



**EXAMINATION REPORT  
OF**

**Bridgefield Casualty Insurance Company  
Lakeland, Florida**

**NAIC Company Code: 10335**

**as of  
December 31, 2021**

**By  
The Florida Office of Insurance Regulation**

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April 17, 2023

Michael Yaworsky  
Commissioner  
Office of Insurance Regulation  
State of Florida  
Tallahassee, Florida 32399-0326

Dear Commissioner:

Pursuant to your instructions, in compliance with Section 624.316, Florida Statutes, Rule 690-138.005, Florida Administrative Code, and in accordance with the practices and procedures promulgated by the National Association of Insurance Commissioners (“the NAIC”), we have conducted an examination as of December 31, 2021, of the financial condition and corporate affairs of

**Bridgefield Casualty Insurance Company**

2310 Commerce Point Drive  
Lakeland, Florida 33801

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

## SCOPE OF EXAMINATION

This examination covered the period of January 1, 2017 through December 31, 2021, and the fieldwork commenced with planning with the Florida Office of Insurance Regulation (“the Office”) on May 30, 2022. The fieldwork concluded as of April 17, 2023. The Company’s last full scope exam by representatives of the Office covered the period of January 1, 2012 through December 31, 2016.

The examination was conducted in accordance with the NAIC Financial Condition Examiners Handbook (“the Handbook”). The Handbook requires that the examination be planned and performed to evaluate the financial condition, assess corporate governance, identify current and prospective risks of the Company, and evaluate system controls and procedures used to mitigate those risks. An examination also includes identifying and evaluating significant risks that could cause an insurer’s surplus to be materially misstated both currently and prospectively.

The lead state for this exam was Ohio, and states that participated in this exam are as follows: California, Florida, and New York. The Company has business or licenses in multiple states.

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

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

## SUMMARY OF SIGNIFICANT FINDINGS

### Current Examination Findings

There were no significant findings as a result of this examination.

### Previous Examination Findings

There were no significant findings in the previous examination.

## COMPANY HISTORY

### General

The Company was incorporated in Florida on October 7, 1994 and commenced business on February 16, 1995.

### Dividends

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

### Capital Stock and Capital Contributions

As of December 31, 2021, the Company's capitalization was as follows:

Number of authorized common capital shares	25,000
Number of shares issued and outstanding	25,000
Total common capital stock	\$2,500,000
Par value per share	\$100.00

### Surplus Notes

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

## Acquisitions, Mergers, Disposals, Dissolutions

Effective January 1, 2021, Summit Holding Southeast, Inc. merged into Great American Holding, Inc. (“GAH”), resulting in Bridgefield Employers Insurance Company (“BEIC”), the direct parent of the Company, becoming a direct subsidiary of GAH. GAH then contributed BEIC to Great American Contemporary Insurance Company (“GCTP”).

## MANAGEMENT AND CONTROL

### Corporate Governance

The annual shareholder meeting for the election of Directors was held in accordance with Section 628.231, Florida Statutes. Directors serving as of December 31, 2021, are shown below:

Directors		
Name	City, State	Principal Occupation, Company Name
Michelle Ann Gillis	Cincinnati, Ohio	Senior Vice President and Chief Administrative Officer American Financial Group, Inc.
Gary John Gruber <sup>(1)</sup>	Cincinnati, Ohio	President, and Chief Operating Officer Great American Insurance Company
Anthony Joseph Mercurio	Richfield, Ohio	Executive Vice President Great American Insurance Company
Michael Eugene Sullivan, Jr.	Cincinnati, Ohio	Executive Vice President Great American Insurance Company
David Lawrence Thompson, Jr. <sup>(1)</sup>	Cincinnati, Ohio	Executive Vice President Great American Insurance Company
David John Witzgall <sup>(2)</sup>	Villa Hills, Kentucky	Senior Vice President, Chief Financial Officer and Treasurer Great American Insurance Company

(1) Mr. Gruber was the Chairman as of December 31, 2021. He then retired on April 1, 2022 and was replaced by David Lawrence Thompson, Jr. on that same day.

(2) Mr. Witzgall retired on November 1, 2022 and was replaced by Brian Scott Hertzman on that same day.

