



**EXAMINATION REPORT
OF**

**Main Street America Protection Insurance Company
Jacksonville, Florida**

NAIC Company Code: 13026

**as of
December 31, 2020**

**By
The Florida Office of Insurance Regulation**

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February 24, 2022

David Altmaier
Commissioner
Office of Insurance Regulation
State of Florida
Tallahassee, Florida 32399-0326

Dear Commissioner:

Pursuant to your instructions, in compliance with Section 624.316, Florida Statutes, Rule 69O-138.005, Florida Administrative Code, and in accordance with the practices and procedures promulgated by the National Association of Insurance Commissioners ("the NAIC"), we have conducted an examination as of December 31, 2020, of the financial condition and corporate affairs of

Main Street America Protection Insurance Company

4601 Touchton Road East, STE 3400

Jacksonville, FL 32246

hereinafter referred to as "the Company" or "MSAPIC." Such report of examination is herewith respectfully submitted.

SCOPE OF EXAMINATION

This examination covered the period of January 1, 2016 through December 31, 2020 and the fieldwork commenced with planning on August 9, 2021. The fieldwork concluded as of February 24, 2022. The Company's last full scope exam by representatives of the Florida Office of Insurance Regulation ("Office") covered the period of January 1, 2011 through December 31, 2015.

The examination was a multi-state examination conducted in accordance with the NAIC Financial Condition Examiners Handbook ("the Handbook"). The Handbook requires that the examination be planned and performed 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. The lead state for this exam was Florida, and states that participated in this exam are as follows: Indiana and Minnesota.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. This may include assessing significant estimates made by management and evaluating management's compliance with the NAIC Statements of Statutory Accounting Principles ("SSAP").

This examination report includes information obtained from the examination of the records, accounts, files and documents of or relative to the Company and other information as permitted by Section 624.319, Florida Statutes. There may be other items identified during the examination that, due to their nature (for example, subjective conclusions or proprietary information), are not included within the examination report but separately communicated to other regulators and/or the Company.

SUMMARY OF SIGNIFICANT FINDINGS

Current Examination Findings

There were no significant findings during this examination.

Previous Examination Findings

On October 31, 2018, the Company's ultimate parent company, Main Street America Group Mutual Holdings, Inc. merged with American Family Insurance Mutual Holding Company (AFIMHC), a Wisconsin mutual insurance holding company.

The following is an update on other significant regulatory information disclosed in the previous examination.

Statement of Actuarial Opinion Requirements

Our review indicated that the Company's appointed actuary did not opine on the insurers "gross reserves" in the Company's Statement of Actuarial Opinion. The Statement of Actuarial Opinion was not completed in accordance with the NAIC Property and Casualty Annual Statement Instructions as the Statement of Actuarial Opinion must address the adequacy of direct and assumed and assumed, as well as net loss and loss adjustment expense reserves as contained in Schedule P of the annual statement.

Resolution: The Company has since remedied this issue.

Custodian Termination Notice

The Company utilized State Street Bank as its custodian during the period under examination. Effective January 16, 2014, the custody agreement between State Street Bank and the Company was terminated. Pursuant to Rule 69O-143.042(2)(o), Florida Administrative Code, the custodian did not provide written notification to the Office regarding the termination of the custodial agreement between the Company and State Street Bank.

Resolution: The Company has since remedied this issue by including the clause about notifying the Office regarding the termination of the agreement.

Reinsurance Broker Services Agreement

Based on the review of the reinsurance broker services agreement between BMS Intermediaries, Inc. (BSM) and the Company, the examiner noted that the agreement does not contain the required statutory provisions set forth in Section 626.7492(4), Florida Statutes.

Resolution: The BMS agreement was terminated as part of the merger.

COMPANY HISTORY

General

The Company was incorporated in Florida on June 28, 2007 and commenced business on October 9, 2007. On October 31, 2018, the Company's ultimate parent company, Main Street America Group Mutual Holdings, Inc. merged with American Family Insurance Mutual Holding Company, a Wisconsin mutual insurance holding company.

Dividends

The Company did not declare or pay any dividends during the period under examination.

Capital Stock and Capital Contributions

As of December 31, 2020, the Company's capitalization was as follows:

Number of authorized common capital shares	10,000,000
Number of shares issued and outstanding	10,000,000
Total common capital stock	\$10,000,000
Par value per share	\$1.00

Surplus Notes

The Company did not have or issue any surplus notes during the period under examination.

