STATE OF MISSOURI

MDCCCXX

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 Vanliner Insurance Company for the period ended December 31, 2016, 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, management and control, territory and plan of operation, reinsurance, financial statements, comments on financial statements, and general comments and/or recommendations.

Based on such findings and conclusions, I hereby ORDER that the report of the financial examination of Vanliner Insurance Company as of December 31, 2016 be and is hereby ADOPTED as filed and for Vanliner 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 04th day of September, 2018.

Chlora Lindley-Myers

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

REPORT OF THE

FINANCIAL EXAMINATION OF

VANLINER INSURANCE COMPANY

AS OF

DECEMBER 31, 2016

STATE OF MISSOURI

DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS
AND PROFESSIONAL REGISTRATION

JEFFERSON CITY, MISSOURI

TABLE OF CONTENTS

Jefferson City, Missouri
July 23, 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 full scope association financial examination has been made of the records, affairs and financial condition of

Vanliner Insurance Company

hereinafter referred to as "Vanliner" or the "Company." Its administrative office is located at One Premier Drive, Fenton, Missouri, 63026, telephone number (636) 660-9300. The examination began on January 16, 2018, and concluded on the above date.

SCOPE OF EXAMINATION

Period Covered

We have performed a multi-state examination of Vanliner. The last examination was completed as of December 31, 2015. This examination covers the period of January 1, 2016, through December 31, 2016. This examination also included the material transactions or events occurring subsequent to December 31, 2016.

Procedures

This examination was conducted using guidelines set forth in the Financial Condition Examiners Handbook (Handbook) of the NAIC, except where practices, procedures and applicable regulations of the 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.

Vanliner is ultimately owned 100% by American Financial Group, Inc. (AFG). This examination was coordinated with the concurrent examinations of 28 other insurers within AFG that were conducted by various state insurance departments. The Ohio Department of Insurance (ODI) was the lead state for the coordinated examinations. State insurance departments from California, Delaware, Florida, New York, and Texas also participated in the coordinated examinations for insurers domiciled in their respective states.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. 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: Investments, Premiums, Underwriting, Claims Handling, Reserving, Related Party Transactions and Taxes.

This examination report includes significant findings of fact 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 separately communicated to other regulators and/or the Company.

The examiners relied upon documentation and testing related to several key activities that was provided by the Company's independent auditor, Ernst & Young, LLP (E&Y), of Cleveland, Ohio, for its audit covering the period from January 1, 2016, through December 31, 2016.

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.

SUBSEQUENT EVENTS

The Company paid a $14,000,000 cash dividend to National Interstate Insurance Company in 2017. There were no other significant subsequent events noted from December 31, 2016 through the date of this report.

COMPANY HISTORY

General

Vanliner was originally incorporated as Great Southwest Fire Insurance Company under the laws of the State of Arizona on April 16, 1953 and commenced business on April 1, 1954. UniGroup, Inc. purchased 100% of the Company's common stock on September 10, 1986 and the name was changed to the current Vanliner Insurance Company. Simultaneous with the purchase, UniGroup, Inc. contributed the ownership of Vanliner common stock to its wholly owned subsidiary, Vanliner Group, Inc. The Company redomiciled from Arizona to Missouri in 2005.

National Interstate Insurance Company (NIIC) purchased 100% of Vanliner Group, Inc. and its subsidiaries (including Vanliner), on July 1, 2010. Vanliner Group, Inc. was dissolved, effective July 30, 2013, and Vanliner became a direct subsidiary of NIIC. Employees of NIIC perform various administrative functions for Vanliner from the NIIC headquarters in Richfield, Ohio. Vanliner employees located in the St. Louis office perform underwriting, billing and collection, claims handling, and marketing functions.

Dividends and Capital Contributions

The Company did not make any dividend payments or receive any capital contributions during the examination period.

Mergers and Acquisitions

An upstream parent of Vanliner, Great American Insurance Company (GAIC), entered into an agreement to purchase 49% of the common stock of National Interstate Corporation, on July 25, 2016. National Interstate Corporation (NIC) is the direct parent of NIIC. The transaction closed on November 10, 2016. This acquisition increased GAIC's ownership of National Interstate Corporation from 51% to 100%.