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

<b>Senior Officers</b>		
<b>Name</b>	<b>City, State</b>	<b>Title</b>
Carol Prevatt Sipe	Lakeland, Florida	President
David John Conway <sup>(1)</sup>	Lakeland, Florida	Vice President and Chief Financial Officer
David John Witzgall <sup>(2)</sup>	Villa Hills, Kentucky	Treasurer
Michael Thomas Jalovec	Lakeland, Florida	Assistant Secretary

(1) Mr. Conway retired on January 10, 2022 and was replaced by Patrick Joseph Smyth on that same day.

(2) Mr. Witzgall retired as an officer on September 19, 2022 and was replaced by Annette Denise Gardner on that same day.

The Company's Board appointed several internal committees. The following were the principal internal board committees and their members as of December 31, 2021. The first person listed for each committee is the chairman.

<b>Executive Committee</b>		
Gary John Gruber <sup>(1)</sup>	Michael Eugene Sullivan, Jr.	David Lawrence Thompson, Jr.

(1) Mr. Gruber retired on April 1, 2022 and was replaced by Anthony Joseph Mercurio effective that same day.

The Company maintained an audit committee, as required by Section 624.424(8)(c), Florida Statutes. The Company utilized its ultimate parent's audit committee, American Financial Group, Inc., as its audit committee.

<b>Audit Committee</b>		
<b>Name</b>	<b>City, State</b>	<b>Title, Company Name</b>
Gregory Joseph	Cincinnati, Ohio	Executive Vice President, Attorney, and Principal, Joseph Automotive Group
Terry Jacobs	Cincinnati, Ohio	Chairman and Chief Executive Officer, JFP Group, LLC
John Von Lehman	Cincinnati, Ohio	Retired

<b>Finance Committee</b>		
Gary John Gruber <sup>(1)</sup>	Michael Eugene Sullivan, Jr.	David John Witzgall <sup>(2)</sup>

(1) Mr. Gruber was the Chairman as of December 31, 2021. He then retired on April 1, 2022 and was replaced by David Lawrence Thompson, Jr. on that same day.

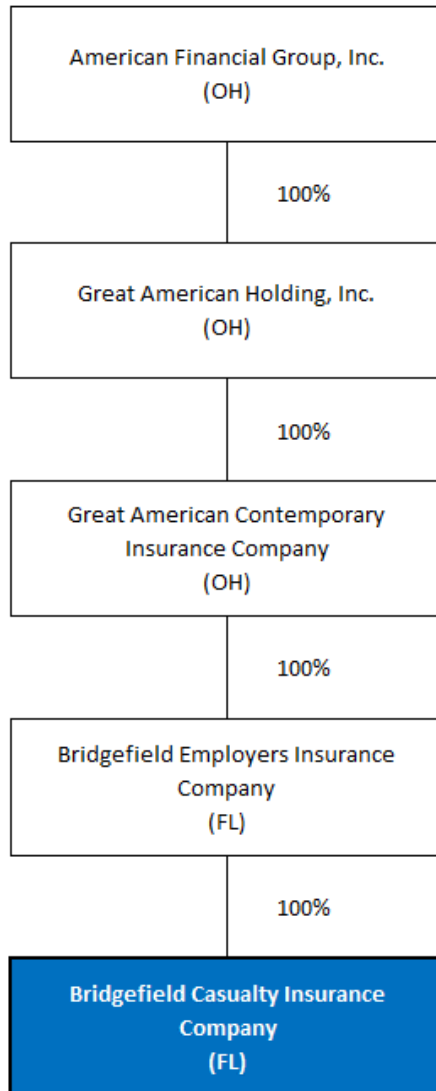
(2) Mr. Witzgall retired on November 1, 2022 and was replaced by Brian Scott Hertzman on that same day.

### **Holding Company System**

A simplified organizational chart as of December 31, 2021, reflecting the holding company system, is shown on the next page. Schedule Y of the Company's 2021 annual statement provided a list of all related companies of the holding company group.



**Bridgefield Casualty Insurance Company  
Simplified Organizational Chart  
December 31, 2021**



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

### **Tax Allocation Agreement**

The Company entered into a Tax Allocation Agreement with American Financial Group, Inc. ("AFG") upon affiliation April 1, 2014. The Company participates in a consolidated federal income tax return. On December 31, 2021, the Company's method of allocation was on a separate-entity basis. Each member of the group recorded an inter-company income tax payable with AFG. Estimated payments are to be made quarterly during the year. Following year-end, additional settlements will be made on the original due date of the return and, when extended, at the time the return is filed. The method of allocation among the companies under the agreement is based upon separate return calculations with current credit for net losses to the extent the losses provide benefit in the consolidated return.

