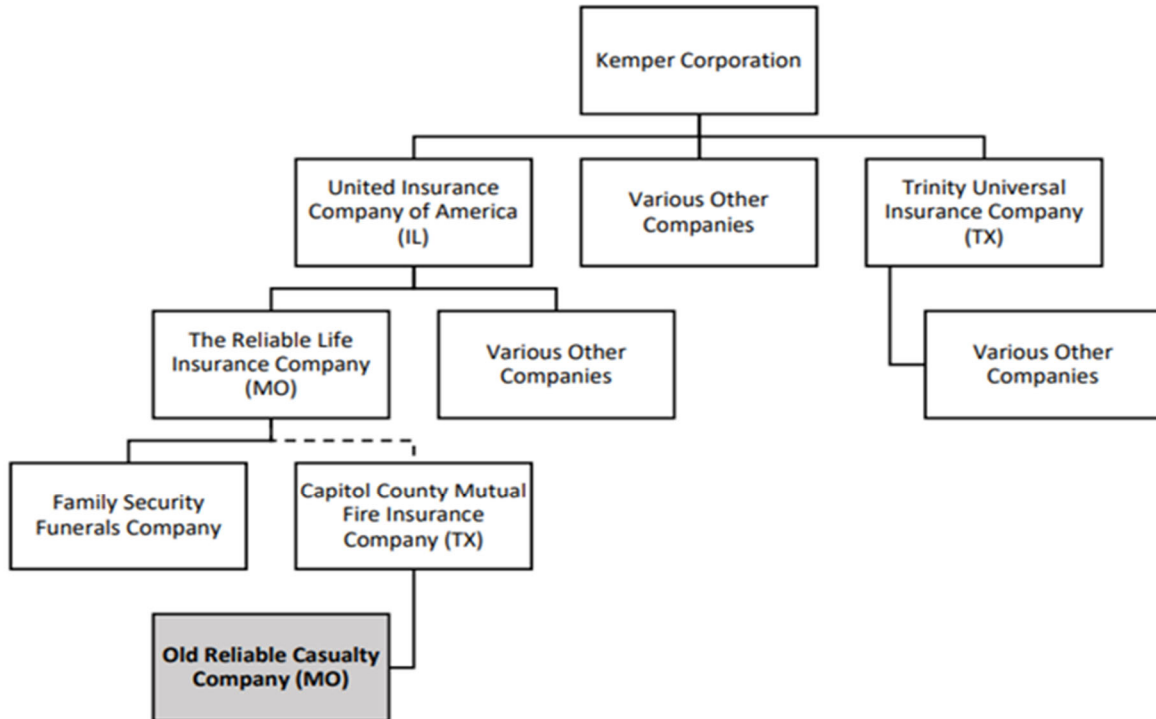
The Company's Articles of Incorporation and Bylaws were reviewed. There were no revisions to either document during the examination period. The minutes of the Board, shareholders, and committees were reviewed for the period under examination.

### **Holding Company, Subsidiaries, and Affiliates**

Old Reliable is a member of an Insurance Holding Company System, as defined by Section 382.010 RSMo (Definitions). Affiliations are described in the Company History section above. Kemper Corporation is the ultimate controlling entity within the holding company system.

### **Organizational Chart**

The following organizational chart depicts the applicable portion of the holding company group as of December 31, 2023.





**Intercompany Transactions**

The following agreements represent significant contracts executed with affiliated entities that were in effect as of December 31, 2023. A brief description of these agreements are as follows:

**Tax Allocation Agreement:** Agreement between the Company and Capitol County Mutual Fire Insurance Company. Under this agreement, the tax liability apportioned to each member is based on the relative federal income tax liability each company would have incurred on a separate company basis.

**General Services Agreement:** Agreement between the Company, Reliable Life, Infinity Insurance Company, and Merastar Insurance Company. Under this agreement, Infinity Insurance Company and Merastar Insurance Company provide services to the Company that include accounting and financial, accounts payable, cash management, and other administrative services. The Company pays market cost for these services.

**TERRITORY AND PLAN OF OPERATION**

Old Reliable is licensed in Missouri under Chapter 379 RSMo (Insurance laws other than life) as a multiple line carrier to write fire and allied lines, homeowners multiple peril and auto liability insurance. The Company is also licensed in the states of Arkansas, Illinois, Indiana, Kansas, Oklahoma, and Tennessee. The majority of premiums written by the Company are in Arkansas and Missouri. The Company offers low-value contents policies covering the personal property of the insureds on a named perils basis. In Missouri and Illinois, the Company also offers liability policies.

Old Reliable is part of the Kemper Home Service Companies segment along with several affiliated companies. These companies operate as traditional home services companies, marketing their products through a network of employee agents. These agents sell and service products in person to their target customer base of moderate and low-income individuals and families. Premiums are typically collected by the agents in person on a monthly basis.

