

STATE OF INDIANA)
) SS: BEFORE THE INDIANA
COUNTY OF MARION) COMMISSIONER OF INSURANCE

IN THE MATTER OF:)
)
Twin City Fire Insurance Company)
201 North Illinois Street, 16th Floor)
Indianapolis, Indiana 46204-3250)

Examination of: **Twin City Fire Insurance Company**

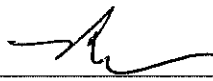
NOTICE OF ENTRY OF ORDER

Enclosed is the Final Order entered by Amy L. Beard, Commissioner of the Indiana Department of Insurance, after fully considering and reviewing the Verified Report of Examination of Twin City Fire Insurance Company any relevant examination work papers, and any written submissions or rebuttals. The Verified Report of Examination, as amended by the Final Order, has been adopted by the Commissioner.

Pursuant to Ind. Code § 27-1-3.1-12(b), within thirty (30) days of receipt of the Final Order, each director of Twin City Fire Insurance Company shall file an affidavit with the Indiana Department of Insurance stating that he/she has received a copy of the Verified Report of Examination and the Final Order.

The Final Order is a final administrative decision that may be appealed pursuant to Ind. Code § 4-21.5-5.

June 3, 2024
Date


Roy Eft
Chief Financial Examiner

CERTIFIED MAIL NUMBER: 7019 0700 0000 3590 2966

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Examination of: **Twin City Fire Insurance Company**

FINDINGS AND FINAL ORDER

The Indiana Department of Insurance conducted an examination into the affairs of the Twin City Fire Insurance Company (hereinafter “Company”) for the time period January 1, 2018 through December 31, 2022.

The Verified Report of Examination was filed with the Commissioner of the Department of Insurance (hereinafter “Commissioner”) by the Examiner on April 22, 2024.

A copy of the Verified Report of Examination, along with a Notice of Opportunity to Make Written Submission or Rebuttal, was mailed to the Company via Certified Mail on May 16, 2024, and was received by the Company on May 28, 2024.

On May 29, 2024, pursuant to Ind. Code § 27-1-3.1-10, the Company filed a response to the Verified Report of Examination. The Commissioner has fully considered the Company’s response.

NOW THEREFORE, based on the Verified Report of Examination and the response filed by the Company, the Commissioner hereby FINDS as follows:

1. The suggested modifications to the Verified Report of Examination submitted by the Company are reasonable and shall be incorporated into the Verified Examination Report. A copy of the Verified Report of Examination, as amended, is attached hereto.

2. The Verified Report of Examination, as amended, is true and accurate report of the financial condition and affairs of the Company as of December 31, 2022.
3. The Examiners' recommendations are reasonable and necessary in order for the Company to comply with the insurance laws of the state of Indiana.

Based on the FINDINGS, the Commissioner does hereby ORDER:

1. Pursuant to Ind. Code § 27-1-3.1-11(a)(1), the Verified Report of Examination is adopted and shall be filed. Hereafter the Verified Report of Examination, as amended, may constitute prima facie evidence of the facts contained therein in any action or proceeding taken by the Indiana Department of Insurance against the Company, its officers, directors, or agents.
2. The Company shall comply with the Examiner's Recommendations enumerated in summary form and throughout the text of the Verified Report of Examination, as amended. A written response to these recommendations should be provided to the Department within 30 days of receipt of this order.
3. Compliance with the Examiner's recommendations shall be completed on or before the filing of the subsequent annual statement. In the event it is not feasible to comply with a recommendation before the filing of the subsequent annual statement, the Company shall submit a written explanation as to why it was not feasible with the filing of the annual statement.

Signed this 3 day of
June, 2024.



Amy L. Beard
Insurance Commissioner

ABOUT AFFIRMATIONS

The following pages for affirmations need to be signed by each Board Member and returned to the Indiana Department of Insurance within thirty (30) days in accordance with I.C. §27-1-3.1-12(b).

If your affirmations list individuals that are no longer on your Board of Directors, you may simply retype the form on plain white paper with the correct names and a line to the right for signature. If the names are misspelled, you may do the same, simply re-type the corrected form with a line to the right for signature.

Should you have any questions or difficulties with these forms or you require additional time past the thirty (30) day requirement, please do not hesitate to contact this department at (317) 232-2390.