### **Investment Services Agreement**

The Company entered into an Investment Services Agreement with American Money Management Corporation on April 1, 2014, to provide investment services. This would include counseling, advising and managing the investment of the Company's portfolio, objectives, directions, and guidelines, as established by the Board. The agreement shall remain in effect until terminated by any party at any time as long as ninety days written notice is provided. The agreement is subject to a renegotiation upon request of either party every three years. Management services are charged and paid quarterly on a prorated basis based on the proportion of the Company's portfolio. The expenses are determined to be estimated and subject to a year-end review and final adjustment if necessary to reflect actual costs and expenses incurred. Any balances should be settled within sixty days after termination of the calendar year.

### **Managing General Agent Agreement**

The Company entered into a Managing General Agency ("MGA") Agreement with Summit Consulting LLC ("Summit Consulting") effective January 1, 2019. The agreement shall remain in effect until terminated as long as either party provides ninety days written notice. If the contract is terminated, Summit Consulting will provide transitional services to the Company, including services and terms necessary to fulfill the obligations of the agreement. For services provided by

Summit Consulting, the Company agrees to pay an MGA fee based on the earned normal premium (annual premium less any approved discounts, credits, or adjustments) during any month with payment to be provided by the 15th of the following month.

### **General Services Agreement**

Effective April 1, 2014, the Company became party to a General Services Agreement with Great American Insurance Company (“GAIC”) and other affiliated companies originally effective August 1, 1996, to provide services including, but not limited to, printing, office duplicating, telecommunications, purchasing, personnel, data processing, administrative, consultative, etc. The agreement shall remain in force and can be terminated at any time as long as thirty days written notice is provided to GAIC. Fees are charged based on the services furnished based on the cost as long as the cost is no greater than what the payer would expend if they provided such services for itself. Each performing party shall prepare statements of all services performed and fees charged and submitted to the requesting party no less than quarterly. The payment must be paid thirty days from the date of the statement.

### **Amended and Restated Services Agreement**

The Company entered into a Management Agreement with GCTP, effective January 1, 2021, to provide services including, but not limited to, actuarial services, telecommunication services, facilities, software programming, hardware utilization, legal services, purchasing, payroll, and employee relations. The agreement shall remain in force until terminated in whole or in part by mutual consent by any party upon giving thirty days written notice.

### **Managed Care & PPO Agreement**

The Company entered into a Managed Care & PPO Agreement effective January 1, 2011 with Heritage Summit HealthCare, LLC (“Heritage”), wherein Heritage is providing the Company and their insureds with managed care services and access to a PPO network. The Company pays Heritage a fee based on earned normal premium (annual premium less any approved discounts, credits, or adjustments).

## **Reinsurance Pooling Agreement**

The Company entered into a Reinsurance Pooling Agreement with GCTP, effective January 1, 2021. The agreement continues to be in force unless otherwise terminated within the guidelines of the agreement. The participating companies agree to cede and transfer to GCTP all premiums and losses and GCTP agrees to assume and reinsure all underwriting liabilities. GCTP may secure reinsurance as it may deem necessary or appropriate for liabilities assumed. Expenses that are related to the operation of insurance, taxes and MGA are paid by the Company and reimbursed by GCTP. The Company is responsible for settling accounts within fifteen (15) days following the receipt of the monthly statement provided by GCTP.

## **ACCOUNTS AND RECORDS**

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

## **TERRITORY AND PLAN OF OPERATIONS**

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

- Alabama
- Arkansas
- Florida
- Georgia
- Indiana
- Kentucky
- Louisiana
- Mississippi
- North Carolina
- Oklahoma
- South Carolina
- Tennessee
- Texas
- Virginia

The Company was authorized to transact insurance in Florida on February 16, 1995, and is currently authorized to write Workers' Compensation.

The Company primarily writes workers compensation policies in the states where it is licensed or eligible. The Company's direct written premiums as of December 31, 2021 totaled \$390,893,145 with Florida accounting for 40% of direct written premiums.

## **REINSURANCE**

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

### **Reinsurance Assumed**

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

### **Reinsurance Ceded**

The Company entered into a Reinsurance Pooling Agreement with GCTP, effective January 1, 2021.