**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
2019	\$ 0	\$ 0	\$ 3,844	Not Applicable
2020	0	0	3,604	Not Applicable
2021	0	0	3,419	Not Applicable
2022	0	0	3,329	Not Applicable
2023	0	0	3,420	Not Applicable

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
2019	\$ 0	\$ 644,857	Not Applicable
2020	0	310,636	Not Applicable
2021	0	274,571	Not Applicable
2022	0	167,259	Not Applicable
2023	0	0	Not Applicable

### 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)

Premium Type	2019	2020	2021	2022	2023
Direct Premiums Written	\$ 5,236	\$ 4,908	\$ 4,718	\$ 3,105	\$ 2,722
Reinsurance Assumed:					
Affiliates	0	0	0	0	0
Non-Affiliates	2	2	2	2	0
Reinsurance Ceded:					
Affiliates	5,238	4,910	4,720	3,107	2,722
Non-Affiliates	1	0	0	0	0
<b>Net Premiums Written</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>

#### Assumed Reinsurance

The Company's only assumed premiums are due to its participation in mandatory state insurance pools.

#### Ceded Reinsurance

Pursuant to a 100% quota share reinsurance agreement effective January 1, 2006, Old Reliable ceded 100% of its past, present and future premiums to an affiliate, Trinity Universal Insurance Company (Trinity). This 100% cession agreement effectively eliminated all pricing, underwriting and loss reserving risk for the Company.

This agreement was amended effective January 1, 2013, to state that Trinity will retrocede back to the Company 90% of dwelling losses in excess of 65% of net premiums earned on business assumed from the Company. The amendment was made due the impact on Trinity's surplus of high losses in the dwelling product line. Per the amendment, the retrocession will not be in an amount that would reduce Old Reliable's surplus below the minimum level required under Missouri insurance laws. If Old Reliable's surplus is reduced to the minimum level required, liability for excess dwelling losses will revert to Trinity.

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, Illinois, performed the statutory audit of the Company for the years 2019 - 2023. 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 W. Dwayne Rader, Jr., FCAS, MAAA for years 2021, 2022, and 2023 in the examination period. W. Dwayne Rader, Jr. is employed by Kemper Corporation, on behalf of Old Reliable Casualty Company, in Chicago, Illinois.

The Company's actuarial opinion regarding loss reserves, loss adjustment expense (LAE) reserves, and other actuarial items was issued by Bradley Andrekus, FCAS, MAAA for years 2019 and 2020 in the examination period. Bradley Andrekus was employed by Kemper Corporation, on behalf of Old Reliable Casualty Company, in Chicago, Illinois.

### **Consulting Actuary**

The actuarial analysis was performed by the lead state at the group level and covered Old Reliable. Illinois outsourced the actuarial review to the firm Risk & Regulatory Consulting (RRC). RRC reviewed the underlying actuarial assumptions and methodologies used by Old Reliable to determine the adequacy of loss reserves and LAE reserves.

### **Information Systems**

In conjunction with this examination, John Albertini, CISA, CISM, CISSP, C|CISO, MBA and David Gordon, CISA, CIA, CFE (Fraud), CDFFE, MBA, Information Systems Financial Examiners with INS Regulatory Insurance Services, Inc., 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 Old Reliable Casualty Company for the period ending December 31, 2023. 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, 2023

	<b>Assets</b>	<b>Nonadmitted Assets</b>	<b>Net Admitted Assets</b>
Bonds	\$ 1,889,901	\$	\$ 1,889,901
Cash, Cash Equivalents, and Short-Term Investments	1,344,970		1,344,970
Investment Income Due and Accrued	70,206		70,206
Premiums and Considerations:			
Uncollected Premiums and Agents' Balances in the Course of Collection	60,143		60,143
Reinsurance:			
Amounts Recoverable from Reinsurers	5,824		5,824
Funds Held by or Deposited with Reinsured Companies	25,714		25,714
Other Amounts Receivable Under Reinsurance Contracts	93,516		93,516
Receivables from Parent, Subsidiaries, and Affiliates	290,517		290,517
Aggregate Write-Ins for Other-Than-Invested Assets	68,096		68,096
<b>TOTAL ASSETS</b>	<b>\$ 3,848,888</b>	<b>\$</b>	<b>\$ 3,848,888</b>