GAIC transferred the ownership of NIC to AFG through a dividend on June 30, 2017. On that same date, AFG contributed its ownership of NIC to a subsidiary, Great American Holding, Inc.

CORPORATE RECORDS

A review was made of the Articles of Incorporation and Bylaws for the examination period. There were no amendments or restatements during the examination period.

The minutes of the Vanliner Board of Directors' meetings, stockholder meetings, and AFG committee meetings were reviewed for proper approval of corporate transactions. In general, the minutes appear to properly reflect and approve the Company's major transactions and events for the period under examination.

MANAGEMENT AND CONTROL

Corporate Governance

The management of the Company is vested in a Board of Directors, which are elected by the policyholders. The Company's Bylaws specify that the Board of Directors shall consist of a minimum of nine and a maximum of twenty-five directors. The Board of Directors appointed and serving, as of December 31, 2016, were as follows:

Name	Address	Principal Occupation and Business Affiliation
Matthew J. Grimm	North Royalton, OH	President, Vanliner
Arthur J. Gonzales	Richfield, OH	Senior Vice President and General Counsel, NIC
Julie A. McGraw	Hinckley, OH	Vice President and Chief Financial Officer, NIC
Anthony J. Mercurio	Richfield, OH	President and Chief Executive Officer, NIC
David W. Michelson [1]	Hudson, OH	Retired (former President and CEO, NIC)
Gary N. Monda	Chagrin Falls, OH	Vice President and Chief Investment Officer, NIC
James A. Parks	Canton, OH	Vice President and Chief Underwriting Officer, NIC
Terry E. Phillips [2]	Sagamore Hills, OH	Senior Vice President, NIC
Stephen E. Winborn	Hudson, OH	Vice President of Claims, NIC

[1] Resigned effective February 16, 2017 and replaced by George O. Skuggen
[2] Resigned effective May 15, 2017 and replaced by Scott E. Noerr

Committees

The Bylaws of Vanliner allow for the establishment of committees, but none were active during the examination period. However, the parent, American Financial Group, Inc. (AFG), has committees that review and approve transactions that are applicable to all insurers in the National Interstate Group, including Vanliner. The following committees of the AFG Board of Directors were active, as of December 31, 2016: Audit Committee, Compensation Committee, Corporate Governance Committee.

Officers

The officers elected by the Board of Directors and serving, as of December 31, 2016, were as follows:

Officer	Position
Matthew J. Grimm	President
Anthony J. Mercurio [3]	Executive Vice President
Arthur J. Gonzales	Senior Vice President, General Counsel and Secretary
Julie A. McGraw	Vice President, Chief Financial Officer and Treasurer
Gary N. Monda	Vice President, Chief Investment Officer and Asst. Treasurer
Stephen E. Winborn	Vice President
Anthony D. Brown	Vice President of Human Resources
Scott E. Noerr	Vice President and Chief Information Officer
Keith R. Boyle	Assistant Vice President
Michael D. Lucas	Assistant Vice President
Colleen F. Shepherd	Assistant Vice President

[3] Resigned effective March 1, 2017

Holding Company, Subsidiaries and Affiliates

The Company is a member of an Insurance Holding Company System as defined by Section 382.010, RSMo (Definitions). An Insurance Holding Company System Registration Statement was filed by the parent, Great American Insurance Company, on behalf of Vanliner and affiliated insurers for only year (2016) of the examination period.

Vanliner is included in the National Interstate Group (Group) that includes the following other insurance companies: National Interstate Insurance Company, National Interstate Insurance Company of Hawaii (NIIC-Hawaii), and Triumphe Casualty Company (TCC). The Group is a subgroup within American Financial Group, Inc. AFG is a publicly traded company and the ultimate controlling entity of Vanliner. AFG's insurance operations include an Annuity Group and a Property and Casualty Group, which includes the National Interstate Group.

