EXAMINATION REPORT

OF

EMPLOYERS ASSURANCE COMPANY

MAITLAND, FLORIDA

AS OF

DECEMBER 31, 2014

BY THE

FLORIDA OFFICE OF INSURANCE REGULATION

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November 4, 2015

Kevin M. McCarty
Commissioner
Office of Insurance Regulation
State of Florida
Tallahassee, Florida 32399-0326

Dear Sir:

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 (NAIC), we have conducted an examination as of December 31, 2014, of the financial condition and corporate affairs of

Employers Assurance Company
851 Trafalgar Court, Suite 155W
Maitland, Florida 32751

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

SCOPE OF EXAMINATION

This examination covered the period of January 1, 2011 through December 31, 2014. The Company was last examined by representatives of the Florida Office of Insurance Regulation (Office) covering the period of January 1, 2006 through December 31, 2010. This examination commenced with planning at the Office on March 11, 2015. The fieldwork commenced on April 6, 2015 and concluded on November 4, 2015.

The examination was a multi-state examination conducted in accordance with the NAIC Financial Condition Examiners Handbook. The Handbook requires that the examination is 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 examination was completed under a coordinated group examination approach with the Nevada Department of Insurance as the coordinating state and the California Department of Insurance and the Office, as participating states. The companies examined under this approach benefit to a large degree from common management, systems, and processes, including internal controls and risk management functions that are administered at the consolidated holding company.

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 Statutory Accounting Principles.

This examination report includes significant findings of fact, as mentioned in Section 624.319, Florida Statutes and general information about the insurer 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

Current Examination Findings

There were no material findings or exceptions noted during the examination as of December 31, 2014.

Prior Examination Findings

There were no findings, exceptions or corrective actions to be taken by the Company for the examination as of December 31, 2010.

COMPANY HISTORY

General

The Company was incorporated in Florida on November 14, 1979, and commenced business on November 28, 1979.

On October 31, 1997, the Company, formerly known as AmCOMP Assurance Corporation, was acquired by AmCOMP Preferred Insurance Company, now known as Employers Preferred Insurance Company, from Independent Fire Insurance Company, a subsidiary of American General Life and Accident Insurance Company. Prior to this acquisition, the Company was known as Thomas Jefferson Insurance Company and had been in run-off since 1993. In anticipation of the Company's sale, the Company entered into an assumption reinsurance agreement with its previous parent company, Independent Fire Insurance Company, whereby all of its policy liabilities were assumed by Independent Fire Insurance Company. The Company then began writing direct premiums during 1998. AmCOMP Preferred Insurance Company owned 100 percent of the outstanding stock of AmCOMP Assurance Corporation. During this time, AmCOMP Incorporated owned AmCOMP Preferred Insurance Company and was the ultimate parent company of both insurers.

On October 31, 2008, Employers Holdings, Inc. acquired 100 percent of the outstanding common stock of AmCOMP Incorporated and all of its subsidiaries, including the Company and AmCOMP Preferred Insurance Company when Employers Holdings Inc.'s subsidiary Employers Group, Inc. merged with AmCOMP Incorporated. The acquisition was funded using cash, extraordinary dividends from the operating companies, and a short-term credit facility. On December 16, 2008, the Office approved the name change of the Company and its parent from AmCOMP Assurance Corporation and AmCOMP Preferred Insurance Company to Employers Assurance Company and Employers Preferred Insurance Company, respectively.

The Company was authorized to transact workers' compensation insurance coverage in Florida on October 30, 1979 and continued to be authorized in this line of coverage as of December 31, 2014.

Dividends

In accordance with Section 628.371, Florida Statutes, on April 6, 2011, the Company's Board of Directors approved an ordinary dividend in the amount of $9,217,109, to be paid to the

Company's parent, Employers Preferred Insurance Company. The cash dividend was paid on April 29, 2011.

Capital Stock and Capital Contributions

As of December 31, 2014, the Company's capitalization was as follows:

Number of authorized common capital shares	10,000,000
Number of shares issued and outstanding	2,500,000
Total common capital stock	$2,500,000
Par value per share	$1.00

Control of the Company was maintained by its parent, Employers Preferred Insurance Company, who owned 100 percent of the stock issued by the Company, who in turn was 100 percent owned by Employers Group, Inc., who in turn was 100 percent owned by Employers Holdings, Inc., a Nevada corporation.

