

STATE OF MISSOURI



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 Automobile Club Inter-Insurance Exchange for the period ended December 31, 2023, together with any written submissions or rebuttals and any relevant portions of the examiner's workpapers, I, Gina Clark, Deputy 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.

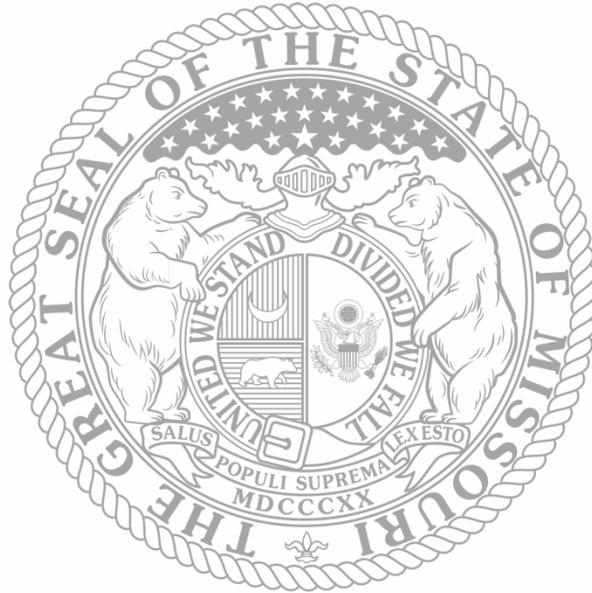
Based on such findings and conclusions, I hereby ORDER that the report of the financial examination of Automobile Club Inter-Insurance Exchange as of December 31, 2023, be and is hereby ADOPTED as filed and for Automobile Club Inter-Insurance Exchange to take the following action or actions, which I 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 Deputy Director's findings and conclusions.

So ordered, signed and official seal affixed this 5 day of May, 2025.



A handwritten signature in blue ink that reads "Gina Clark".

Gina Clark, Deputy Director
Department of Commerce and Insurance



REPORT OF
FINANCIAL EXAMINATION OF

AUTOMOBILE CLUB INTER-INSURANCE EXCHANGE

AS OF
DECEMBER 31, 2023

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

JEFFERSON CITY, MISSOURI

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Jefferson City, MO
February 14, 2025

Honorable Gina Clark, Deputy Director
Missouri Department of Commerce and Insurance
301 West High Street, Room 530
Jefferson City, Missouri 65101

Deputy Director Clark:

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

Automobile Club Inter-Insurance Exchange (NAIC #15512)

hereinafter referred to as such, Auto Club – Exchange, or as the Company. Its administrative office is located at 3333 Fairview Road Mail Stop A357, Costa Mesa, CA 92626, telephone number (714) 850-5111. The fieldwork for this examination began on May 6, 2024, and concluded on the above date.

SCOPE OF EXAMINATION

Period Covered

The Missouri Department of Commerce and Insurance (Department) has performed a multiple-state financial examination of Auto Club Inter-Insurance Exchange. The last examination of the Company by the Department covered the period of January 1, 2016, through December 31, 2019. The current examination covers the period of January 1, 2020, 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 Auto Club Inter-Insurance Exchange included Capital & Surplus, Investments, Reinsurance, Related Party,

Reserves/Claims Handling, and Pricing/Underwriting. 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 Auto Club Enterprises Insurance Group (Group), which consists of seven insurance companies domiciled in various states. The California Department of Insurance is the lead state regulator for the Group. Along with Missouri, Rhode Island and Texas participated in the coordinated examination. The examination was also conducted concurrently with the examination of the Company's Missouri-domiciled affiliate, Auto Club Family Insurance Company (Auto Club – Family).

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

The Company commenced business on April 15, 1927, in St. Louis, MO, at the headquarters of Automobile Club of Missouri (ACMO), an affiliate of American Automobile Association. During 1940, the Company changed its name to Inter-Insurance Exchange; to Automobile Club of Missouri; and then to Automobile Club Inter-Insurance Exchange.