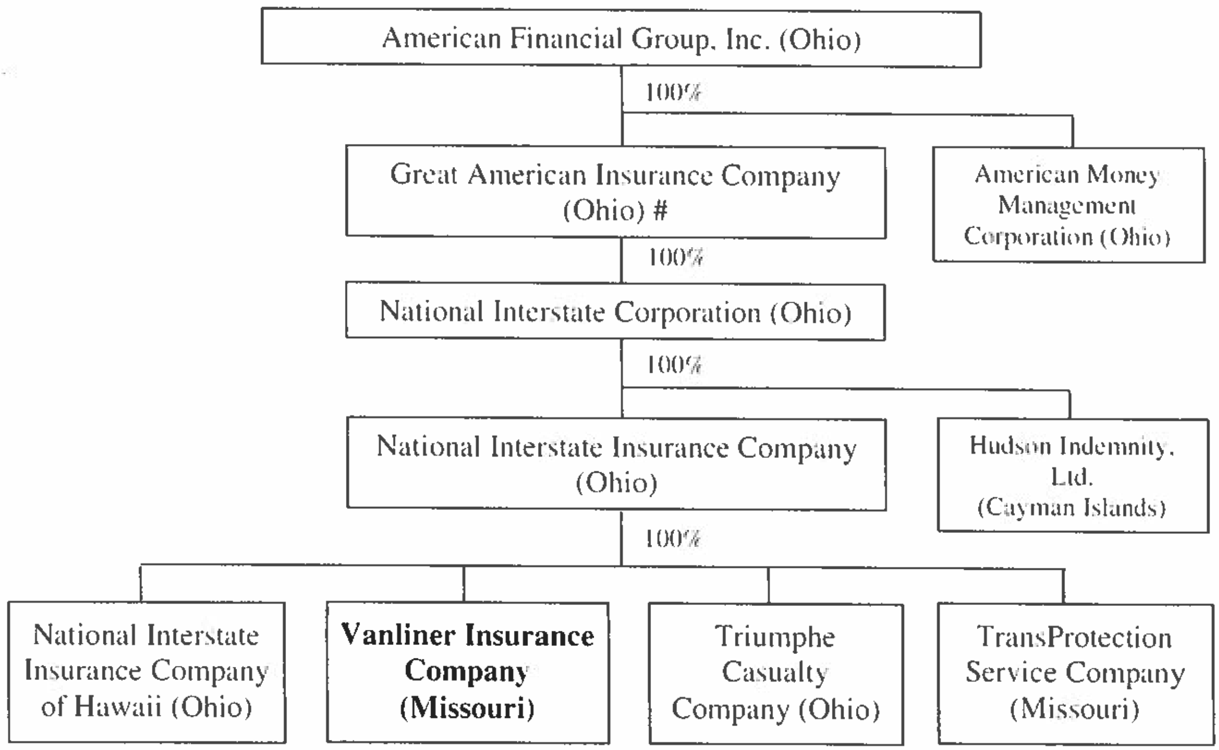
Below is a description of insurers and other entities within AFG that have significant transactions with Vanliner:

- **Great American Insurance Company** – An Ohio domiciled insurer that owns approximately 30 property and casualty insurance companies, including the four insurers in National Interstate Group.
- **National Interstate Corporation** – A holding company for National Interstate Group. This entity was a publicly traded company until it became a 100% subsidiary of GAIC in November 2016, as explained in the Mergers and Acquisitions section of this report.

- **National Interstate Insurance Company** – NIIC is an Ohio domiciled insurer that directly owns 100% of Vanliner. NIIC specializes in insurance for various transportation related industries.
- **Hudson Indemnity, Ltd** – A Cayman Islands reinsurer that is utilized for Vanliner and NIIC policyholders that participate in a captive insurance program.
- **American Money Management Corporation (AMMC)** – A subsidiary of AFG that manages the investment portfolio of Vanliner and other AFG insurers.

Organizational Chart

Below is the organizational chart of Vanliner's parent companies and select affiliates, as of December 31, 2016.



Effective June 30, 2017, Great American Holding, Inc. replaced GAIC as the 100% parent of NIC through capital contribution and dividend transactions with AFG.

Intercompany Agreements

The Company's intercompany agreements that were in effect, as of December 31, 2016, and subsequent periods are outlined below.

1. **Type:** Amended and Restated Cost Sharing Agreement

   Affiliates: American Financial Group, Inc. and various other affiliates

   Effective: January 1, 2017

   Terms: The following services are performed between the participating parties to the agreement: printing, copying, telecommunications, purchasing, personnel, data processing, administrative, legal, financial, and other services. Each party receiving services pays the party providing services on a cost basis. Allocations of costs are based upon current statutory accounting practices and procedures. Statements of services provided are to be provided on at least a quarterly basis and payments are due within 30 days of the date of the statements.