On September 27, 2012, Employers Preferred Insurance Company received a $70 million capital contribution from Employers Group, Inc. On the same day, Employers Preferred Insurance Company made a $70 million capital contribution to the Company.

On September 30, 2013, Employers Preferred Insurance Company received a $40 million capital contribution from Employers Group, Inc. On the same day, Employers Preferred Insurance Company made a $40 million capital contribution to the Company.

Surplus Notes

On December 31, 2000, the Company issued a $5 million subordinated surplus note to AmCOMP Incorporated now Employers Group Inc., in return for $5 million in cash. The note matured on March 31, 2011 and was paid in full on this date.

On June 30, 2004, the Company issued an $8 million subordinated surplus note, in return for $8 million in cash to its parent, AmCOMP Preferred Insurance Company, now Employers Preferred Insurance Company. The note matures in 2034 and is callable by the Company. The terms of the note provide for quarterly interest payments at a rate of 425 basis points in excess of the 90-day London Interbank Offered Rate. Both the payment of interest and repayment of the principal are subject to the prior approval of the Office, and may be paid only out of the Company' surplus. Approved interest paid through December 31, 2014 totaled $5.2 million, of which $0.4 million was paid in 2014. Unpaid and unapproved interest as of December 31, 2014, was $0.1 million.

On September 24, 2004, the Company issued a $4 million subordinated surplus note, in return for $4 million in cash, to its parent AmCOMP Preferred Insurance Company, now Employers Preferred Insurance Company. The note matures in 2034 and is callable by the Company. The terms of the note provide for quarterly interest payments at a rate of 425 basis points in excess of the 90-day London Interbank Offered Rate. Both the payment of interest and repayment of the principal are subject to the prior approval of the Office, and may be paid only out of the surplus of the Company. Approved interest paid through December 31, 2014, totaled $2.4 million, of which $0.2 million was paid in 2014. Unpaid and unapproved interest as of December 31, 2014, was $0.1 million. At December 31, 2014, the Company's outstanding surplus notes amounted to $12 million.

Acquisitions, Mergers, Disposals, Dissolutions and Purchase or Sales through Reinsurance

The Company had no acquisitions, mergers, disposals, dissolutions and purchase or sales through reinsurance during the period of this examination.

CORPORATE RECORDS

The recorded minutes of the Shareholder, Board of Directors (Board) and certain internal committees were reviewed for the period under examination. The recorded minutes of the Board adequately documented its meetings and approval of Company transactions and events, in compliance with the NAIC Financial Condition Examiners Handbook adopted by Rule 69O-138.001, Florida Administrative Code, including the authorization of investments as required by Section 625.304, Florida Statutes.

Conflict of Interest

The Company adopted a policy statement requiring periodic disclosure of conflicts of interest in accordance with the NAIC Financial Condition Examiners Handbook adopted by Rule 69O-138.001, Florida Administrative Code.

MANAGEMENT AND CONTROL

Management

The annual shareholder meeting for the election of directors was held in accordance with Section 628.231, Florida Statutes. Directors of the Company serving as of December 31, 2014 are shown below.

Directors

Name and Location	Principal Occupation
Robert John Kolesar Las Vegas, Nevada	Chairman of the Board, Partner and Owner of Kolesar & Leatham Chtd.
Douglas Dean Dirks Reno, Nevada	Director, President and Chief Executive Officer of Employers Holdings, Inc.
Terry Eleftheriou Reno, Nevada	Director, Treasurer, Executive Vice President and Chief Financial Officer of Employers Holdings, Inc.

Lenard Thomas Ormsby Reno, Nevada	Director, Secretary, Executive Vice President and Chief Legal Officer of Employers Holdings, Inc.
Stephen Vincent Festa Reno, Nevada	Director, Executive Vice President and Chief Operating Officer of Employers Holdings, Inc.