Acquisitions, Mergers, Disposals, Dissolutions

The Company had no acquisitions, mergers, disposals, or dissolutions during the period under examination.

MANAGEMENT AND CONTROL

Corporate Governance

The annual shareholder meeting for the election of Directors was held in accordance with Section 628.231, Florida Statutes. All of the directors serving as of December 31, 2020 were employees of the parent company—NGM Insurance Company—and are shown below:

Directors		
Name	City, State	Principal Occupation
Sarah Christine Bourdeau	Hartford, CT	Head of Sales
Theresa Elaine Breunig-Silbernagel	Sun Prairie, WI	Head of Personal Lines and Transformation
Joseph David Freitas	Sturbridge, MA	Chief Financial Officer and Treasurer
Kimberly Killian Law	Ponte Vedra Beach, FL	General Counsel and Secretary
Christopher Robert Listau	Waunakee, WI	President and Chief Executive Officer
David Scot Medvidofsky	Jacksonville, FL	Head of Products and Operations
Anna Diane Parker	Saint Johns, FL	Head of Human Resources

In accordance with the Company's Bylaws, the Board appointed the following Senior Officers:

Senior Officers		
Name	City, State	Title
Christopher Robert Listau	Waunakee, WI	President and Chief Executive Officer
Joseph David Freitas	Sturbridge, MA	Chief Financial Officer and Treasurer
Kimberly Killian Law	Ponte Vedra Beach, FL	General Counsel and Secretary

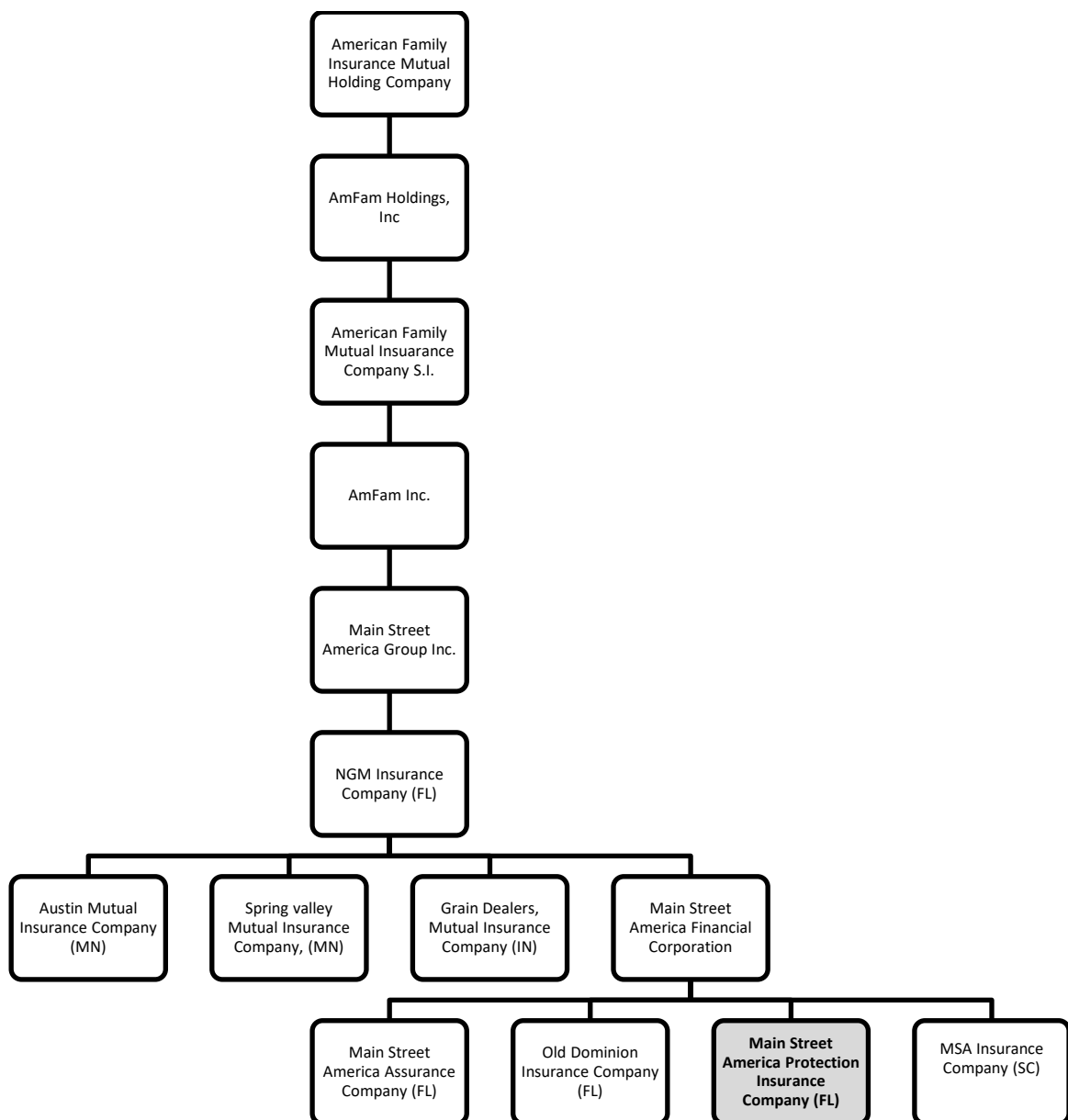
The Company did not have any internal board committees. The committees of AFIMHC's Board of Directors also served the Company.