Mergers, Acquisitions, and Major Corporate Events

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

Dividends and Capital Contributions

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

Surplus Notes

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

MANAGEMENT AND CONTROL

Club Exchange Corporation Board of Directors

Pursuant to the Subscriber's Agreement (Power of Attorney), the Company's attorney-in-fact, Club Exchange Corporation (CEC), manages the affairs of the Company. The sole shareholder, Automobile Club of Missouri, elects the CEC Board of Directors. The CEC Bylaws specify that there shall be nine members. The CEC Board of Directors elected and serving as of December 31, 2023, were as follows:

Name and Address

Robert T. Bouttier (Chair)
Los Angeles, CA

John F. Boyle
Coto de Caza, CA

Anthony J. Buzzelli
Somerset, VA

Patrick C. Haden
San Marino, CA

Parker S. Kennedy
Orange, CA

Robert A. DeMichiei
Gibsonia, PA

Martha H. Munsch
Sewickley, PA

Christopher B. Howard
Scottsdale, AZ

Raju T. Varma
Yorba Linda, CA

Principal Occupation and Business Affiliation

Retired Executive
Automobile Club of Southern California

President and Chief Executive Officer
Automobile Club of Southern California

Retired Certified Public Accountant
Deloitte LLP

President
Wilson Avenue Consulting, Inc.

Chairman Emeritus and Lead Director
First American Financial Corporation

Retired Executive
University of Pittsburgh Medical Center

Retired Attorney
Reed Smith, LLP

Executive Vice President, Chief Operating Officer
ASU Public Enterprise, Arizona State University

Executive Vice President
Automobile Club of Southern California

Advisory Board

The Advisory Board of the Company consists of nine members elected for one-year terms. The members elected and serving as of December 31, 2023, were as follows:

Name and Address

Peter K. Barker (Chair)
Los Angeles, CA

Antonia Hernandez
Pasadena, CA

Anthony J. Buzzelli
Somerset, VA

Patrick C. Haden
San Marino, CA

John F. Boyle
Coto de Caza, CA

Robert T. Bouttier
Los Angeles, CA

Martha H. Munsch
Sewickley, PA

Principal Occupation and Business Affiliation

Retired Executive
JP Morgan Chase & Co.

Retired Executive
California Community Foundation

Retired Certified Public Accountant
Deloitte LLP

President
Wilson Avenue Consulting, Inc.

President and Chief Executive Officer
Automobile Club of Southern California

Retired Executive
Automobile Club of Southern California

Retired Attorney
Reed Smith, LLP

Cynthia P. Lee
Farmers Branch, TX

Senior Counselor, Chairman
Dala Communications

Raju T. Varma
Yorba Linda, CA

Executive Vice President
Automobile Club of Southern California

Senior Officers

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

<u>Name</u>	<u>Office</u>
Terrance Ponchak, Jr.	President
Chad D. Hourigan	Vice President, Chief Financial Officer and Treasurer
Gail C. Louis	Corporate Secretary
Angela L. Nelson	Vice President
Katherine A. Sieck	Vice President and Assistant Secretary
April F. Savoy	Vice President, General Counsel, and Assistant Secretary

Principal Committees

The Advisory Board of the Company has an Audit Committee and an Investment Committee. Members serving on these committees as of December 31, 2023, were as follows:

Audit Committee

Anthony J. Buzzelli, Chair
Peter K. Barker
Patrick C. Haden

Finance & Investment Committee

Peter K. Barker, Chair
Patrick C. Haden
Martha H. Munsch

Corporate Records

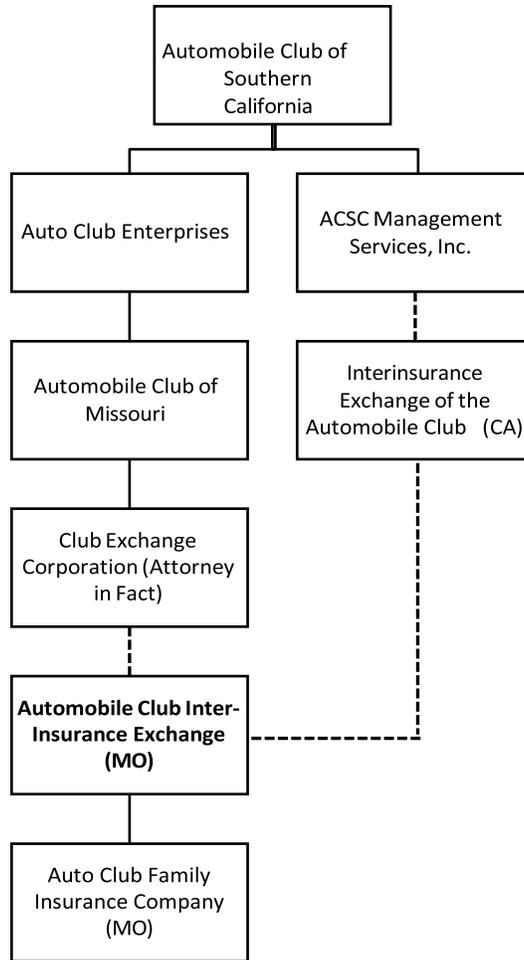
The Company's Articles of Incorporation and Bylaws were reviewed. There were no revisions to either document during the examination period. The minutes of the CEC Board of Directors, the Company Advisory Board, and committees were reviewed for the period under examination.

Holding Company, Subsidiaries, and Affiliates

The Company is a member of an Insurance Holding Company System, as defined by Section 382.010 RSMo (Definitions). The Company is a reciprocal inter-insurance exchange. The affairs of the Company are managed by Club Exchange Corporation (CEC), the attorney-in-fact appointed by its subscribers. CEC is wholly-owned by Automobile Club of Missouri (ACMO). Automobile Club of Southern California (ACSC) is the ultimate controlling entity.

Organizational Chart

The following organizational chart depicts the applicable portion of the holding company group as of December 31, 2023. All subsidiaries shown are wholly owned unless otherwise noted. Dotted lines represent affiliation through a contractual relationship. CEC is affiliated with the Company pursuant to a Subscriber Agreement. Interinsurance Exchange of the Automobile Club is affiliated with the Company pursuant to an Affiliation Agreement.



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:

Affiliation Agreement: An agreement between the Company, Auto Club - Family, ACMO, CEC, Interinsurance Exchange of the Automobile Club (IEAC), Auto Club of Southern California (ACSC), ACSC Management Services, Inc. and Auto Club Enterprises Insurance Group, effective March 1, 2006, which sets forth provisions for control among the companies and various terms and conditions agreed upon to carry out the transactions detailed in the agreement.

Power of Attorney: An agreement between the Company, CEC, and subscribers of the Company effective June 30, 2006, whereby CEC is appointed as Attorney-in-Fact for the subscribers of the Company.

Reinsurance Pooling Agreement: An agreement between the Company, Auto Club - Family, and IEAC, effective June 30, 2006, whereby the Company and Auto Club - Family cede 100% of their net premiums to IEAC. In turn, IEAC retrocedes their net premiums retained under other pooling agreements in place with other affiliates. The amount retroceded to the Company and Auto Club - Family is 4% and 1%, respectively. IEAC retains the remaining 95% of premiums.

Tax Allocation Agreement: An agreement between the Company and Auto Club - Family, effective June 1, 1990, stating the parties will file a consolidated federal income tax return.

Parental Guarantee: Letter dated August 29, 1991, from the Company to the Kansas Insurance Department, stating the surplus of its affiliate, Auto Club – Family, will not fall below \$1.25 million at any time.

Parental Guarantee: Confirmation dated June 28, 2006, from the Company change to the California Department of Insurance, stating the surplus of its affiliate, Auto Club – Family, will not fall below \$20 million at any time.

Second Amended and Restated Service Agreement: An agreement between the Company, Auto Club - Family, CEC and ACOMO, effective July 1, 2015, whereby ACOMO provides general and administrative services to the parties.