STATE OF INDIANA
Department of Insurance
REPORT OF EXAMINATION

OF

TWIN CITY FIRE INSURANCE COMPANY
NAIC Co. CODE 29459
NAIC GROUP CODE 0091

As of

December 31, 2022

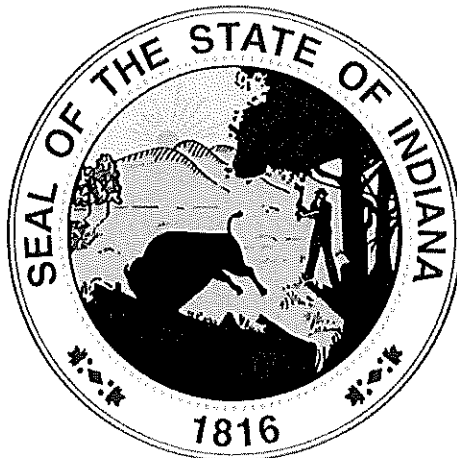


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STATE OF INDIANA

ERIC J. HOLCOMB, GOVERNOR

Indiana Department of Insurance

Amy L. Beard, Commissioner
311 W. Washington Street, Suite 103
Indianapolis, Indiana 46204-2787
Telephone: 317-232-2385
Fax: 317-234-2103
Website: in.gov/idoi

April 22, 2024

Honorable Amy L. Beard, Commissioner
Indiana Department of Insurance
311 West Washington Street, Suite 300
Indianapolis, Indiana 46204-2787

Dear Commissioner:

Pursuant to the authority vested in Appointment Number 4139, an examination has been made of the affairs and financial condition of:

**Twin City Fire Insurance Company
201 North Illinois Street, 16th Floor
Indianapolis, Indiana 46204-3250**

hereinafter referred to as the "Company", or "TCFIC", an Indiana domestic stock, property and casualty insurance company. The examination was conducted remotely with assistance from the corporate offices in Hartford, Connecticut.

The Report of Examination reflecting the status of the Company as of December 31, 2022, is hereby respectfully submitted.

ACCREDITED BY THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

AGENCY SERVICES
317-232-2389

COMPANY COMPLIANCE
317-232-3495

CONSUMER SERVICES
317-232-2395/1-800-622-4461

FINANCIAL SERVICES
317-232-2390

MEDICAL MALPRACTICE
317-232-5253

COMPANY RECORDS
317-232-2383

STATE HEALTH INSURANCE PROGRAM
1-800-452-4800

SCOPE OF EXAMINATION

The Company was last examined by representatives of the Indiana Department of Insurance (INDOI) and covered the period from January 1, 2013, through December 31, 2017. The present risk-focused examination was conducted by Noble Consulting Services, Inc., and covered the period from January 1, 2018, through December 31, 2022, and included any material transactions and/or events occurring subsequent to the examination date and noted during the course of this examination.

The examination was conducted in accordance with the NAIC *Financial Condition Examiners Handbook* (the Handbook). 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.

The examination of the Connecticut domestic property and casualty insurance companies of The Hartford Financial Services Group, Inc. (HFSG or the Group) was called by the Connecticut Insurance Department (CID) in accordance with the Handbook guidelines, through the NAIC's Financial Examination Electronic Tracking System. The CID served as the lead state on the examination, and the INDOI, Illinois Department of Insurance, New York Department of Financial Services, and Texas Department of Insurance served as participants.

Milliman, was engaged by the CID, to conduct an evaluation of the Group's reserving and pricing processes as of December 31, 2022. There were no actuarial adjustments resulting from the review performed by Milliman.

Risk & Regulatory Consulting, LLC (RRC) was engaged by the CID to conduct an evaluation of the Information Technology (IT) controls. Based upon the risk-based assessment and review, the IT General Controls were determined to be effective by RRC.

Winthrop Capital Management (WCM) was engaged by the INDOI to conduct an evaluation of the Group's investment holdings. Based upon the risk-based assessment and review completed by WCM, it was concluded that the portfolio is appropriately structured to address the Group's risk tolerance, support the Group's runoff, and meet the Group's capital requirements.

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. 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.

This examination report includes significant findings of fact, as mentioned in the Indiana Code (IC) 27-1-3.1-10, 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.

HISTORY

The Company was incorporated on March 5, 1987, under the laws of Indiana and commenced business on July 1, 1987. The predecessor company, which was merged into the Company, was incorporated under the laws of New Jersey as the Citizens Insurance Company of New Jersey and commenced business on December 31, 1929.