In accordance with the Company's bylaws, the Board appointed the following officers:

Senior Officers

Name	**Title**
Douglas Dean Dirks	President and Chief Executive Officer
Terry Eleftheriou	Treasurer
Lori Ann Brown	Secretary
Leonard Thomas Ormsby	Assistant Secretary

The Company's Board designated several internal committees from the Board of Directors of Employers Holding Inc. (EHI), the Company's ultimate parent, to act on behalf of the Company. Following were the principal internal EHI board committees and their members as of December 31, 2014:

Audit Committee	**Compensation Committee**	**Board Governance and Nominating Committee**
Ronald F. Mosher [1]	Michael D. Rumbolz [1]	Katherine W. Ong [1]
Michael J. McSally	Robert J. Kolesar	Michael J. McSally
Richard W. Blakey	James R. Kroner	Richard W. Blakey

Finance Committee	**Executive Committee**
Valerie R. Glenn [1]	Robert J. Kolesar [1]
Douglas D. Dirks	Ronald F. Mosher
James R. Kroner	Michael D. Rumbolz
	Douglas D. Dirks
	Katherine W. Ong
	Valerie R. Glenn

[1] Chairperson

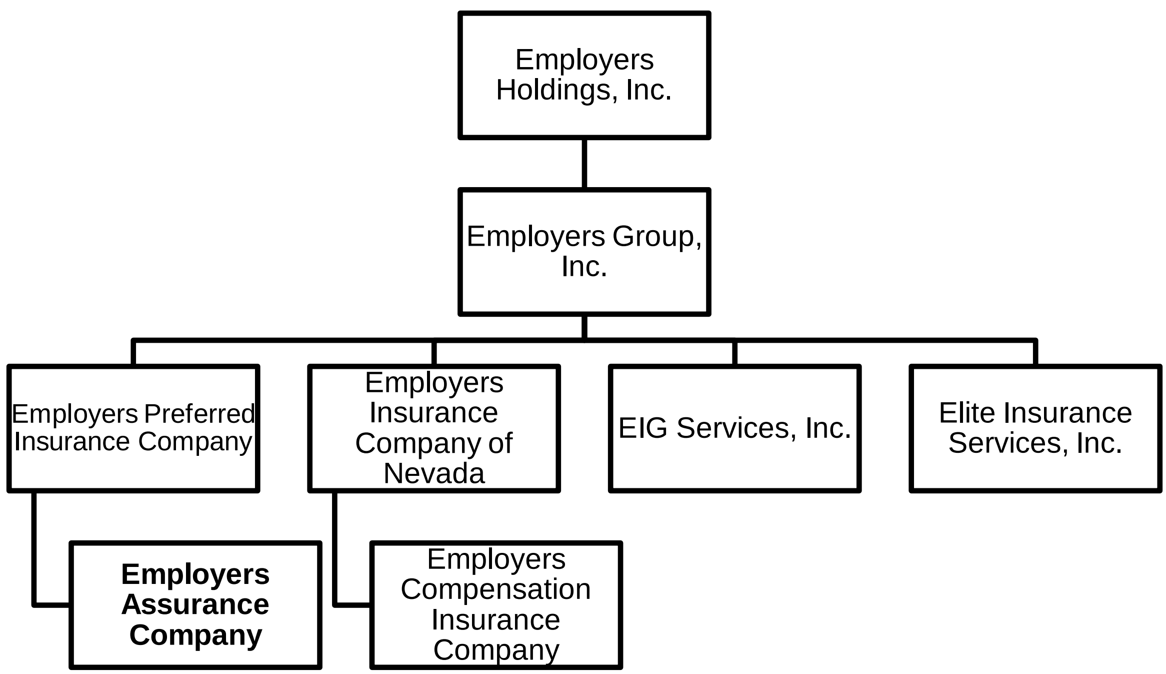
The Company maintained an audit committee, as required by Section 624.424(8) (c), Florida Statutes.

Affiliated Companies

The most recent holding company registration statement was filed by the Company with the Office on March 30, 2015, as required by Section 628.801, Florida Statutes, and Rule 69O-143.046, Florida Administrative Code. There were amendments filed on July 14, 2015 (Amendment No. 1) and on November 13, 2015 (Amendment No. 2).