2. **Type:** Tax Allocation Agreement

   Affiliates: American Financial Group, Inc. and various other affiliates

   Effective: December 31, 2005 (Vanliner added as a party on November 11, 2016)

   Terms: AFG files a consolidated federal income tax return on behalf of itself and its subsidiaries. The tax liability for each affiliate shall be the ratio that each entity's taxable income bears to the consolidated taxable income of the group. The subsidiaries will pay their share of estimated tax payments to AFG within 3 days prior to the date that the consolidated payment is due to the Internal Revenue Service. AFG will refund any amounts due to the subsidiaries within 3 days after the refund is received or will apply a credit towards the next tax payment.

3. **Type:** Claims Services Agreement

   Affiliate: Great American Insurance Company

   Effective: January 6, 2014

   Terms: GAIC provides claims adjusting and settlement services for Vanliner's physical damage claims for policies involving long haul trucks and trailers. GAIC has authority to authorize repairs for any claims of $35,000 or less. GAIC provides reserve recommendations for each claim and provides a monthly report of claims activity. The Company pays fixed fees to GAIC for each tractor and trailer involved in a claim.

4. **Type:** Investment Management Agreement

   Affiliates: American Money Management Corporation, NIIC, NIIC-Hawaii, TCC

   Effective: October 1, 2012

   Terms: AMMC is the appointed investment manager for Group and provides investment advisory and management services. AMMC executes securities purchases and sales that must be in compliance with the limitations and instructions set forth in Schedule B of the agreement. Each insurer in the Group pays AMMC quarterly fees based upon an annual rate 0.15% of the value of the portfolio balances under management.

5. **Type:** Amended and Restated Pooling Agreement

   Affiliates: NIIC, NIIC-Hawaii, TCC

   Effective: January 1, 2011

   Terms: Vanliner, NIIC-Hawaii and TCC cede 100% of direct and assumed written premiums and 100% of incurred direct and assumed losses and loss adjustment expenses (LAE) to NIIC. Premiums and losses ceded to external reinsurers are deducted before determining the amounts ceded to NIIC. The net premiums written and net losses and LAE incurred by NIIC are combined with the business assumed from Vanliner, NIIC-Hawaii and TCC to determine the net pooled business for the Group. NIIC retrocedes the pooled premiums, losses and LAE to each entity based upon the following percentages: Vanliner – 26%, NIIC-Hawaii – 2%, TCC – 2%. NIIC retains the remaining 70% of pooled business. NIIC provides quarterly reports that show all pooling transactions.

6. **Type:** Management Agreement

   Affiliate: National Interstate Insurance Company

   Effective: July 1, 2010

   Terms: NIIC provides the following services for Vanliner: premium billing and collection, employee benefits, reinsurance management, agency appointments and terminations, commission payments, financial reporting, accounting, income taxes, actuarial, data processing, and other services. Vanliner reimburses NIIC on a quarterly basis for the direct and allocated expenses incurred (actual cost basis) in the provision of services.

7. **Type:** Reinsurance Allocation Agreement

   Affiliates: NIIC, NIIC-Hawaii, TCC

   Effective: July 1, 2010

   Terms: This agreement is applicable to joint reinsurance agreements involving two or more insurers of the Group. Reinsurance premiums from joint agreements are allocated to each insurer based upon the proportionate share of each insurer's premium to the total premiums subject to the reinsurance agreement. Reinsurance recoveries are allocated based upon the proportion that each insurer's loss bears to the total loss for each occurrence.

8. **Type:** Cost Sharing Agreement

   Affiliate: NIIC, NIIC-Hawaii, TCC, and various other affiliates

   Effective: September 8, 2003 (Vanliner added as a party on July 1, 2010)
   [Replaced by the Amended and Restated Cost Sharing Agreement, effective January 1, 2017, as described above.]

   Terms: The following services are performed between the participating parties to the agreement: printing, copying, telecommunications, purchasing, personnel, data processing, administrative, and other services. Each party receiving services pays the party providing services on a cost basis. Allocations of costs are based upon current statutory accounting practices and procedures. Statements of services provided are to be provided on at least a quarterly basis and payments are due within 30 days of the date of the statements.

