



**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 Protective Property & Casualty Insurance Company for the period ended December 31, 2017 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, territory and plan of operation, reinsurance, accounts and records, financial statements, comments on financial statements, examination changes and summary of recommendations.

Based on such findings and conclusions, I hereby ORDER that the report of the financial examination of Protective Property and Casualty Insurance Company as of December 31, 2017 be and is hereby ADOPTED as filed and for Protective Property & Casualty 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 24<sup>th</sup> day of September, 2018.



*Chlora Lindley-Myers*

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



REPORT OF  
FINANCIAL EXAMINATION

**Protective Property & Casualty  
Insurance Company**

As of:  
DECEMBER 31, 2017



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

## TABLE OF CONTENTS

<b>SCOPE OF EXAMINATION</b> .....	<b>1</b>
Period Covered .....	1
Procedures .....	1
<b>SUMMARY OF SIGNIFICANT FINDINGS</b> .....	<b>2</b>
<b>SUBSEQUENT EVENTS</b> .....	<b>2</b>
<b>COMPANY HISTORY</b> .....	<b>2</b>
General .....	2
Capital Stock .....	3
Dividends .....	3
Acquisitions, Mergers and Major Corporate Events .....	3
<b>CORPORATE RECORDS</b> .....	<b>3</b>
<b>MANAGEMENT AND CONTROL</b> .....	<b>3</b>
Officers .....	4
Committees .....	4
Holding Company, Subsidiaries and Affiliates .....	5
Organization Chart.....	5
Affiliated Transactions .....	5
<b>TERRITORY AND PLAN OF OPERATION</b> .....	<b>7</b>
<b>REINSURANCE</b> .....	<b>7</b>
Assumed .....	8
Ceded .....	8
<b>ACCOUNTS AND RECORDS</b> .....	<b>9</b>
Actuarial Opinion .....	9
Consulting Actuary.....	9
Independent Auditor .....	9
Information Systems .....	9
<b>FINANCIAL STATEMENTS</b> .....	<b>9</b>
Assets .....	10
Liabilities, Surplus and Other Funds .....	11
Statement of Income .....	12
Capital and Surplus.....	13
<b>COMMENTS ON THE FINANCIAL STATEMENTS</b> .....	<b>14</b>
<b>EXAMINATION CHANGES</b> .....	<b>14</b>
<b>SUMMARY OF RECOMMENDATIONS</b> .....	<b>14</b>
<b>ACKNOWLEDGEMENT</b> .....	<b>15</b>
<b>VERIFICATION</b> .....	<b>15</b>
<b>SUPERVISION</b> .....	<b>16</b>

August 30, 2018

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

**Protective Property & Casualty Insurance Company**

hereinafter referred to as such or as "Protective" or as the "Company." The Company's main administrative office is located at 14755 N. Outer Forty Road, Suite #400, Chesterfield, MO 63017, telephone number (636) 536-5600. This examination began on March 19, 2018 and concluded on the above date.

**SCOPE OF EXAMINATION**

**Period Covered**

We have performed a multi-state examination of Protective Property & Casualty Insurance Company. The last examination of Protective was completed as of December 31, 2013. This examination covers the period of January 1, 2014, through December 31, 2017, and material transactions or events occurring subsequent to December 31, 2017.

**Procedures**

This 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 Missouri Department of Insurance, Financial Institutions and Professional Registration ("Department" or "DIFP") or statutes of the state of Missouri prevailed. The Handbook requires that we plan and perform the examination to evaluate the financial condition, 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. 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.

The following key activities were identified during the examination: Cash and Investments, Premiums and Underwriting, Claims and Reserving, and Reinsurance.

The examiners relied upon information and workpapers provided by the Company's independent auditor, PricewaterhouseCoopers LLP, for its audits covering the period from January 1, 2014, through December 31, 2017. Such reliance included fraud risk analysis, internal control narratives and tests of internal controls.

### **SUMMARY OF SIGNIFICANT FINDINGS**

There were no significant findings.

### **SUBSEQUENT EVENTS**

There were no significant subsequent events.