ORGANIZATIONAL CHART

Employers Assurance Company
December 31, 2014



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

Administrative Services Agreement

The Company and its affiliates were party to an Administrative Services Agreement whereby, the Company and its affiliates desired to achieve certain operating economics and improved service levels for the mutual benefit of all the Employers group companies that were party to the agreement. The agreement was effective as of January 1, 2009. The agreement provides for the Company and its affiliates to perform certain services for each other as determined to be reasonably necessary in the conduct of their operations. The agreement identified services that the companies may provide to each other include accounting, tax and auditing, functional support services, claims, investment, and underwriting. Charges for such services shall be modified and adjusted where necessary or appropriate to reflect fairly and equitably the actual incidence of cost incurred by a company on behalf of another company. Statements were prepared quarterly and settlements were made within 30 days. Total pooled administrative fee expense paid was $4.3 million, $2.7 million, $2.3 million, and $1.8 million for the years 2014, 2013, 2012, and 2011, respectively. **Subsequent Event:** The Office reviewed the Amended and Restated Administrative Services Agreement and issued a no objections letter on September 29, 2015. The Administrative Services Agreement was amended to update the agreement language to further define certain intents within the agreement, revise the participating entities as several no longer exist, expand upon services that are to be provided, and refresh general contract language. The Amended and Restated Administrative Services Agreement went into effect January 1, 2016.

General Agency and Underwriting Manager Agreement

On October 14, 2014, EIG Services, Inc. (EIG Services), an administrative services company, entered into a General Agency and Underwriting Manager Agreement with the Company and its insurer affiliates. Under the Agreement EIG Services was appointed as the General Agent and the Underwriting Manager for each of the insurance companies and shall solicit, underwrite, complete applications, quote premium, bind, and issue, and deliver insurance policies. Each insurance company is required to reimburse EIG Services for direct actual costs within 30 days after the end of each quarter. The General Agency and Underwriting Manager Agreement went into effect on October 14, 2014.

Tax Sharing Agreement

The Company and its affiliates were party to a Tax Sharing Agreement based on their belief that it was in their best interest to file a consolidated federal income tax return. The agreement was executed on February 25, 2009. The agreement provides for federal tax liability to be allocated to consolidating companies based on separate return calculations, with credit given for any net operating losses or other items utilized in the consolidated tax return. Pursuant to this agreement, the Company had the enforceable right to recoup federal income taxes paid in prior years in the event of future net losses that it may incur, or recoup its net losses carried forward as an offset to future net income subject to federal income taxes. Under the terms of the agreement tax liabilities shall be paid 10 days prior to the filing date and tax refunds are to be paid no later than 30 days following the date the of the tax return. All tax liabilities/refunds were settled in accordance with the agreement. **Subsequent Event:** The Office reviewed the Amended and Restated Tax Sharing Agreement and issued a no objections letter on September 29, 2015. The Tax Sharing Agreement was amended to update the agreement language to further explain and define certain intents and expectations within the agreement and refresh general contract language. The Amended and Restated Tax Sharing Agreement went into effect January 1, 2016.

TERRITORY AND PLAN OF OPERATIONS

The Company held certificates of authority in the following jurisdictions, on December 31, 2014.

Alabama	Arizona	Arkansas
California	Colorado	District of Columbia
Florida	Georgia	Idaho
Illinois	Indiana	Iowa
Kansas	Kentucky	Louisiana
Maryland	Michigan	Minnesota
Mississippi	Missouri	Montana
Nevada	New Jersey	New Mexico
North Carolina	Ohio	Oklahoma
Oregon	Pennsylvania	South Carolina
Tennessee	Texas	Utah
Virginia	West Virginia	Wisconsin

Treatment of Policyholders

The Company established procedures for handling written complaints in accordance with Section 626.9541(1) (j), Florida Statutes. The Company maintained a claims procedure manual that included detailed procedures for handling each type of claim in accordance with Section 626.9541(1) (i) 3a, Florida Statutes.

REINSURANCE

Reinsurance Pooling Agreement

The Company entered into a Reinsurance Pooling Agreement with its parent, Employers Preferred Insurance Company, and affiliates, Employers Insurance Company of Nevada, and Employers Compensation Insurance Company. The agreement was executed on October 1, 2008. Under the terms of the agreement, the insurers pooled all business on a retrospective and prospective basis. Employers Insurance Company of Nevada was the lead Company of the pool, which resulted in the Company and its affiliates ceding all of their business, net of incurred reinsurance to Employers Insurance Company of Nevada. Employers Insurance Company of Nevada then retroceded to the Company and its affiliates their share of the pool. The following table illustrates each participant's pooled share as of December 31, 2014:

Company	**State of Domicile**	**Pooling Share**
Employers Insurance Company of Nevada	NV	53%
Employers Compensation Insurance Company	CA	27%
Employers Preferred Insurance Company	FL	10%
Employers Assurance Company	FL	10%
Pool Total		100.0%

The agreement requires each company to withhold funds for net losses, net expenses and net unearned premiums, as well as non-investment assets related to ceded business. At December 31, 2014, the Company held funds of approximately $204,519,000 under this requirement.