9. **Type:** Cash Management Agreement

   Affiliates: National Interstate Corporation, NIIC, NIIC-Hawaii, TCC, and various other affiliates

   Effective: September 1, 2000 (Vanliner added as a party on July 1, 2010)

   Terms: NIIC serves as the manager of a cashier account in which the other parties to the agreement may deposit funds. Each party has a separate receivable account from NIIC that represents the amount of each party's funds in the cashier account. NIIC provides monthly statements that will show the activity in each party's receivable account. Balances in the receivable accounts are settled within 30 to 60 days after the end of each quarter.

10. **Type:** Agency Agreement

    Affiliate: TransProtection Service Company (TSC)

    Effective: January 1, 1987

    Terms: TSC is an agent for Vanliner that accepts proposals and issues contracts of insurance for the lines of business specified in the Addendum to the agreement. Vanliner pays TSC a commission equal to 5.5% of the net premiums received.

In addition, the Company has several reinsurance agreements with Hudson Indemnity Limited for policyholders that use a captive insurance program. A separate agreement is executed for each captive insurance entity that is established, which are described in the Reinsurance (Ceded) section of this report.

Intercompany Payments

The following table summarizes the fees paid during the examination period, between Vanliner and affiliates, pursuant to intercompany agreements that involve services provided.

Affiliate	Agreement	Net Fees Paid in 2016
GAIC	Claims Services	$ 27,777
AMMC	Investment Management	335,650
NIIC	Management	3,120,071
NIIC	Cost Sharing	812,657
TSC	Agency	1,925,771
TOTAL		$6,221,926

The Company also had investment transactions with NIIC to acquire and sell bonds in the examination period. The net consideration received by Vanliner for all transactions was $8,944,576 in 2016.

TERRITORY AND PLAN OF OPERATION

Vanliner is licensed as a property and casualty insurer by the Missouri DIFP under Chapter 379 RSMo (Insurance Other than Life). Vanliner is licensed and writes business in all 50 states plus the District of Columbia. The five states with the largest percentage of direct written business in 2016 were as follows: California – 12.6%, Missouri – 9.8%, Illinois – 8.1%, Florida – 6.4%, New Jersey – 6.2%. NIIC is also licensed and writes business in all 50 states. The percentage of 2016 direct written premiums produced by each insurer of the Group was as follows: Vanliner – 30%, NIIC – 62%, TCC – 4%, NIIC-Hawaii – 4%.

The Company has a niche business plan with products specializing in the moving and storage industry, home delivery transportation, and commercial fleets. Vanliner's operations compliment the transportation related industries that are marketed by the parent, NIIC, and the two smaller insurers in the Group. NIIC products include the following transportation industries: trucking, petroleum transportation, refuse collection, ambulances, commercial and tour buses, school buses, tow trucks, and heavy construction vehicles.

Vanliner and NIIC also have an Alternative Risk Transportation (ART) program, which are policies designed as captive insurance for large policyholders. The policyholders in the ART program retain a specified amount of losses, which can range from as low as $50,000 per occurrence. ART policyholders also share in the profits that result from their own risks. The affiliate, Hudson Indemnity, Ltd., is the reinsurer utilized to facilitate the captive arrangement for most ART policies.

The Company assumes 26% of all business written by the Group, pursuant to the Amended and Restated Pooling Agreement. The major lines of business for Vanliner and the pooled Group, based upon 2016 written premiums, are listed in the table below.

Line of Business	Vanliner 2016 Direct Written Premiums	Direct % of Total	Group 2016 Net Written Premiums	Group % of Total
Workers' Compensation	$129,021,896	62.1%	$256,840,546	36.5%
Commercial Auto Liability	41,466,647	20.0%	275,824,165	39.2%
Other Liability - Occurrence	18,149,010	8.7%	61,532,460	8.7%
Auto Physical Damage	13,116,218	6.3%	86,119,764	12.2%
All Other	6,076,573	2.9%	23,394,979	3.3%
Total	$207,830,344	100.0%	$703,711,914	100.0%

The Group exclusively uses independent agents to produce business. There were 137 agencies that had direct written premium for Vanliner in 2016. The affiliate, TransProtection Service Company, was the largest agency for Vanliner in 2016, accounting for 22% of total direct business. The largest non-affiliated agency produced 12% of the Company's direct written premiums in 2016.