The Company is a wholly owned subsidiary of Hartford Fire Insurance Company (HFIC), a Connecticut domiciled stock property and casualty insurer. HFIC is a direct, 100% owned subsidiary of the HFSG, a publicly traded stock corporation engaged principally in five (5) reporting segments including Commercial Lines, Personal Lines, Property & Casualty Other Operations, Group Benefits and Hartford Funds. Hartford Funds is not included in any of the legal entities under exam.

CAPITAL AND SURPLUS

As of December 31, 2022, the Company had 35,000 shares of authorized common stock with a par value of \$120 per share, of which 35,000 were issued and outstanding to its parent, HFIC.

DIVIDENDS TO STOCKHOLDERS

The Company paid the following ordinary dividends, (in 000s), to its parent, HFIC, during the examination period:

<u>Year</u>	<u>Total</u>	<u>Ordinary Dividends</u>	<u>Extraordinary Dividends</u>
2022	\$ 33,000	\$ 33,000	\$ -
2021	38,000	38,000	-
2020	37,000	37,000	-
2019	28,000	28,000	-
2018	27,000	27,000	-
Total	\$ 163,000	\$ 163,000	\$ -

In accordance with IC 27-1-23-4(h), the payment of dividends to holding companies or affiliated insurers may not exceed the greater of 10% of the prior year's surplus or the net income of such insurer of the prior year. All dividends paid during the examination period were ordinary in nature and did not require prior regulatory approval. In accordance with IC 27-1-23-1.5, the Company notified the INDOI of all declared dividends to the parent during the examination period.

TERRITORY AND PLAN OF OPERATION

The Company is licensed to write multiple lines of property and casualty insurance in all fifty (50) states and the District of Columbia.

Member companies participating under the Hartford Fire Insurance Group Reinsurance and Pooling Agreement (the Pooling Agreement) provide the following commercial and consumer coverages through two (2) of HFSG's reporting segments: Commercial Lines and Personal Lines. The Commercial Lines segment includes three (3) lines of business: small commercial, middle and large commercial, and global specialty. The Commercial Lines segments principally provide commercial automobile, general liability, property, and workers' compensation, property, commercial automobile, and general liability insurance products and services to businesses primarily in the United States. Global Specialty provides a variety of customized insurance products, including bond, liability, marine, property, liability, marine, and professional liability, and bond. The Personal Lines segment provides automobile, homeowners, and personal umbrella coverages to individuals across the United States, mostly through a program designed exclusively for members of the American Association of Retired Persons. The Pooling Agreement is further described in the Reinsurance section below.

GROWTH OF THE COMPANY

The following table summarizes the financial results, (in 000s), of the Company during the examination period:

Year ^A	Admitted Assets	Liabilities	Surplus and Other Funds	Premiums Earned	Net Income
2022	\$ 730,628	\$ 445,993	\$ 284,635	\$ 172,039	\$ 34,742
2021	719,753	437,036	282,716	159,648	33,954
2020	705,870	419,779	286,091	152,933	38,539
2019	688,285	403,465	284,821	158,066	37,460
2018	698,596	423,050	275,546	156,736	28,767

The Company operations and performance during the examination period remained consistent without material fluctuation. The net income earned was offset by the dividends paid annually.

MANAGEMENT AND CONTROL

Directors

The Bylaws provide that the business affairs of the Company are to be managed by a Board of Directors (Board) consisting of not less than five (5) nor more than twenty (20) members. The shareholders, at the annual meeting, elect the members of the Board.

The following is a listing of persons serving as directors as of December 31, 2022, and their principal occupations as of that date:

Name and Address	Principal Occupation
Eapen Attapurathu Chandy* South Glastonbury, Connecticut	Assistant Vice President and Assistant Treasurer Hartford Fire Insurance Company
Michael Ross Fisher Avon, Connecticut	Executive Vice President and Property and Casualty Chief Underwriting Officer Hartford Fire Insurance Company
Randle Lee McKee Yorkville, Illinois	Vice President Claims Hartford Fire Insurance Company
Anthony Joseph Phifer ** Tipton, Indiana	Assistant Vice President and Regional Vice President Claims Hartford Fire Insurance Company
Amy Marie Stepnowski Glastonbury, Connecticut	Executive Vice President, Chief Investment Officer, and President Hartford Investment Management Company Hartford Fire Insurance Company

* Effective May 15, 2023, Eapen Chandy was removed from the Board and replaced by Kathleen Jorens.