Subsequent Event: Effective January 1, 2015, the Reinsurance Pooling Agreement was amended and restated to make Employers Preferred Insurance Company the lead company of the pool and revise the pooling allocations. Due to the change in the lead company, funds withheld will no longer be required in connection with the Amended and Restated Reinsurance Pooling Agreement and balance sheet pooling will be eliminated, with the exception of the pooling of reserves and unearned premiums. The following table illustrates each participant's pooled share as of January 1, 2015:

Company	State of Domicile	Pooling Share
Employers Preferred Insurance Company	FL	35%
Employers Compensation Insurance Company	CA	35%
Employers Insurance Company of Nevada	NV	18%
Employers Assurance Company	FL	12%
Pool Total		100.0%

The Office reviewed the Amended and Restated Reinsurance Pooling Agreement and issued a no objections letter on September 4, 2014.

Assumed

The Company participated in mandatory workers' compensation reinsurance pools. For 2014, the Company reported assumed premium of approximately $9,579,000 from these arrangements.

The Company has not and currently does not intend to assume insurance risks from outside sources.

Ceded

The Company's reinsurance program consisted of a multi-layer workers' compensation excess of loss coverage with various authorized, unauthorized and certified reinsurers and Lloyd's syndicates. Under the agreement in effect at December 31, 2014, the Company protected itself from per occurrence losses of up to $195 million above an initial retention of $5 million per occurrence.

The catastrophe contract provides coverage for the $195 million, of per occurrence loss in five layers as follows:

Coverage Limits

Layer	Per Occurrence	Terrorism	Aggregate	Excess Retention of
1	$ 5,000,000	$ 5,000,000	$ 20,000,000	$ 5,000,000
2	10,000,000	10,000,000	20,000,000	10,000,000
3	30,000,000	30,000,000	60,000,000	20,000,000
4	50,000,000	50,000,000	100,000,000	50,000,000
5	100,000,000	100,000,000	200,000,000	100,000,000

As of December 31, 2014, the Company reported reinsurance recoverables of approximately $1,788,000 from the unauthorized reinsurers under the current or previous excess of loss contracts.

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

ACCOUNTS AND RECORDS

The Company maintained its principal operational offices in Reno, Nevada. The Company's general ledger was maintained on an accrual basis. Appropriate adjustments were made to produce financial reports acceptable under statutory accounting practices.

The Company and non-affiliates had the following agreements:

Custodial Agreement

The Company maintained a custodial agreement with Wells Fargo Bank, N.A., executed on June 3, 2013. The agreement complied with Rule 69O-143.042, Florida Administrative Code.

Claims Administration Agreement

The Company and its affiliates, have a one year, automatically renewing, contract with Broadspire Services, Inc. (Broadspire) to administer workers' compensation claims in the United States. The services provided include claims administration, medical management services, loss adjustment and settlement and litigation assistance. Broadspire's compensation for services provided was based on a service fee based on a flat fee per claimant, a system data access fee based on the number of users and licenses and a medical management fee based on usage.

Investment Management Agreement

The Company and its affiliates executed a contract with Conning, Inc. (Conning) to manage the Company's investment portfolio and provide investment advice and any other necessary investment services. The requirements of the contract required Conning to maintain the Company's portfolio according to specific written investment guidelines. Within the confines of the Company's guidelines, Conning may execute investment transactions without prior approval of the Company's management. Conning was compensated for its services quarterly based on specific fixed annual percentages of the asset value of the Company's portfolio for the billing period. Conning must also present a report to the Company on a quarterly basis outlining the results of investment activity for the prior quarter.

Reinsurance Intermediary Broker Agreement

The Company and its other affiliates executed a contract with Aon Benfield, Inc. (Benfield) for the purpose of procuring and servicing reinsurance contracts. Benfield is compensated by the reinsurers for placements made by Benfield on behalf of the Company and its affiliates. Benfield is to provide quarterly statements accurately detailing all material transactions, including information necessary to support all commissions, charges and other fees. Benfield was a licensed reinsurance intermediary broker in the state of Florida.

Independent Auditor Agreement

An independent CPA audited the Company's statutory basis financial statements annually for the years 2011, 2012, 2013 and 2014, in accordance with Section 624.424(8), Florida Statutes. Supporting workpapers were prepared by the CPA as required by Rule 69O-137.002, Florida Administrative Code.