**LIABILITIES, SURPLUS AND OTHER FUNDS**

As of December 31, 2023

Reinsurance Payable on Paid Losses and Loss Adjustment Expenses	\$ 22,936
Commissions Payable, Contingent Commissions, and Other Similar Charges	29
Other Expenses	1,343
Taxes, Licenses, and Fees	1,845
Advance Premiums	36,810
Ceded Reinsurance Premiums Payable (Net of Ceding Commissions)	245,654
Remittances and Items Not Allocated	1,326
Payable to Parent, Subsidiaries, and Affiliates	184
Aggregate Write-Ins for Liabilities	119,133
<b>TOTAL LIABILITIES</b>	<b>\$ 429,259</b>
Aggregate Write-Ins for Special Surplus Funds	
Common Capital Stock	1,500,000
Gross Paid In and Contributed Surplus	4,000,000
Unassigned Funds (Surplus)	(2,080,371)
<b>TOTAL CAPITAL AND SURPLUS</b>	<b>\$ 3,419,629</b>
<b>TOTAL LIABILITIES AND SURPLUS</b>	<b>\$ 3,848,888</b>

**STATEMENT OF INCOME**  
For the Year Ended December 31, 2023

Premiums Earned	\$	0
DEDUCTIONS:		
Losses Incurred		0
Loss Adjustment Expenses Incurred		0
Other Underwriting Expenses Incurred		0
Aggregate Write-Ins for Underwriting Deductions		0
Total Underwriting Deductions	\$	0
Net Income of Protected Cells		0
<b>Net Underwriting Gain (Loss)</b>	<b>\$</b>	<b>0</b>
Net Investment Income Earned		109,230
Net Realized Capital Gains		(18,717)
<b>Net Investment Gain (Loss)</b>	<b>\$</b>	<b>90,513</b>
Net Gain (Loss) from Agents' or Premium Balances Charged Off		0
Finance and Service Charges Not Included in Premiums		0
Aggregate Write-Ins for Miscellaneous Income		0
Dividends to Policyholders		0
Federal and Foreign Income Taxes Incurred		0
<b>NET INCOME (LOSS)</b>	<b>\$</b>	<b>90,513</b>

**RECONCILIATION OF CAPITAL AND SURPLUS**  
Changes from January 1, 2019, to December 31, 2023

(\$000s omitted)

	2019	2020	2021	2022	2023
Capital and Surplus,					
Beginning of Year	\$ 4,381	\$ 3,844	\$ 3,604	\$ 3,419	\$ 3,329
Net Income (Loss)	(537)	(240)	(185)	(90)	91
Change in Net Deferred					
Income Tax	(139)	4	(4)	0	0
Change in Nonadmitted					
Assets	139	(4)	4	0	0
Surplus Adjustments:					
Paid In	(3,500)	0	0	0	0
Aggregate Write-Ins for					
Gains and Losses in					
Surplus	3,500	0	0	0	0
<b>Capital and Surplus, End</b>					
<b>of Year</b>	<b>\$ 3,844</b>	<b>\$ 3,604</b>	<b>\$ 3,419</b>	<b>\$ 3,329</b>	<b>\$ 3,420</b>

**COMMENTS ON FINANCIAL STATEMENT ITEMS**

None.

**FINANCIAL STATEMENT CHANGES RESULTING FROM EXAMINATION**

None.

**SUMMARY OF RECOMMENDATIONS**

None.

**SUBSEQUENT EVENTS**

There were no significant subsequent events noted from December 31, 2023, through the date of the report.

### ACKNOWLEDGMENT

The assistance and cooperation extended by the officers and the employees of Kemper Corporation, on behalf of Old Reliable Casualty Company, 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.

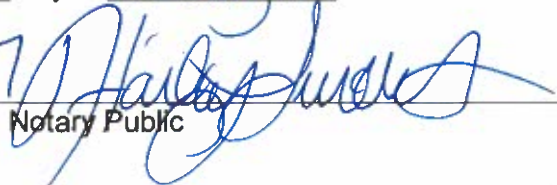
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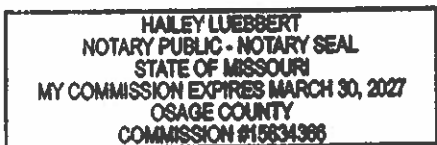
State of Missouri                     )  
  ) ss  
County of Cole                     )

I, Joshua Nash, CPA, CFE, on my oath swear that to the best of my knowledge and belief the above examination report is true and accurate and is comprised of only facts appearing upon the books, records, or other documents of Old Reliable Casualty 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.

  
\_\_\_\_\_  
Joshua Nash, CPA, CFE  
Examiner-In-Charge  
Missouri Department of Commerce and  
Insurance

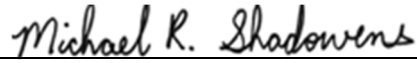
Sworn to and subscribed before me this 20<sup>th</sup> day of May, 2025.

My commission expires: March 30, 2027  
  
\_\_\_\_\_  
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.



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