



**EXAMINATION REPORT
OF**

**Main Street America Protection Insurance Company
Jacksonville, Florida**

NAIC Company Code: 13026

**as of
December 31, 2021**

**By
The Florida Office of Insurance Regulation**

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May 10, 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

Main Street America Protection Insurance Company

4601 Touchton Road East, STE 3400
Jacksonville, FL 32246

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

SCOPE OF EXAMINATION

This examination covered the period of January 1, 2021 through December 31, 2021. Fieldwork commenced with planning on June 22, 2022, and concluded on May 10, 2023. The Company's last full scope exam by representatives of the Florida Office of Insurance Regulation ("Office") covered the period of January 1, 2016 through December 31, 2020.

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 examination was a multi-state/coordinated process. The lead state for this exam was Wisconsin. The other states that participated were California, Florida, Georgia, Illinois, Indiana, Minnesota, New York, and Texas.

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 June 28, 2007 and commenced business on October 9, 2007. On October 31, 2018, the Company's ultimate parent company, Main Street America Group Mutual Holdings, Inc. merged with American Family Insurance Mutual Holding Company ("AFIMHC"), a Wisconsin mutual insurance holding company.

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

Surplus Notes

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

Acquisitions, Mergers, Disposals, Dissolutions

The Company had no acquisitions, mergers, disposals, or dissolutions during the period under examination.

MANAGEMENT AND CONTROL

Corporate Governance

The annual shareholder meeting for the election of Directors was held in accordance with Section 628.231, Florida Statutes. All of the directors serving as of December 31, 2021 were employees of an upstream affiliate company – NGM Insurance Company (“NGM”) – and are show below:

Directors		
Name	City, State	Principal Occupation, Company Name
Sarah Christine Bourdeau	Hartford, CT	Head of Sales
Theresa Elaine Breunig-Silbernagel	Sun Prairie, WI	Head of Personal Lines and Transformation
Joseph David Freitas	Sturbridge, MA	Chief Financial Officer and Treasurer
Kimberly Killian Law	Ponte Vedra Beach, FL	General Counsel and Secretary
Christopher Robert Listau	Waukegan, WI	President and Chief Executive Officer
David Scot Medvidofsky	Jacksonville, FL	Head of Products and Operations
Anna Diane Parker	Saint Johns, FL	Head of Human Resources

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

Senior Officers		
Christopher Robert Listau	Joseph David Freitas	Kimberly Killian Law

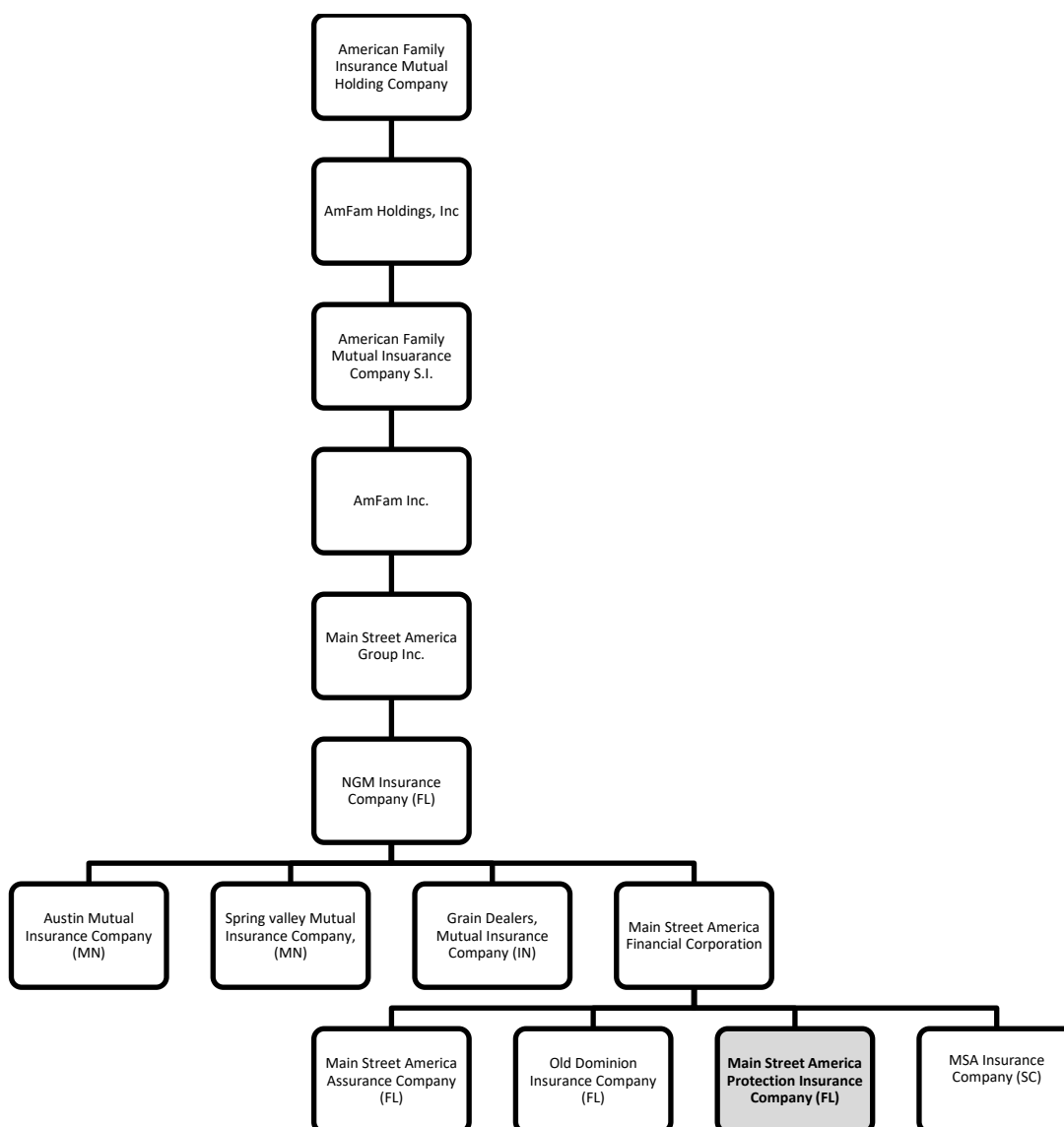
The Company did not have any internal board committees. The committees of AFIMHC’s Board of Directors also served the Company.