** Effective June 1, 2023, Anthony Phifer was removed from the Board and replaced by Amber Walton.

^A The balances include immaterial rounding differences.

Officers

The Company's Bylaws state that the Board may from time to time elect or appoint a Chairman, a President, one (1) or more Vice Presidents, a Treasurer, a Secretary, and one (1) or more Assistant Treasurers and Assistant Secretaries, to serve at the pleasure of the Board.

The following is a list of key officers and their respective titles as of December 31, 2022:

<u>Name</u>	<u>Office</u>
Michael Ross Fisher	President
James Michael Yanosy	Senior Vice President and Chief Financial Officer
Kathleen Elizabeth Jorens	Senior Vice President and Treasurer
Allison Gayle Niderno	Vice President and Controller
Suzanne Elizabeth Henderson	Vice President and Appointed Actuary
Kevin Floyd Barnett	Corporate Secretary

CONFLICT OF INTEREST

Directors and officers are required to review and sign Conflict of Interest statements annually. It was determined that all directors and officers listed in the Management and Control section of this Report of Examination have reviewed and signed their statements as of December 31, 2022.

OATH OF OFFICE

IC 27-1-7-10(i) stipulates that every director, when elected, shall take and subscribe to an oath stating that he or she will faithfully, honestly, and diligently administer the affairs of the Company and will not knowingly violate any of the laws applicable to such Company. It was determined that all directors listed in the Management and Control section of this Report of Examination have subscribed to an oath as of December 31, 2022.

CORPORATE RECORDS

Articles of Incorporation

There were no material amendments made to the Articles of Incorporation during the examination period.

Bylaws

There were no amendments made to the Bylaws during the examination period.

Minutes

The Board and shareholders meeting minutes were reviewed for the period under examination through the completion of fieldwork. Significant actions taken during each meeting were noted.

IC 27-1-7-7(b) states an annual meeting of shareholders, members, or policyholders shall be held within five (5) months after the close of each fiscal year of the Company and at such time within that period as the Bylaws may

provide. The Company's Bylaws do not specify the date or time the annual meeting of shareholders is to be held. For each year under review, the annual meeting of shareholders was held within five (5) months following the close of each fiscal year.

TCFIC's Audit Committee and Finance Committee meeting minutes for the examination period, and through the completion of fieldwork, were reviewed.

The Group's committee meeting minutes for the examination period, and through the completion of fieldwork, were also reviewed for the following committees: Audit Committee, Compensation and Management Development Committee, Enterprise Risk and Capital Committee, Finance Investment and Risk Management Committee, and Nominating and Corporate Governance Committee.

AFFILIATED COMPANIES

Organizational Structure

The following abbreviated organizational chart shows the Company's parent and affiliates as of December 31, 2022:

	<u>NAIC Co. Code</u>	<u>Domiciliary State/Country</u>
The Hartford Financial Services Group, Inc.		
Hartford Fire Insurance Company	19682	CT
Hartford Underwriters Insurance Company	30104	CT
Twin City Fire Insurance Company	29459	IN
Hartford Insurance Company of Illinois	38288	IL
Hartford Lloyd's Insurance Company	38253	TX
Hartford Accident and Indemnity Company	22357	CT
Hartford Casualty Insurance Company	29424	IN
Maxum Indemnity Company	26743	CT
Maxum Casualty Insurance Company	10784	CT
Hartford Insurance Company of the Midwest	37478	IN
Hartford Insurance Company of the Southeast	38261	CT
Trumbull Insurance Company	27120	CT
Property and Casualty Insurance Company of Hartford	34690	IN
Pacific Insurance Company, Limited	10046	CT
Sentinel Insurance Company, Ltd.	11000	CT
The Navigators Group, Inc.		
Navigators Insurance Company	42307	NY
Navigators Specialty Insurance Company	36056	NY
Heritage Holdings, Inc.		
First State Insurance Company	21822	CT
New England Insurance Company	21830	CT
New England Reinsurance Corporation	41629	CT
Hartford Holdings, Inc.		
Nutmeg Insurance Company	39608	CT
Hartford Life and Accident Insurance Company	70815	CT

Affiliated Agreements

The following affiliated agreements and transactions were disclosed as part of the Form B – Holding Company Registration Statement and were filed with the INDOI, as required, in accordance with IC 27-1-23-4.