INFORMATION TECHNOLOGY REPORT

Phillip McMurray, CISSP, CISA, AES, IT Specialist, performed the review of the information technology and computer systems of the Company. Results of the evaluation were noted in the Information Technology Report provided to the Company.

STATUTORY DEPOSITS

The following securities were deposited with the State of Florida as required by Section 624.411, Florida Statutes and with various state officials as required or permitted by law.

State	Description	Par Value	MarketValue
FL	USTN, 2.00%, 01/31/2016	600,000	610,740
FL	USTN, 3.13%, 05/15/2019	1,715,000	1,863,176
TOTAL FLORIDA DEPOSITS		$ 2,315,000	$ 2,473,916
AZ	USTN, 1.25%, 08/31/2015	$ 1,160,000	$ 1,168,248
AZ	USTN, 2.00%, 01/31/2016	900,000	916,029
AZ	USTN, 2.38%, 03/31/2016	420,000	430,370
CA	USTN, 2.00%, 01/31/2016	120,000	122,137
GA	USTN, 2.38%, 03/31/2016	45,000	46,111
GA	USTN, 3.13%, 05/15/2019	65,000	69,291
GA	CASH, 0.60%, NONE	1,550	1,550
ID	USTN, 3.13%, 05/15/2019	80,000	85,282
ID	USTN, 2.38%, 03/31/2016	79,000	80,951
ID	USTN, 1.25%, 08/31/2015	270,000	271,920
ID	USTN, 2.00%, 01/31/2016	40,000	40,712
MT	USTN, 3.13%, 05/15/2019	50,000	53,301
NV	USTN, 0.25%, 02/15/2015	325,000	325,062
NM	USTN, 2.38%, 03/31/2016	110,000	112,716
NM	USTN, 5.25%, 02/15/2029	160,000	215,100
NC	USTN, 3.88%, 05/15/2028	3,000,000	3,261,570
NC	USTN, 3.13%, 05/15/2019	3,145,000	3,352,633
NC	CASH, 0.06%, NONE	107,265	107,265
OR	USTN, 3.13%, 05/15/2019	205,000	218,534
OR	USTN, 1.25%, 08/31/2015	120,000	120,853
VA	USTN, 1.25%, 08/31/2015	515,000	518,662
VA	USTN, 2.38%, 03/31/2016	50,000	51,235
TOTAL OTHER DEPOSITS		$ 10,967,815	$ 11,569,532
TOTAL SPECIAL DEPOSITS		$ 13,282,815	$ 14,043,448

FINANCIAL STATEMENTS

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. Financial statements, as reported and filed by the Company with the Florida Office of Insurance Regulation, are reflected in the following.

Employers Assurance Company
Assets
December 31, 2014

	Per Company	Examination Adjustments	Per Examination
Bonds	$347,402,737		$347,402,737
Cash and Short-Term Investments	46,804,275		46,804,275
Investment income due and accrued	2,508,767		2,508,767
Agents' Balances:			
Uncollected premium	4,307,412		4,307,412
Deferred premium	23,979,005		23,979,005
Accrued retrospective premiums	4,553		4,553
Reinsurance recoverable:			
Amounts recoverable from reinsurers	251,871		251,871
Funds held by or deposited with reinsured contracts	181,229,021		181,229,021
Net deferred tax asset	6,742,154		6,742,154
Guaranty funds receivable or on deposi	1,079,774		1,079,774
Receivable from parents, subsidiaries and affiliates	3,194,535		3,194,535
Aggregate write-in for other than invested assets	324,810		324,810
Totals	$617,828,914	$0	$617,828,914

Employers Assurance Company
Liabilities, Surplus and Other Funds
December 31, 2014