**(Holding Company System)**

## **FINANCIAL STATEMENTS**

The following includes the Company's Statutory Statement of Assets, Liabilities, Surplus and Other Funds; statutory Statement of Income and the statutory Analysis of Changes in Surplus for the year ended December 31, 2021. The financial statements are based on the statutory financial statements filed by the Company with the Florida Office of Insurance Regulation and present the financial condition of the Company for the period ending December 31, 2021. (Note: Failure of the columns to add to the totals reflected in this Report is due to rounding.)

**Bridgefield Casualty Insurance Company**  
**Assets**  
**December 31, 2021**

	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	\$54,871,493	\$ -	\$54,871,493
Cash and short-term investments	10,419,725		10,419,725
Other invested assets	173,378		173,378
Subtotals, cash and invested assets	65,464,596		65,464,596
Investment income due and accrued	686,784		686,784
Premiums and considerations			
Uncollected premiums and agents' balances	2,819,281		2,819,281
Deferred premiums, agents' balances and installments	1,591,900		1,591,900
Current federal and foreign income taxes recoverable and interest thereon	510		510
Net deferred tax asset	474,654		474,654
Health care and other amounts receivable	7,754		7,754
<b>Total</b>	<b>\$71,045,479</b>	<b>\$0</b>	<b>\$71,045,479</b>

**Bridgefield Casualty Insurance Company**  
**Liabilities, Surplus and Other Funds**  
**December 31, 2021**

	Per Company
Reinsurance payable on paid losses and loss adjustment expenses	\$1,354,939
Other expenses	12,900
Payable to parent, subsidiaries and affiliates	14,327,134
Total liabilities	15,694,973
Common capital stock	2,500,000
Gross paid-in and contributed surplus	35,013,722
Unassigned funds (surplus)	17,836,784
Surplus as regards policyholders	55,350,506
<b>Totals</b>	<b>\$71,045,479</b>

**Bridgefield Casualty Insurance Company**  
**Statement of Income**  
**December 31, 2021**

	Per Company
<b>Investment Income</b>	
Net investment income earned	\$726,565
Net realized capital gains or (losses)	14,980
Net investment gain or (loss)	741,545
Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	741,545
Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	741,545
Federal & foreign income taxes incurred	131,408
Net Income	\$610,137
<b>Capital and Surplus Account</b>	
Surplus as regards policyholders, December 31 prior year	\$54,675,944
Net Income	610,137
Change in net deferred income taxes	64,425
Change in surplus as regards policyholders for the year	674,562
Surplus as regards policyholders, December 31, current year	\$55,350,506

**Bridgefield Casualty Insurance Company**  
**Reconciliation of Capital and Surplus**  
**December 31, 2021**

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

<b>Capital/Surplus Change during Examination Period</b>			
Surplus at December 31, 2016, per Company			\$45,832,220
	Increase	Decrease	
Net Income	\$4,013,508		
Change in net unrealized capital gain (loss)	\$53,662		
Change in net deferred income tax	\$451,116		
Change in paid in capital	\$5,000,000		
Net increase (or decrease)			\$9,518,286
Surplus at December 31, 2021 per Company			\$55,350,506



## COMMENTS ON FINANCIAL STATEMENT ITEMS

### Capital and Surplus

The amount of capital and surplus reported by the Company of \$55,350,506, exceeded the minimum of \$4,000,000 required by Section 624.408, Florida Statutes.

## CONCLUSION

The insurance examination practices and procedures as promulgated by the NAIC have been followed in ascertaining the financial condition of Bridgefield Casualty Insurance Company as of December 31, 2021, consistent with the insurance laws of the State of Florida.

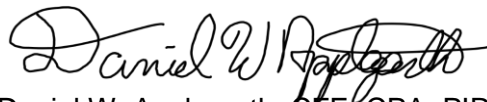
In addition to the undersigned, the following individuals also participated in the examination:

Bobby Jackson, MBA	Exam Manager	The Office
Ryne Davison, CFE	Participating Examiner	Lewis & Ellis, Inc.
Solomon Frazier, FSA, FCAS, MAAA	Actuary	Taylor-Walker Consulting, LLC
Michael Starke, FCAS, MAAA	Actuary	Taylor-Walker Consulting, LLC

Respectfully submitted,



David Palmer, CFE  
Examiner-in-Charge  
Lewis & Ellis, Inc.  
Representing the Florida Office of Insurance Regulation



Daniel W. Applegarth, CFE, CPA, PIR  
Chief Financial Examiner  
Property & Casualty Financial Oversight  
Florida Office of Insurance Regulation