### **COMPANY HISTORY**

#### **General**

The Company was incorporated on May 30, 1978, as a stock casualty insurance company and commenced business on August 1, 1978. Until May 1995, the Company was wholly owned by ITT Financial Corporation, a wholly-owned subsidiary of ITT Corporation. On May 1, 1995, ITT Financial Corporation merged with ITT Corporation.

On October 20, 1995, Mercury Finance Company acquired all the outstanding common stock of the Company. On December 1, 1995, the name of the Company was changed from ITT Lyndon Property Insurance Company to Lyndon Property Insurance Company.

In June 1997, Frontier Insurance Group, Inc. purchased all the outstanding common stock of the Company. In 1998, Frontier Insurance Group, Inc. formed a wholly-owned subsidiary, Lyndon Insurance Group, Inc., and contributed all the outstanding stock of the Company to the wholly-owned subsidiary.

On January 20, 2000, Protective Life Insurance Company (PLICO), a wholly-owned subsidiary of Protective Life Corporation, purchased all the outstanding common stock of Lyndon Insurance Group, Inc. (LIGI). In December 2007, LIGI contributed the Company to PLICO.

On June 4, 2014, Dai-ichi Life Insurance Company, Limited announced a definitive agreement to acquire 100% of the outstanding shares of Protective Life Corporation, the Company's ultimate parent. A Form A Statement Regarding the Acquisition of Control of or Merger with Lyndon Property Insurance Company by Dai-ichi Life Insurance Company, Limited was approved by the DIFP on October 1, 2014, pursuant to Sections 382.040 to 382-060 RSMo.

On August 5, 2016, the Company received approval from the DIFP to change its name to Protective Property & Casualty Insurance Company.

### **Capital Stock**

The Company is authorized to issue 4,000 shares of common stock at a par value of \$1,000 per share. There were 4,000 common shares issued and outstanding as of December 31, 2017, resulting in a common capital stock account of \$4,000,000 and gross paid in and contributed surplus of \$81,942,999 at December 31, 2017.

### **Dividends**

The Company has declared and paid dividends to stockholders as follows:

	<u>Cash</u>	<u>Stock</u>
Prior to 2014	\$289,663,543	\$2,000,000
2014	14,000,000	-
2015	6,000,000	-
2016	8,000,000	-
2017	10,000,000	-
Total	<u>\$327,663,543</u>	<u>\$2,000,000</u>

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

As previously described, the holding company system of which the Company is a part, was acquired by Dai-ichi Life Holdings, Inc., a kabushiki kaisha organized under the laws of Japan in 2014.

## **CORPORATE RECORDS**

The Company's Articles of Incorporation and Bylaws were reviewed. The Company's Articles of Incorporation were restated due to the name change in 2016.

The minutes of the shareholder, Board of Directors, committee meetings, and relevant Protective Life Corporation committee meetings were reviewed and appear to properly support and approve the corporate transactions and events for the period under examination.

## **MANAGEMENT AND CONTROL**

The management of the Company is vested in a Board of Directors which per the Articles of Incorporation and Bylaws will consist of not less than nine or more than twenty-five members. The Company had nine Directors serving at December 31, 2017, as follows:

<u>Name and Address</u>	<u>Principal Occupation and Business Affiliation</u>
M. Scott Karchunas Chesterfield, MO	President, Chief Executive Officer, and Chairman of the Board Protective Property & Casualty Insurance Company
Gregg O. Cariolano Chesterfield, MO	Senior Vice President, Treasurer, Controller and Chief Financial Officer Protective Property & Casualty Insurance Company

Christopher J. Bernish Bannockburn, IL	Vice President, Operations and Information Technology Protective Property & Casualty Insurance Company
Rachelle R. Peeler Chesterfield, MO	Vice President and Senior Human Resources Partner Protective Life Corporation
Richard C. Hackett Chesterfield, MO	Senior Vice President and Secretary Protective Property & Casualty Insurance Company
Mark S. Downar Chesterfield, MO	Assistant Secretary and Assistant Treasurer Protective Property & Casualty Insurance Company
Laura L. Foster Chesterfield, MO	Assistant Secretary and Vice President of Compliance Protective Property & Casualty Insurance Company
Carrie A. Profaizer Chesterfield, MO	Vice President of Information Services Protective Property & Casualty Insurance Company
Richard J. Kurtz Chesterfield, MO	Vice President of Distribution Protective Property & Casualty Insurance Company