Investment Management Agreement

The Company, along with its affiliates, entered into an Investment Management Agreement with Hartford Investment Management Company (HIMCO), effective October 15, 2010. Pursuant to the terms of the agreement, HIMCO is to provide investment management services to the Company in return for a management fee as outlined in the Investment Management Agreement. The Company paid \$1.1 million to HIMCO in 2022 for the services provided pursuant to this agreement.

Investment Pooling Agreement

The Company is party to an Investment Pooling Agreement with various affiliates, whereby the investment manager invests excess cash from various affiliated companies in qualified short-term investments in the name of Hartford Short-Term Investment Pool. Effective April 3, 2020, the agreement was amended and restated to update the agreement to ensure conformance with Securities and Exchange Commission custody guidance for investment managers and the London InterBank Offered Rate reference changes. Investment income and expenses are allocated on a pro-rata basis.

Tax Allocation Agreement

The Company is party to a Tax Allocation Agreement with the Group and its direct and indirect subsidiaries whereby consolidated federal income tax returns are filed. Each member will calculate its separate tax liability, and the consolidated federal regular income tax liability will be apportioned among the members in accordance with the ratio which is consistent with the taxable income. Non-disapproved by the INDOI on April 3, 2020, and effective May 6, 2020, the agreement was amended to clarify and specify the manner in which the alternative minimum tax liability and minimum tax credit are allocated to the members of the consolidated group.

Intercompany Liquidity Agreement

The Company joined the Intercompany Liquidity Agreement, between the Group and its listed affiliates, effective December 31, 2011. The agreement provides a mechanism for short-term advances of funds between the parties to the agreement in an aggregate principal amount not to exceed \$2 billion. There were no loans outstanding pursuant to this agreement as of the examination date.

Cost Allocation Agreement

The Company entered into a Cost Allocation Agreement with HFIC and its affiliates, effective February 28, 2014. Pursuant to the terms of the agreement, the companies are to provide certain services to each other for the fair allocation of expenses among the parties.

FIDELITY BOND AND OTHER INSURANCE

The Company protects itself against loss from any fraudulent or dishonest acts by any employee through a fidelity bond issued by the Federal Insurance Company, a member of the Chubb Insurance Group. The bond has a single loss coverage limit of \$10 million with an aggregate limit of \$20 million and a \$5 million deductible. The fidelity bond is adequate to meet the prescribed minimum coverage specified by the NAIC.

The Company had additional types of coverage in-force as of December 31, 2022, including but not limited to ; commercial automobile liability, commercial general liability, corporate directors' and officers' liability, corporate professional liability, cyber liability, employment practices liability, fiduciary liability, and workers' compensation

and employers liability.

PENSION, STOCK OWNERSHIP, AND INSURANCE PLANS

The Company has no direct retirement plans. All personnel are employees of affiliated companies.

SPECIAL AND STATUTORY DEPOSITS

The Company reported the following deposits, (in 000s), as of December 31, 2022:

<u>State</u>	<u>Book Value</u>	<u>Fair Value</u>
For All Policyholders:		
Indiana	\$ 3,540	\$ 3,002
All Other Special Deposits:		
California	220,486	217,330
Delaware	148	141
Georgia	184	184
Idaho	1,383	1,196
Massachusetts	147	123
Nevada	362	349
New Mexico	437	418
North Carolina	417	348
Oregon	11,309	11,133
Virginia	220	210
Aggregate Alien and Other	595	500
Total Deposits ^A	<u>\$ 239,230</u>	<u>\$ 234,935</u>

REINSURANCE

Reinsurance Pool

The property and casualty companies listed below participate in the Pooling Agreement, whereby all property and casualty business written by these companies is ceded to HFIC, which acts as the lead pool reinsurer. The total pooled business is then redistributed to the various participants based on pre-determined percentages. Each participant in the Pooling Agreement agrees to cede to HFIC, and HFIC accepts, assumes, and reinsures 100% of each other participant's underwriting liabilities. HFIC then negotiates and purchases external reinsurance intended to limit the net underwriting exposure of all Pooling Agreement participants. HFIC then cedes to each participant and each participant accepts and assumes its proportionate share as identified below, net of external reinsurance. The Asbestos and Environmental reserve developments, which are subject to the adverse development cover reinsurance agreement with National Indemnity Company, reside on HFIC's balance sheet, and are not included in the Pooling Agreement.