REINSURANCE

General

The Company's premium activity on a direct written, assumed and ceded basis, for the period under examination, is detailed below:

	2016
Direct Business	$152,078,077
Assumed – Affiliates	109,679,350
Assumed – Non-affiliates	4,655,626
Ceded – Affiliates	(139,905,376)
Ceded – Non-affiliates	(16,828,326)
Net Premiums Written	$109,679,351

Assumed

The Company is included in an Amended and Restated Pooling Agreement with NIIC, NIIC-Hawaii, and TCC, which is described in the Intercompany Agreements section of this report. This Agreement accounted for all assumed business from affiliates during the examination period.

Vanliner's non-affiliated assumed business is exclusively from involuntary pools and associations.

Ceded

The Company cedes 100% of net premiums, losses and LAE to NIIC, pursuant to the Amended and Restated Pooling Agreement.

The reinsurance program with external reinsurers involves a combination of agreements that cover (1) pooled risks for all four insurers in the National Insurance Group (Vanliner, NIIC, NIIC-Hawaii, and TCC), (2) risks for the Group excluding Vanliner, and (3) risks for Vanliner direct polices only. The allocation of premiums and losses between affiliated insurers for joint reinsurance agreements are determined by the Reinsurance Allocation Agreement, which is described in the Intercompany Agreements section of this report.

Coverage provided from significant external reinsurance agreements for Group pooled risks, as of January 2018, are summarized below:

Risks	Retention	Reinsurance Limit
Property	$ 100,000	$15,000,000
Property Catastrophe	500,000	20,000,000
Commercial Auto Liability – Primary ^	500,000	500,000 *
Commercial Auto Liability – Excess ^	1,000,000	6,000,000 *
Workers' Compensation	250,000	55,000,000
Casualty Clash	2,000,000	20,000,000

^ NIIC, NIIC-Hawaii and TCC only
* 60% quota share in primary layer; 90% quota share in excess layer

The Company has a reinsurance agreement applicable to Vanliner cargo risks only that reinsures 100% of losses up to $60 million per risk in excess of a $500,000 retention per occurrence. Another agreement applicable only to Vanliner policies provides umbrella liability coverage. The agreement provides quota share reinsurance for 95% of liability losses up to $5 million per occurrence. The agreement also reinsures 100% of losses up to $5 million per occurrence in excess of the $5 million quota share layer.

The largest external reinsurer (in regards to ceded reserves) for Vanliner direct risks was General Reinsurance Corporation, which accounted for 45% of non-affiliated ceded reserves, as of December 31, 2016. The largest external reinsurers for the pooled risks of NIIC were Swiss Reinsurance America Corporation and Maiden Reinsurance Company, which accounted for 28% and 14%, respectively, of non-affiliated ceded reserves, as of December 31, 2016.

The Company has several reinsurance agreements with the affiliate, Hudson Indemnity Ltd. (Hudson), pertaining to captive reinsurance arrangements for the ART product. Vanliner cedes losses to Hudson up to the level of each policyholder's retention layer, which are specified in each captive reinsurance agreement. Vanliner had 19 active captive reinsurance agreements with Hudson that represented total ceded premium of $20 million in 2016. The Company withholds funds from Hudson, an unauthorized reinsurer, as collateral for ceded loss reserves.

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 agreement.

FINANCIAL STATEMENTS

The following financial statements are based on the statutory financial statements filed by the Company with the Missouri DIFP and present the financial condition of Vanliner Insurance Company for the period ending December 31, 2016. The accompanying "Comments on Financial Statements" section reflect any examination adjustments to the amounts reported in the 2016 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 Financial Statements" section. These differences were determined to be immaterial in relation to the financial statements and therefore were only communicated to the Company and noted in the workpapers for each individual annual statement item.