**Officers**

The officers of the Company serving and reported on the Jurat page of the Annual Statement at December 31, 2017, were as follows:

<u>Name</u>	<u>Position</u>
M. Scott Karchunas	President, Chief Executive Officer and Chairman of the Board
Gregg O. Cariolano	Senior Vice President, Treasurer, Controller and Chief Financial Officer
Richard C. Hackett	Senior Vice President and Secretary
Gregory Ciezadlo	Appointed Actuary

**Committees**

In accordance with the Bylaws, the board has established an Executive Committee with responsibility for managing the Company's affairs between meetings of the board. On a quarterly basis, the full board reviews and approves the actions of the Executive Committee. At December 31, 2017, M. Scott Karchunas and Gregg O. Cariolano served on the Executive Committee.

The Company does not have an Audit Committee. To comply with Sections 375.1025-1062 RSMo, the Company has designated its entire board of directors to constitute the Audit Committee.

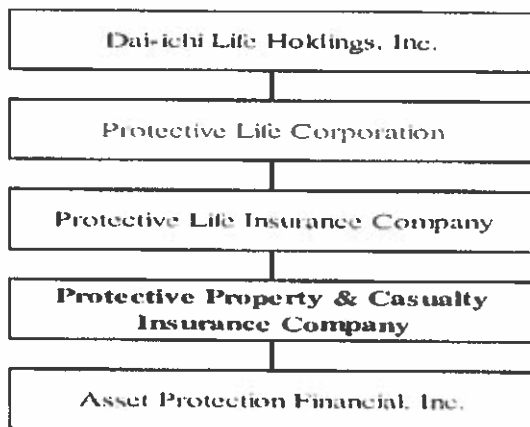
For practical purposes, the Company relies on the Audit Committee of Protective Life Corporation. That committee is comprised of five independent directors. Protective Life Corporation has other established committees that impact the Company such as the Corporate Governance and Nomination Committee, the Finance and Investments Committee, and the Compensation and Management Succession Committee.

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

The Company is part of an Insurance Holding Company System as defined by Section 382.010 RSMo (Definitions). The Company is a wholly-owned subsidiary of the Protective Life Insurance Company (a Tennessee domiciled company), which in turn, is a wholly-owned subsidiary of Protective Life Corporation, a Delaware holding company. Dai-ichi Life Holdings, Inc. owns 100% of Protective Life Corporation and is the ultimate parent in the holding company system.

### **Organization Chart**

The following organizational chart depicts an abbreviated holding company system at December 31, 2017. The chart shows only the ultimate parent, the Company and other companies in the direct line of ownership with each owning 100% of the corresponding subsidiary.



### **Affiliated Transactions**

The Company enters into various agreements with affiliates. The Company incurred \$5,251,357 in intercompany fees to affiliates, and earned \$17,721,507 from affiliates in 2017. In addition, the Company reported a \$5,436,270 income tax liability, and a \$5,320,172 deferred tax asset, pursuant to the intercompany tax allocation agreement. The intercompany agreements are described below:

### **Tax Allocation Agreement**

Affiliates: Protective Life Corporation, and its subsidiaries.  
Effective: January 1, 1988. The last amendment was approved October 6, 2004.  
Terms: Protective Life Corporation and its subsidiaries consolidate their federal income tax returns. Each member of the affiliated group computes its separate tax liability as if it had filed a separate tax return. If a member incurs a tax loss or



generates a tax credit resulting in a carry forward, the member will receive no credit until the credit can be used on a separate return basis. Intercompany tax balances are settled not later than the due date for corresponding tax payments or upon receipt of a refund.

Rate(s): There are no fees related to the agreement.

#### **Investment Services Agreement**

Affiliates: Protective Life Corporation

Effective: January 20, 2000.

Terms: Protective Life Corporation provides investment services to the Company as well as the documentation necessary for the preparation of accounting records and any required reports.

Rate(s): Fees are computed from a set fee schedule and settled monthly.

#### **Legal Services Agreement**

Affiliates: Protective Life Corporation

Effective: January 1, 2004.