The participants will share (to the extent of their pooling participation percentage): (a) all premiums written, (b) all amounts paid or incurred during such period for losses, loss adjustment expenses, other underwriting expenses, and

^A The balances include immaterial rounding differences.

other specific losses arising out of their underwriting operations, (c) all claims and settlements involving business covered by the agreement, and (d) all resulting net underwriting income or loss. All participants settle their accounts monthly, within thirty (30) days of closing.

The following are member companies and their participation percentages in effect as of December 31, 2022:

Name of Pool Members	Percentage of Pool	Domiciliary State
Hartford Fire Insurance Company	41.50%	CT
Hartford Accident and Indemnity Company	32.69%	CT
Hartford Insurance Company of Illinois	10.10%	IL
Hartford Casualty Insurance Company	5.50%	IN
Hartford Underwriters Insurance Company	4.00%	CT
Twin City Fire Insurance Company	1.50%	IN
Pacific Insurance Company, Limited	1.70%	CT
Nutmeg Insurance Company	0.70%	CT
Hartford Insurance Company of the Midwest	0.50%	IN
Property and Casualty Insurance Company of Hartford	0.50%	IN
Trumbull Insurance Company	0.50%	CT
Hartford Insurance Company of the Southeast	0.50%	CT
Sentinel Insurance Company, Ltd.	0.30%	CT
Hartford Lloyd's Insurance Company	0.01%	TX
Total	100.0%	

In 2022, the Company ceded \$1,840.1 million in premiums and \$4,937.7 million in loss, loss expense, IBNR and unearned premium reserves to HFIC and assumed \$178.4 million in premiums and \$91.6 million in losses and loss expense reserves and \$85.9 million in unearned premium reserves arising from their share of the Pool.

ACCOUNTS AND RECORDS

The Company's accounting procedures, practices, account records, and supporting data were reviewed and tested to the extent deemed necessary. The trial balance prepared from the Company's general ledger for the year ended December 31, 2022, was agreed to the Annual Statement. The Annual Statement for the year ended December 31, 2022, was agreed to the independent audit report without material exception. The Company's accounting procedures, practices, and account records were deemed satisfactory.

FINANCIAL STATEMENTS

TWIN CITY FIRE INSURANCE COMPANY

Assets
As of December 31, 2022
(in 000s)

	<u>Per Examination*</u>
Bonds	\$ 666,825
Cash, cash equivalents and short-term investments	33,955
Other invested assets	6
Subtotals, cash and invested assets	<u>700,786</u>
Investment income due and accrued	6,188
Premiums and considerations:	
Uncollected premiums and agents' balances in course of collection	13,697
Current federal and foreign income tax recoverable and interest thereon	829
Net deferred tax asset	7,143
Guaranty funds receivable or on deposit	23
Aggregate write-ins for other than invested assets	<u>1,961</u>
Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts	<u>730,628</u>
Totals**	<u>\$ 730,628</u>

* There were no adjustments to the as-filed financial statements, therefore the Annual Statement amounts agree to the examination amounts.

** The balance includes immaterial rounding differences.

TWIN CITY FIRE INSURANCE COMPANY
 Liabilities, Surplus and Other Funds
 As of December 31, 2022
 (in 000s)

	Per Examination*
Losses	\$ 284,903
Reinsurance payable on paid losses and loss adjustment expenses	7,950
Loss adjustment expenses	58,112
Commissions payable, contingent commissions and other similar charges	2,695
Other expenses	3,351
Taxes, licenses and fees	1,632
Unearned premiums	85,881
Dividends declared and unpaid:	
Policyholders	450
Amounts withheld or retained by company for account of others	4
Payable to parent, subsidiaries and affiliates	1,015
Total liabilities excluding protected cell liabilities	445,993
Total liabilities	445,993
Common capital stock	4,200
Gross paid in and contributed surplus	43,562
Unassigned funds (surplus)	236,873
Surplus as regards policyholders	284,635
Totals**	\$ 730,628

* There were no adjustments to the as-filed financial statements, therefore the Annual Statement amounts agree to the examination amounts.