ASSETS
as of December 31, 2016

	Assets	Non-Admitted Assets	Net Admitted Assets
Bonds	$211,705,207	$ 0	$211,705,207
Preferred Stocks	13,485,702	0	13,485,702
Common Stocks	13,434,881	0	13,434,881
Cash and Short-Term Investments	22,793,906	0	22,793,906
Other Invested Assets	18,547,159	0	18,547,159
Investment Income Due and Accrued	1,972,050	0	1,972,050
Uncollected Premiums and Agents' Balances	15,792,763	246,869	15,545,894
Deferred Premiums	74,167,900	0	74,167,900
Accrued Retrospective Premiums	15,050,952	903,328	14,147,624
Amounts Recoverable from Reinsurers	5,314,261	0	5,314,261
Funds Held By Reinsured Companies	1,778,079	0	1,778,079
Net Deferred Tax Asset	8,284,729	0	8,284,729
EDP Equipment and Software	124,604	0	124,604
Furniture and Equipment	34,822	34,822	0
Receivables from Parent, Sub., Affiliates	2,995,228	0	2,995,228
Aggregate Write-In Assets	1,740,384	39,169	1,701,215
TOTAL ASSETS	**$407,222,627**	**$1,224,188**	**$405,998,439**

LIABILITIES, SURPLUS AND OTHER FUNDS
as of December 31, 2016

Losses	$132,256,487
Loss Adjustment Expenses	25,703,141
Commissions Payable	3,692,530
Other Expenses	5,020,318
Taxes, Licenses and Fees	1,349,327
Federal Income Taxes Payable	2,952,368
Unearned Premiums	53,423,554
Advance Premium	166,153
Ceded Reinsurance Premiums Payable	7,060,125
Funds Held Under Reinsurance Treaties	29,105,989
Amounts Withheld or Retained by Company	4,525,973
Provision for Reinsurance	103,000
Payable to Parent, Subsidiaries and Affiliates	292,904
TOTAL LIABILITIES	**$265,651,869**
Common Capital Stock	3,000,000
Gross Paid In and Contributed Surplus	4,000,000
Unassigned Funds (Surplus)	133,346,571
Surplus as Regards Policyholders	**$140,346,571**
TOTAL LIABILITIES AND SURPLUS	**$405,998,440**

STATEMENT OF INCOME
For the Year Ended December 31, 2016

Premium Earned	**$110,741,859**
DEDUCTIONS:	
Losses Incurred	67,601,688
Loss Adjustment Expenses Incurred	10,148,204
Other Underwriting Expenses Incurred	31,389,594
Total Underwriting Deductions	$109,139,486
Net Underwriting Gain	**$ 1,602,373**
Net Investment Income Earned	10,008,417
Net Realized Capital Losses	(2,162,468)
Net Investment Gain	**$ 7,845,949**
Other Income	(264,966)
Federal Income Taxes Incurred	4,202,417
Net Income	**$ 4,980,939**

RECONCILIATION OF SURPLUS
Changes from December 31, 2015 to December 31, 2016

Capital and Surplus, December 31, 2015	$130,795,778
Net Income	4,980,938
Change in Net Unrealized Gains (Losses)	3,943,516
Change in Net Deferred Income Tax	1,514,607
Change in Non-Admitted Assets	(785,268)
Change in Provision for Reinsurance	(103,000)
Change in Capital and Surplus for the Year	$ 9,550,793
Capital and Surplus, December 31, 2016	**$140,346,571**

COMMENTS ON FINANCIAL STATEMENTS

None.

EXAMINATION CHANGES

None.

GENERAL COMMENTS AND/OR RECOMMENDATIONS

None.

ACKNOWLEDGMENT

The assistance and cooperation extended by the officers and the employees of Vanliner Insurance Company during the course of this examination is hereby acknowledged and appreciated.

VERIFICATION

State of Missouri)
)
County of)

I, Tim L. Tunks, 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 Vanliner Insurance 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.

Tim L. Tunks
Tim L. Tunks, CPA, CFE
Examiner-In-Charge
Missouri DIFP

Sworn to and subscribed before me this 8th day of August, 2018.

My commission expires: 10/2/2020 Susan M. Greenfield
Notary Public

SUSAN M. GREENFIELD
Notary Public - Notary Seal
State of Missouri, County of Boone
Commission #12479801
My Commission Expires Oct. 2, 2020

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
Audit Manager
Missouri DIFP