	Per Company	Examination Adjustments	Per Examination
Losses	$144,257,209		$144,257,209
Loss adjustment expenses	25,761,261		$25,761,261
Commissions payable, contingent commissions and other similar charges	4,042,703		$4,042,703
Other expenses	1,268,725		$1,268,725
Taxes, licenses and fees	2,468,671		$2,468,671
Current federal and foreign income taxes	1,624,496		$1,624,496
Unearned premium	29,634,583		$29,634,583
Advance premium	1,939,823		$1,939,823
Dividends:			
Policyholders	83,340		$83,340
Ceded reinsurance premiums payable	(30,929)		($30,929)
Funds held by company under reinsurance treaties	204,518,604		$204,518,604
Remittances and items not allocated	122,965		$122,965
Provision for reinsurance	52,620		$52,620
Payable to parent, subsidiaries and affiliates	68,783		$68,783
Aggregate write-ins for liabilities	372,540		372,540
Total Liabilities	$416,185,394	$0	$416,185,394
Common capital stock	$2,500,000		$2,500,000
Surplus notes	12,000,000		$12,000,000
Gross paid in and contributed surplus	167,640,053		$167,640,053
Unassigned funds	19,503,467		$19,503,467
Surplus as regards policyholders	$201,643,520	$0	$201,643,520
Total liabilities, surplus and other funds	$617,828,914	$0	$617,828,914

Employers Assurance Company
Statement of Income and Capital and Surplus Account
December 31, 2014

Underwriting Income

Premiums earned	$68,446,668
Deductions:	
Losses incurred	$36,733,859
Loss expenses incurred	9,419,186
Other underwriting expenses incurred	18,972,810
Aggregate write-ins for underwriting deductions	0
Total underwriting deductions	$65,125,855
Net underwriting gain or (loss)	$3,320,813

Investment Income

Net investment income earned	$8,692,027
Net realized capital gains or (losses)	43,427
Net investment gain or (loss)	$8,735,454

Other Income

Net gain or (loss) from agents' or premium balances charged off	($343,634)
Finance and service charges not included in premiums	0
Aggregate write-ins for miscellaneous income	(4,523,254)
Total other income	($4,866,888)
Net income before dividends to policyholders and before federal & foreign income taxes	$7,189,399
Dividends to policyholders	293,704
Net Income, after dividends to policyholders, but before federal & foreign income taxes	$6,895,695
Federal & foreign income taxes	1,401,511
Net Income	$5,494,184

Capital and Surplus Account

Surplus as regards policyholders, December 31 prior year	$196,814,174
Net Income	$5,494,184
Net unrealized capital gains or losses	352,877
Change in net deferred income tax	150,312
Change in non-admitted assets	(1,142,748)
Change in provision for reinsurance	(25,279)
Change in surplus as regards policyholders for the year	$4,829,346
Surplus as regards policyholders, December 31 current year	$201,643,520

Employers Assurance Company
Comparative Analysis of Changes in Surplus
December 31, 2014

The following is a reconciliation of surplus as regards policyholders between that reported by the Company and as determined by the examination.

Surplus as Regards Policyholders December 31, 2014, per Annual Statement				$201,643,520
	PER COMPANY	PER EXAM	INCREASE (DECREASE) IN SURPLUS	
ASSETS:				
LIABILITIES:				
Net Change in Surplus:				0
Surplus as Regards Policyholders December 31, 2014, Per Examination				$201,643,520

COMMENTS ON FINANCIAL STATEMENTS

Liabilities

Losses and Loss Adjustment Expenses $170,018,470

An actuarial firm appointed by the Board, rendered an opinion that the amounts carried in the balance sheet as of December 31, 2014, made a reasonable provision for all unpaid loss and loss expense obligations of the Company under the terms of its policies and agreements.

The examination actuary, Deborah Rosenberg, FCAS, MAAA, reviewed the loss and loss adjustment expense workpapers provided by the Company and she was in concurrence with this opinion.

Capital and Surplus

The amount of capital and surplus reported by the Company of $201,643,520, exceeded the minimum of $40,653,664 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 Employers Assurance Company as of December 31, 2014, consistent with the insurance laws of the State of Florida.

The amount of capital and surplus reported by the Company of $201,643,520, exceeded the minimum of $40,653,664 required by Section 624.408, Florida Statutes.

In addition to the undersigned, Joshua J. Johnson, CFE, Examiner-in-Charge, of Risk and Regulatory Consulting, LLC, also participated in the examination. Members of the Office who participated in the examination included Jeffery Rockwell, Examination Manager and Marie Stuhlmuller, Participating Examiner. Additionally, Deborah Rosenberg, FCAS, MAAA of Risk and Regulatory Consulting, LLC and Phillip McMurray, CISSP, CISA, AES, IT Specialist of Risk and Regulatory Consulting, LLC, are recognized for participation in the examination.

Respectfully submitted,

Lamar F. Downs

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Deputy Chief Examiner
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