** The balance includes immaterial rounding differences.

TWIN CITY FIRE INSURANCE COMPANY
Statement of Income
For the Year Ended December 31, 2022
(in 000s)

	<u>Per Examination*</u>
UNDERWRITING INCOME	
Premiums earned	\$ 172,039
DEDUCTIONS	
Losses incurred	87,863
Loss adjustment expenses incurred	15,944
Other underwriting expenses incurred	53,124
Total underwriting deductions	156,931
Net underwriting gain (loss)	15,108
INVESTMENT INCOME	
Net investment income earned	20,415
Net realized capital gains (losses) less capital gains tax	(2,930)
Net investment gain (loss)	17,485
OTHER INCOME	
Finance and service charges not included in premiums	9,884
Total other income	9,884
Net income, before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	42,477
Dividends to policyholders	372
Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	42,105
Federal and foreign income taxes incurred	7,363
Net income**	\$ 34,742

* There were no adjustments to the as-filed financial statements, therefore the Annual Statement amounts agree to the examination amounts.

** The balance includes immaterial rounding differences.

TWIN CITY FIRE INSURANCE COMPANY
 Capital and Surplus Account Reconciliation
 (in 000s)

	2022	2021	2020	2019	2018
Surplus as regards policyholders, December 31 prior year	\$ 282,716	\$ 286,091	\$ 284,821	\$ 275,546	\$ 273,321
Net income	34,742	33,954	38,539	37,460	28,767
Change in net unrealized capital gains or (losses) less capital gains tax	-	(3)	(2)	(2)	(1)
Change in net deferred income tax	(1)	1,140	(117)	436	337
Change in nonadmitted assets	178	(493)	(169)	(626)	123
Dividends to stockholders	(33,000)	(38,000)	(37,000)	(28,000)	(27,000)
Aggregate write-ins for gains and losses in surplus	-	27	21	6	-
Change in surplus as regards policyholders for the year	<u>1,919</u>	<u>(3,375)</u>	<u>1,270</u>	<u>9,275</u>	<u>2,225</u>
Surplus as regards policyholders, December 31 current year*	<u>\$ 284,635</u>	<u>\$ 282,716</u>	<u>\$ 286,091</u>	<u>\$ 284,821</u>	<u>\$ 275,546</u>

* The balance includes immaterial rounding differences.

COMMENTS ON THE FINANCIAL STATEMENTS

There were no recommended adjustments to the financial statements as of December 31, 2022, based on the results of this examination.

OTHER SIGNIFICANT ISSUES

There were no other significant issues as of December 31, 2022, based on the results of this examination.

SUBSEQUENT EVENTS

On October 4, 2023, the Board by unanimous written consent declared an ordinary cash dividend of \$34.7 million payable to HFIC on October 19, 2023.

AFFIDAVIT

This is to certify that the undersigned is a duly qualified Examiner-in-Charge appointed by the Indiana Department of Insurance and that they, in coordination with staff assistance from Noble Consulting Services, Inc., and the professional services firms of Milliman, Risk & Regulatory Consulting, LLC., and Winthrop Capital Management performed an examination of Twin City Fire Insurance Company, as of December 31, 2022.

The Indiana Department of Insurance is accredited under the National Association of Insurance Commissioners Financial Regulation Accreditation Standards.

This examination was performed in accordance with those procedures required by the NAIC Financial Condition Examiners Handbook and other procedures tailored for this examination. Such procedures performed on this examination do not constitute an audit made in accordance with generally accepted auditing standards and no audit opinion is expressed on the financial statements contained in this report.

The attached Report of Examination is a true and complete report of the condition of the Twin City Fire Insurance Company as of December 31, 2022, as determined by the undersigned.

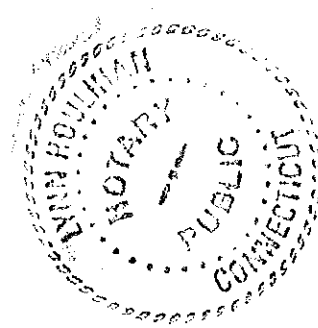
Mark Murphy
Mark Murphy, CFE
Noble Consulting Services, Inc.

State of: Connecticut
County of: Hartford

On this 24th day of May, 2024, before me personally appeared, Mark Murphy, to sign this document.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal in said County and State, the day and year last above written.

My commission expires: 03/31/2025 Sam Acosta
Notary Public




Jerry Ehlers, CFE, AES
Examinations Manager
Indiana Department of Insurance

State of: Indiana
County of: Marion

On this 3rd day of June, 2024, before me personally appeared, Jerry Ehlers, to sign this document.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal in said County and State, the day and year last above written.

My commission expires: July 11, 2025 
Notary Public

Lorie A Ellert
Notary Public
SEAL
Marion County, State of Indiana
My Commission Expires July 11, 2025
Commission #702622