Terms: Protective Life Corporation provides legal services to the Company including the following: general corporate, insurance related, administrative and other regulatory, and litigation supervision and contracts.

Rate(s): Charges for legal services are settled quarterly at cost and include all direct and indirect allocable expenses.

#### **Administrative Services Agreement**

Affiliates: Protective Life Corporation and various members of the holding company

Effective: January 20, 2000.

Terms: The Company was added as a participant in to an already existing Agreement for Administrative Services dated October 1, 1988. Under this agreement, Protective Life Corporation provides administrative services as required by members of its holding company system. In addition, the agreement provides that the cost of administrative services provided from one member of the holding company to another that are not otherwise specifically provided for by separate agreements between the companies shall be shared in accordance to GAAP.

Rate(s): Such costs are accumulated and settled monthly.

#### **Administrative Services Agreement**

Affiliates: Western Diversified Services, Inc.

Effective: September 1, 2000. Amendment 2 was approved January 8, 2002.

Terms: Western Diversified Services, Inc. provides various administrative services for vehicle service and guaranteed asset protection contracts underwritten by the Company.

Rate(s): Under the agreement, Western Diversified Services, Inc. periodically presents an itemized statement of costs incurred in providing the services. The Company settles within fifteen days of receiving the statement.

### Deposit Agreement

Affiliates: First Protection Corporation  
Effective: November 1, 2001.  
Terms: The Company agrees to accept and invest funds deposited from First Protection Corporation, and to make those deposited funds available to First Protection Corporation within five business days after receiving a written request.  
Rate(s): The Company will pay interest on the funds at the same rate of return as the Company receives on its overall investment portfolio, net of investment expenses and including capital gains and losses.

### Deposit Agreement

Affiliates: Chesterfield International Reinsurance Limited (Chesterfield)  
Effective: February 1, 2006.  
Terms: The Company agrees to accept and invest funds deposited from Chesterfield, and to make those deposited funds available to Chesterfield within five business days after receiving a written request.  
Rate(s): The Company will pay interest on the funds at the same rate of return as the Company receives on its overall investment portfolio, net of investment expenses and including capital gains and losses.

### TERRITORY AND PLAN OF OPERATION

The Company is licensed in Missouri under Chapter 379 RSMo (Insurance other than life) to write property, liability, fidelity and surety, accident and health and miscellaneous insurance. The Company is licensed in all states except New York, and is licensed in the District of Columbia and Puerto Rico. The Company is currently filing an expansion application in New York.

The Company is a member of Protective Life Corporation's Asset Protection Division. The Company primarily markets extended service contracts (ESC) and guaranteed asset protection (GAP) products to auto dealers and recreational vehicle dealers. During 2017, approximately 41% of net premiums earned were related to extended service contract and 59% were related to GAP product.

### REINSURANCE

Direct written, assumed, and ceded premium for the current examination period was as follows:

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Direct Business	\$ 103,897,821	\$ 103,485,824	\$ 108,031,483	\$ 114,046,550
Plus: Reinsurance Assumed	2,693,992	2,989,137	3,017,830	4,159,188
Less: Reinsurance Ceded	<u>50,757,668</u>	<u>44,692,682</u>	<u>45,997,412</u>	<u>54,208,774</u>
Net Premium	<u>\$ 55,834,145</u>	<u>\$ 61,782,279</u>	<u>\$ 65,051,901</u>	<u>\$ 63,996,964</u>

### Assumed

The Company assumes only a limited amount of business from other insurance companies. Much of what is assumed is in runoff.

### Ceded

The Company cedes ESC and GAP coverages to affiliated alien reinsurers who retrocede that business to producer-affiliated reinsurance companies (PARCs). The PARCs are typically unauthorized, offshore corporations. Generally 100% of the risks associated with a given producer are ceded to one or more reinsurers affiliated with that producer. The Company also carries catastrophic loss coverage on its GAP product.

The following are descriptions of some of the more significant contracts the Company has in place to cede business. The Company also has agreements in place that are not described below, which cede products that are no longer emphasized or which have been discontinued such as workers' compensation.