Holding Company System

A simplified organizational chart as of December 31, 2020, reflecting the holding company system, is shown on the following page. Schedule Y of the Company's 2020 annual statement provided a list of all related companies of the holding company group.

Simplified Organizational Chart

December 31, 2020



The following agreements were in effect between the Company and its affiliates:

Intercompany Expense Allocation Agreement

Effective June 30, 2007, the Company, along with NGM Insurance Company ("NGM") and other insurance affiliates, entered into an intercompany expense allocation agreement. Per the agreement the NGM does the following:

- a) They provide some administrative and managerial services;
- b) They allocate expenses incurred under the agreement;
- c) They allocate indirect costs based upon a uniform and reasonable basis; and
- d) They furnish statements that account for the expenses paid on behalf of each affiliate party to the agreement.

Intercompany Quota Share Reinsurance Agreement

The Company participates in an intercompany pooling arrangement with NGM and other insurance affiliates. This is discussed in greater detail down below in the Reinsurance section of this report.

Intercompany Tax Allocation Agreement

The Company is party to a tax allocation agreement. Under the agreement, all of the parties file one consolidated federal income tax return. Each party is then allocated its share of the tax liability or refund based on an estimate of what its individual status would have been had it filed separate. Intercompany balances are settled (on an estimated basis) within 30 days of the payment of any estimated tax payments, with a final determination and settlement made within 30 days of the filing of any applicable income tax return or amended tax return.

ACCOUNTS AND RECORDS

The Company maintained its principal operational offices in Jacksonville, Florida.

TERRITORY AND PLAN OF OPERATIONS

The Company was authorized to transact insurance in the following states:

- Alabama
- Georgia
- Maryland
- Minnesota
- New Hampshire
- Oregon
- South Carolina
- Vermont
- Wisconsin
- Arizona
- Idaho
- Massachusetts
- Mississippi
- New York
- Pennsylvania
- Tennessee
- Virginia
- Florida
- Maine
- Michigan
- Montana
- North Carolina
- Rhode Island
- Utah
- Washington

The Company was authorized to transact insurance in Florida on October 9, 2007, and is currently authorized for the following lines of business as of December 31, 2020:

- Fire
- Commercial Multi-Peril
- Inland Marine
- Burglary and Theft
- Other Liability
- Fidelity
- Boiler and Machinery
- Allied Lines
- Earthquake
- Workers Compensation
- Private Passenger Auto Physical Damage
- Private Passenger Auto Liability
- Surety

The Company primarily writes Commercial multiple peril, Private Passenger Auto Liability, Auto Physical Damage policies in the states where it is licensed or eligible. The states with the highest direct premium written were Florida, New York, and South Carolina, with premiums of \$67,888,481, \$48,926,841, and \$14,924,619, respectively.

REINSURANCE

The reinsurance agreements reviewed complied with NAIC standards with respect to the standard insolvency clause, arbitration clause, intermediary clause, transfer of risk, reporting and settlement information deadlines.

Reinsurance Assumed

The Company did not assume any reinsurance during the period of this examination.

Reinsurance Ceded

The Company ceded premium both on a quota share and facultative basis. The vast majority of the premium ceded was through an intercompany quota share reinsurance agreement. Pursuant to the agreement, the Company ceded 100% of its net underwriting results to NGM Insurance Company, the lead company of the Pool. Facultative reinsurance cessions to nonaffiliated reinsurers occurred prior to cessions to the Pool.