Amended and Restated Multiple Cedent Allocation Agreement: An agreement between the Company and IEAC, effective January 1, 2008, to allocate and record reinsurance premiums, reinstatement premiums, and recoveries among the parties as cedents to a multiple-cedent reinsurance arrangement as required by Statements of Statutory Accounting Principles (SSAP) 62.

TERRITORY AND PLAN OF OPERATION

The Company is licensed by the Missouri Department of Commerce and Insurance under Chapter 379 RSMo (Insurance other than life) to write property, liability, accident & health, and miscellaneous insurance. The Company is also licensed in the states of Alabama, Arkansas, Illinois, Indiana, Kansas, Louisiana, Mississippi, and Ohio and is an accredited reinsurer in California. Approximately 60% of 2023 direct premiums were written in Missouri.

The Company primarily markets standard private passenger automobile insurance and personal umbrella insurance policies through licensed captive agents who are employed by the ACOMO branch and sales offices. The Company also markets products through direct sales and online options. The Company does not sell through any independent agents, and insurance is only sold to members of ACOMO.

Agents also sell homeowners insurance and rental dwelling insurance for Auto Club - Family and memberships for ACOMO. Some agents also sell life, health, and other insurance policies for non-affiliated licensed insurance companies.

GROWTH OF COMPANY AND LOSS EXPERIENCE

The table below summarizes the Company's premium writings and writing ratios for the period under examination. The Company experienced steady growth in premiums attributed to higher average premiums and policy sales. The Company's writing ratio increased but remains within the acceptable range for a property and casualty insurer.

(\$000s omitted)

Year	Net Premiums Written	Change in Net Premiums	Capital and Surplus	Ratio of Net Premiums to Surplus
2020	\$ 178,726	\$ (3,137)	\$ 300,516	59%
2021	184,177	5,451	345,172	53%
2022	199,214	15,037	278,200	72%
2023	237,646	38,432	305,405	78%

The table below summarizes the Company's incurred losses and loss ratios for the period under examination. The Company's net losses and loss adjustment expenses and loss ratio increased in 2021 and 2022. The increase is attributed to more driving and higher claim severity.

(\$000s omitted)

Year	Net Premiums Earned	Net Losses and Loss Adjustment Expenses	Loss Ratio
2020	\$ 178,491	\$ 106,174	59%
2021	182,582	136,537	75%
2022	189,941	166,553	88%
2023	217,155	192,513	89%

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	2020	2021	2022	2023
Direct Premiums Written	\$ 263,160	\$ 279,403	\$ 294,230	\$ 342,669
Reinsurance Assumed:				
Affiliates	178,726	184,177	199,214	237,646
Reinsurance Ceded:				
Affiliates	263,160	279,403	294,230	342,669
Net Premiums Written	\$ 178,726	\$ 184,177	\$ 199,214	\$ 237,646

Assumed Reinsurance

The Company participates in a reinsurance pooling agreement with IEAC and Auto Club - Family. Under the agreement, the Company and Auto Club - Family cede 100% of their net premiums and losses, after outside reinsurance, to IEAC. In turn, IEAC retrocedes 4% and 1% of the pooled premiums and losses to the Company and Auto Club - Family, respectively, and retains the remaining 95%.

Ceded Reinsurance

The Company participates in a reinsurance program with Auto Club - Family, IEAC, Auto Club County Mutual Insurance Company, Auto Club Casualty Company, Auto Club Indemnity Company, and Motor Club Insurance Company. The purpose of the program is to control exposure to potential losses arising from large risks and to reduce the losses that may arise from

catastrophes. The reinsurance is provided under a series of excess of loss reinsurance agreements managed by two reinsurance intermediaries, Guy Carpenter & Company, LLC and BMS Intermediaries, Inc. Below is a summary of the limits of liabilities as of December 31, 2023, under the treaties:

Type of Contracts	Reinsurer(s) Name	Retention (in 000's)	Reinsurer's Maximum Limits (in 000's)
Catastrophe Excess of Loss			
1 st Layer	Various Authorized and Unauthorized	(A) \$250,000 per Occurrence (B) \$350,000 per Occurrence	\$200,000 per Occurrence
2 nd Layer	Various Authorized and Unauthorized	(A) \$450,000 per Occurrence (B) \$550,000 per Occurrence	\$350,000 per Occurrence
3 rd Layer	Various Authorized and Unauthorized	(A) \$800,000 per Occurrence (B) \$900,000 per Occurrence	\$375,000 per Occurrence
4 th Layer	Various Authorized and Unauthorized	(A) \$1,175,000 per Occurrence (B) \$1,275,000 per Occurrence	\$425,000 per Occurrence
5 th Layer	Authorized Reinsurer	(A) \$1,600,000 per Occurrence (B) \$1,700,000 per Occurrence	\$100,000 per Occurrence

(A) All Other Markets

(B) California Market Only

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, Ernst & Young LLP, in Los Angeles, CA, performed the statutory audit of the Company for the years January 1, 2020, to December 31, 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 Marc Oberholtzer, FCAS, MAAA, for all years in the examination period. Mr. Oberholtzer is employed by PricewaterhouseCoopers LLP in Philadelphia, PA.

Consulting Actuary

Garen Sargsyan, FCAS, MAAA, a Casualty Actuary of the California Department of Insurance conducted an independent review of gross and net loss and LAE reserves. Mr. Sargsyan determined that the Company made a reasonable provision for the loss and LAE reserves that were reported in the statutory financial statements, as of December 31, 2023.

Information Systems

Pursuant to a contract with the California Department of Insurance, Stefan Obereichholz-Bangert, AES, CISA, CISM, CDPSE, and Tommy Siedner, with Noble Consulting Services, Inc, conducted a review of the Group's information systems. Kimberly Dobbs, CFE, AES, CISA, Information Systems Financial Examiner-in-Charge with the Department, participated in the review.

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 Auto Club Inter-Insurance Exchange 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

	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	\$ 214,596,363	\$ 0	\$ 214,596,363
Stocks:			
Common Stocks	286,902,602	0	286,902,602
Real Estate:			
Properties Occupied by the Company	5,256,463	0	5,256,463
Cash, Cash Equivalents, and Short- Term Investments	(8,111,545)	0	(8,111,545)
Receivables for Securities	570	0	570
Investment Income Due and Accrued Premiums and Considerations:	2,677,709	0	2,677,709
Uncollected Premiums and Agents' Balances in the Course of Collection	57,291,324	286,691	57,004,633
Deferred Premiums, Agents' Balances, and Installments Booked but Deferred and Not Yet Due	85,182,366	0	85,182,366
Reinsurance:			
Amounts Recoverable from Reinsurers	23,156,199	0	23,156,199
Current Federal and Foreign Income Tax Recoverable and Interest Thereon	1,687,680	0	1,687,680
Guaranty Funds Receivable or on Deposit	30,359	0	30,359
Furniture and Equipment, Including Health Care Delivery Assets	761,045	761,045	0
Receivables from Parent, Subsidiaries, and Affiliates	1,682,306	0	1,682,306
Aggregate Write-Ins for Other-Than- Invested Assets	1,574,645	1,126,723	447,922
TOTAL ASSETS	\$ 672,688,086	\$ 2,174,459	\$ 670,513,627

LIABILITIES, SURPLUS AND OTHER FUNDS

As of December 31, 2023

Losses	\$ 99,738,617
Reinsurance Payable on Paid Losses and Loss Adjustment Expenses	17,480,802
Loss Adjustment Expenses	15,870,894
Other Expenses	293,246
Taxes, Licenses, and Fees	2,009,229
Net Deferred Tax Liability	18,515,700
Unearned Premiums	117,093,559
Advance Premiums	2,389,319
Dividends Declared and Unpaid - Policyholders	1,715,200
Ceded Reinsurance Premiums Payable (Net of Ceding Commissions)	88,972,741
Amounts Withheld or Retained by Company for Account of Others	217,230
Remittances and Items Not Allocated	68,120
Payable to Parent, Subsidiaries, and Affiliates	23,562
Payable for Securities	54,190
Aggregate Write-Ins for Liabilities	666,510
TOTAL LIABILITIES	\$ 365,108,921
Unassigned Funds (Surplus)	305,404,706
TOTAL CAPITAL AND SURPLUS	\$ 305,404,706
TOTAL LIABILITIES AND SURPLUS	\$ 670,513,627