#### Chesterfield International Reinsurance Limited

Effective August 1, 2005, the Company ceded to Chesterfield, an affiliate, 100% of the liability on certain ESC contracts and GAP products. Chesterfield retrocedes the liability to PARCs. This agreement was effected by a novation agreement among the Company, Chesterfield and Dublin International, Ltd. The Dublin International, Ltd agreement was originally effective July 1, 1998.

Chesterfield is not an authorized reinsurer and, as such, reserve credits were secured by funds withheld by the Company, letters of credit and/or trust accounts. The trust accounts were funded by the PARCs, naming the Company as beneficiary.

#### Dealer Services Reinsurance Ltd

Effective January 1, 2002, the Company ceded to Dealer Services Reinsurance, Ltd., (Dealer Services), an affiliate, 100% of the liability related to certain ESC contracts and GAP products. Dealer Services retrocedes the liability to PARCs. Dealer Services is not an authorized reinsurer, therefore, reserve credits were secured by funds withheld by the Company, letters of credit and/or trust accounts. The trust accounts were funded by the PARCs, naming the Company as beneficiary.

#### London Life International Reinsurance Corporation

Effective February 1, 2000, the Company ceded three blocks of business, on a coinsurance basis, to London Life International Reinsurance Corporation (Barbados). The agreement has been amended twenty two times with the latest amendment effective November 1, 2015. Various blocks of business have been added and recaptured over the years. Reserve credits were secured by funds withheld by the Company and letters of credit.

## ACCOUNTS AND RECORDS

### Actuarial Opinion

Reserves and related actuarial items were reviewed and certified by Gregory J. Ciezadlo, Vice President of Risk Management and Chief Actuary of Protective Property & Casualty Insurance Company for each year under examination.

### Consulting Actuary

Pursuant to a contract with DIFP, Robert P. Daniel, ACAS, MAAA, of Merlinos & Associates, Inc., reviewed the underlying actuarial assumptions and actuarial methods used in determining the adequacy of reserves and other related liabilities. His report concluded that all actuarial items included in the review are fairly stated in accordance with accepted actuarial loss reserving standards and principles, meet the requirements of the insurance laws of Missouri, and make a reasonable provision for all unpaid loss and loss adjustment expense obligations of the Company under the terms of its policies and agreements.

### Independent Auditor

The Company's financial statements for each year under examination were audited by PricewaterhouseCoopers LLP, Certified Public Accountants. The workpapers of the 2017 independent audit were reviewed and used during the course of this examination as deemed appropriate.

### Information Systems

In conjunction with this examination, Andrew Balas, Information Systems Financial Examiner with the DIFP, conducted a review of the Company's information systems. His evaluation did not identify any significant weaknesses.

## FINANCIAL STATEMENTS

The following financial statements are based on the statutory financial statements filed by Protective Property & Casualty Insurance Company with the Department and present the financial condition of the Company for the period ending December 31, 2017. The accompanying "Comments on the Financial Statements" section reflects any examination adjustments to the amounts reported in the 2017 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, which are not shown in the "Comments on the Financial Statements" section. 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 Annual Statement item.

Assets

	<u>Assets</u>	<u>Nonadmitted Assets</u>	<u>Net Admitted Assets</u>
Bonds	\$ 315,027,682	\$ 0	\$ 315,027,682
Preferred stocks	2,791,500	0	2,791,500
Common stocks	22,104,178	0	22,104,178
Cash, cash equivalents, and short-term investments	30,458,781	0	30,458,781
Receivables for securities	109,780	0	109,780
Investment income due and accrued	3,957,066	0	3,957,066
Uncollected premiums and agents' balances	(2,921)	0	(2,921)
Amounts recoverable from reinsurers	276,330	0	276,330
Funds held by or deposited with reinsured companies	497,422	0	497,422
Net deferred tax asset	7,526,078	2,205,906	5,320,172
Electronic data processing equipment and software	39,257	39,257	0
Furniture and equipment	410,151	410,151	0
Receivables from parent, subsidiaries and affiliates	4,948,171	0	4,948,171
Deposits and other prepaid items	177,587	177,587	0
State taxes recoverable	256	256	0
Totals	<u>\$ 388,321,318</u>	<u>\$ 2,833,157</u>	<u>\$ 385,488,161</u>