FINANCIAL STATEMENTS

The following includes the Company's statutory Statement of Assets, Liabilities, Surplus and Other Funds; statutory Statement of; and the statutory Analysis of Changes in Surplus for the year ended December 31, 2020. The financial statements are based on the statutory financial statements filed by the Company with the Florida Office of Insurance Regulation and present the financial condition of the Company for the period ending December 31, 2020. (Note: Failure of the columns to add to the totals reflected in this Report is due to rounding.)

Main Street America Protection Insurance Company
Assets
December 31, 2020

	Assets	Non-admitted Assets	Net Admitted Assets
Bonds	\$24,080,430	\$0	\$24,080,430
Cash and short-term investments	\$27,180	\$0	\$27,180
Subtotals, cash and invested assets	\$24,107,609	\$0	\$24,107,609
Investment income due and accrued	\$108,735	\$0	\$108,735
Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts	\$24,216,344	\$0	\$24,216,344
Total	\$24,216,344	\$0	\$24,216,344

Main Street America Protection Insurance Company
Liabilities, Surplus and Other Funds
December 31, 2020

	Per Company
Current federal and foreign income taxes	\$3,481
Net deferred tax liability	\$6,101
Ceded reinsurance premiums payable	\$250
Payable to parent, subsidiaries and affiliates	\$49,690
Total liabilities excluding protected cell liabilities	\$59,522
Total liabilities	\$59,522
Common capital stock	\$10,000,000
Gross paid-in and contributed surplus	\$8,400,000
Unassigned funds (surplus)	\$5,756,822
Surplus as regards policyholders	\$24,156,822
Totals	\$24,216,344

Main Street America Protection Insurance Company
Statement of Income
December 31, 2020

	Per Company
Investment Income	
Net investment income earned	\$354,389
Net realized capital gains or (losses)	\$76,055
Net investment gain or (loss)	\$430,444
Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	\$430,444
Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	\$430,444
Federal & foreign income taxes incurred	\$73,085
Net Income	\$357,359
Capital and Surplus Account	
Surplus as regards policyholders, December 31 prior year	\$23,800,391
Net Income	\$357,359
Change in net deferred income taxes	\$(928)
Change in surplus as regards policyholders for the year	\$356,431
Surplus as regards policyholders, December 31, current year	\$24,156,822

Main Street America Protection Insurance Company
Reconciliation of Capital and Surplus
December 31, 2020

No adjustments were made to surplus as regards policyholders because of this examination.

Capital/Surplus Change during Examination Period			
Surplus at December 31, 2015, per Company			\$15,253,654
	Increase	Decrease	
Loss in surplus	\$1,909,270		
Change in net deferred income tax		\$6,101	
Change in paid in surplus	\$7,000,000		
Net increase (or decrease)			\$8,903,169
Surplus at December 31, 2020 per Company			\$24,156,823

COMMENTS ON FINANCIAL STATEMENT ITEMS

Capital and Surplus

The amount of capital and surplus reported by the Company of \$24,156,822, exceeded the minimum of \$10,000,000 required by Section 624.408, Florida Statutes.

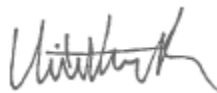
CONCLUSION

The insurance examination practices and procedures as promulgated by the NAIC have been followed in ascertaining the financial condition of Main Street America Assurance Company as of December 31, 2020, consistent with the insurance laws of the State of Florida.

In addition to the undersigned, the following from Noble Consulting Services, Inc. ("Noble"), Merlinos & Associates, Inc. ("Merlinos"), and the Office also participated in the examination

W.A. O'Connell, CPA, CFE, CFE (fraud)	Exam Supervisor	Noble
Emilie Brady, CFE	Examiner	Noble
Stefan Obereicholz-Bangert, AES, CISA, CISM	IT Specialist	Noble
Carol Riley, AES, CISA, CGEIT, CRISC, CDPSE	IT Specialist	Noble
Jim Ryan, CFE, CPA, ARA, ARE	Reinsurance Specialist	Noble.
Greg Fanoe, FCAS, MAAA	Actuarial Specialist	Merlinos
Jeremy Hoch, ACAS, MAAA	Actuarial Examiner	Merlinos
Chad Mason	Examination Manager	Office

Respectfully submitted,



Vitaliy Kyryk, CFE
Examiner-in-charge
Noble Consulting Services, Inc.
Representing the Florida Office of Insurance Regulation



Daniel W. Applegarth, CFE, CPA, PIR
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