STATEMENT OF INCOME
For the Year Ended December 31, 2023

Premiums Earned	\$ 217,154,921
DEDUCTIONS:	
Losses Incurred	171,570,887
Loss Adjustment Expenses Incurred	20,942,195
Other Underwriting Expenses Incurred	45,668,739
Total Underwriting Deductions	<u>\$ 238,181,821</u>
Net Underwriting Gain (Loss)	\$ (21,026,900)
Net Investment Income Earned	10,588,123
Net Realized Capital Gains	(1,886,881)
Net Investment Gain (Loss)	\$ 8,701,242
Net Gain (Loss) from Agents' or Premium Balances Charged Off	(907,749)
Finance and Service Charges Not Included in Premiums	6,542,999
Aggregate Write-Ins for Miscellaneous Income	36,592
Dividends to Policyholders	6,060,675
Federal and Foreign Income Taxes Incurred	<u>(631,232)</u>
NET INCOME (LOSS)	<u>\$ (12,083,259)</u>

RECONCILIATION OF CAPITAL AND SURPLUS
Changes from January 1, 2020 to December 31, 2023

(\$000s omitted)

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Capital and Surplus, Beginning of Year	\$ 246,350	\$ 300,516	\$ 345,172	\$ 278,200
Net Income (Loss)	21,483	3,864	(16,927)	(12,083)
Change in Net Unrealized Capital Gains (Losses) Less Capital Gains Tax	32,739	40,600	(50,793)	36,315
Change in Net Deferred Income Tax	(78)	368	683	3,598
Change in Nonadmitted Assets	22	(176)	64	(625)
Net Change in Capital and Surplus	54,166	44,656	(66,972)	27,205
Capital and Surplus, End of Year	<u>\$ 300,516</u>	<u>\$ 345,172</u>	<u>\$ 278,200</u>	<u>\$ 305,405</u>

COMMENTS ON FINANCIAL STATEMENT ITEMS

None.

FINANCIAL STATEMENT CHANGES RESULTING FROM EXAMINATION

None.

SUMMARY OF RECOMMENDATIONS

None.

SUBSEQUENT EVENTS

Wawanesa Acquisition

On March 31, 2024, IEAC acquired 100% ownership of Wawanesa General Insurance Company (“Wawanesa General”). Beginning April 1, 2024, Auto Club – Exchange financial results include 4% of Wawanesa General premiums and losses through the pooling agreement with IEAC. For the year-ended December 31, 2023, Wawanesa General reported net premiums earned of \$651 million and net losses and loss adjustment expenses of \$680 million.

California Wildfires

In January 2025, California’s greater Los Angeles areas of Eaton, Palisades, and Hurst experienced several devastating wildfires, further exacerbated by the Santa Ana windstorm, that caused significant property damage. As of the conclusion of this examination, February 14, 2025, the IEAC was continuing to gather data on loss exposure and claim activity. As of February 7, 2025, the IEAC had received over 6,600 claims and has paid approximately \$184 million to policyholders. The IEAC estimates its ultimate losses will be \$2.25 billion.

The IEAC has comprehensive catastrophe coverage in place to mitigate the financial impact of these wildfires. The IEAC’s retention is \$350 million with coverage up to \$2.30 billion. As of February 7, 2025, the IEAC had already begun receiving funds from its reinsurers and expects to recognize a recoverable from reinsurance of \$1.9 billion, net of \$142 million in restatement premiums.

The Company is impacted by the pooling agreement with IEAC and Auto Club – Family under which it assumes 4% of the pooled losses.

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.



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