### Liabilities, Surplus and Other Funds

Losses	\$ 10,704,862
Reinsurance payable on paid losses and LAE	9,464
Loss adjustment expenses	3,389
Commissions payable	1,727,347
Other expenses (excluding taxes, licenses and fees)	6,653,969
Taxes, licenses and fees	1,082,634
Current federal and foreign income taxes	5,436,270
Unearned premiums	129,016,377
Ceded reinsurance premiums payable	346
Funds held by company under reinsurance treaties	58,254,518
Provision for reinsurance	3,000
Payable to parent, subsidiaries and affiliates	2,345,205
Retroactive reinsurance payable	1,745,394
Retroactive reinsurance reserves	(1,411,514)
Total liabilities	<u>\$ 215,571,262</u>
Common capital stock	4,000,000
Gross paid in and contributed surplus	81,942,999
Unassigned funds (surplus)	83,973,900
Surplus as regards policyholders	<u>169,916,899</u>
Total liabilities and surplus	<u>\$ 385,488,161</u>

### Statement of Income

Premiums earned		\$ 60,669,902
Losses incurred	\$ 41,657,841	
Loss adjustment expenses incurred	39,457	
Other underwriting expenses incurred	9,522,504	
Change in retroactive reinsurance reserves	1,038,162	
Total underwriting deductions	<u>52,257,964</u>	
Net underwriting gain (loss)		8,411,938
Net investment income earned	15,261,329	
Net realized capital gains (losses)	1,290,201	
Net investment gain (loss)		16,551,530
Net gain (loss) from agents' or premium balances charged off	1	
Other income	15,786	
Interest on funds withheld	(631,699)	
Total other income		<u>(615,912)</u>
Net income before dividends to policyholders		24,347,556
Dividends to policyholders		<u>0</u>
Net income before federal income taxes		24,347,556
Federal and foreign income taxes incurred		<u>7,150,658</u>
Net income		<u>\$ 17,196,898</u>

### Capital and Surplus

Surplus as regards policyholders, December 31, 2016	\$ 168,617,431
Net income	17,196,898
Change in net unrealized capital gains or (losses)	(761,782)
Change in net unrealized foreign exchange capital gain (loss)	133,721
Change in net deferred income tax	(5,605,590)
Change in nonadmitted assets	334,221
Change in provision for reinsurance	2,000
Dividends to stockholders	(10,000,000)
Change in surplus as regards policyholders for the year	<u>1,299,468</u>
Surplus as regards policyholders, December 31, 2017	<u>\$ 169,916,899</u>

### **COMMENTS ON THE FINANCIAL STATEMENTS**

There are no comments on the financial statements.

### **EXAMINATION CHANGES**

There were no changes made as a result of this examination.

### **SUMMARY OF RECOMMENDATIONS**

There are no recommendations.

**ACKNOWLEDGEMENT**

The assistance and cooperation extended by the officers and employees of Protective during the course of this examination is hereby acknowledged and appreciated. In addition to the undersigned; Rick Stamper, CFE, and Ken Tang, AFE, examiners for the DIFP; participated in this examination. Andrew Balas, CFE, CPA, and DIFP Information Systems Financial Examiner, reviewed the Company's Information Systems. Consulting actuary, Robert Daniel, ACAS, MAAA, of Merlinos & Associates, Inc. reviewed the methodologies and adequacy of the Company's reserves.

**VERIFICATION**

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

I, on my oath swear that to the best of my knowledge and belief the above examination report is true and accurate and is comprised of only facts appearing upon the books, records or other documents of the Company, its agents or other persons examined or as ascertained from the testimony of its officers or agents or other persons examined concerning its affairs and such conclusions and recommendations as the examiners find reasonably warranted from the facts.

*Robert Jordan*  
\_\_\_\_\_  
Robert Jordan, CFE  
Examiner-in-Charge  
Missouri Department of Insurance,  
Financial Institutions and  
Professional Registration

Sworn to and subscribed before me this 5 day of September, 2018  
My commission expires:  
March 23, 2022

*Carol Whittington*  
\_\_\_\_\_  
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.



Michael Shadowens, CFE  
Assistant Chief Examiner, St. Louis  
Missouri Department of Insurance, Financial  
Institutions and Professional Registration