Holding Company System

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

Simplified Organizational Chart

December 31, 2021



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

Intercompany Expense Allocation Agreement

Effective June 30, 2007, the Company, NGM and other insurance affiliates, entered into an intercompany expense allocation agreement. Per the agreement the NGM does the following:

- a) Provide administrative and managerial services;
- b) Allocate expenses incurred under the agreement;
- c) Allocate indirect costs based upon a uniform and reasonable basis; and
- d) Furnish statements that account for the expense paid on behalf of each affiliate party to the agreement.

Intercompany Quota Share Reinsurance Agreement

The Company participates in an intercompany pooling arrangement with NGM and other insurance affiliates. This is discussed in greater detail below in the Reinsurance section of this report.

Intercompany Tax Allocation Agreement

The Company is party to a tax allocation agreement. Under the agreement, all of the parties file one consolidated federal income tax return. Each party is then allocated its share of the tax liability or refund based on an estimate of what its individual status would have been if it filed separately. Pursuant to Amendment No.3 to the Amended & Restated NGM Insurance Company & Subsidiaries Intercompany Tax Allocation Agreement, intercompany balances are settled (on an estimated basis) within 30 days of the payment of any estimated tax payments, with a final determination and settlement made within 30 days of the filing of any applicable income tax return or amended tax return.

ACCOUNTS AND RECORDS

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

TERRITORY AND PLAN OF OPERATIONS

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

- Alabama
- Georgia
- Maryland
- Minnesota
- New Hampshire
- Oregon
- South Carolina
- Vermont
- Wisconsin
- Arizona
- Idaho
- Massachusetts
- Mississippi
- New York
- Pennsylvania
- Tennessee
- Virginia
- Florida
- Maine
- Michigan
- Montana
- North Carolina
- Rhode Island
- Utah
- Washington

The Company was authorized to transact insurance in Florida on October 9, 2007, and is currently authorized for the following lines of business as of December 31, 2021:

- Fire
- Commercial Multi-Peril
- Inland Marine
- Burglary and Theft
- Other Liability
- Fidelity
- Boiler and Machinery
- Allied Lines
- Earthquake
- Workers Compensation
- Private Passenger Auto Physical Damage
- Private Passenger Auto Liability
- Surety

The Company primarily writes Commercial multiple peril, Private Passenger Auto Liability, and Auto Physical Damage policies in the states where it is licensed or eligible. The states with the highest direct premium written were Florida, New York, and South Carolina, with premiums of \$73,266,300, \$58,679,639, and \$13,141,282, respectively.

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 did not have any net written premiums. This was accomplished by ceding all of its gross written premium. A small amount was ceded through facultative cessions to nonaffiliated reinsurers. The rest was ceded through an intercompany quota share reinsurance agreement with upstream affiliate NGM. Pursuant to the agreement with NGM, the Company ceded 100% of its net underwriting results to NGM.

FINANCIAL STATEMENTS

The following includes the Company's statutory Statement of Assets, Liabilities, Surplus, and Other Funds; statutory Statement of; 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.)

Main Street America Protection Insurance Company
Assets
December 31, 2021

	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	\$22,983,289		\$22,983,289
Cash and short-term investments	\$1,347,187		\$1,347,187
Subtotals, cash and invested assets	\$24,330,477		\$24,330,477
Investment income due and accrued	\$91,356		\$91,356
Receivables from parents, subsidiaries and affiliates	\$48,000		\$48,000
Total	\$24,469,833		\$24,469,833

Main Street America Protection Insurance Company
Liabilities, Surplus and Other Funds
December 31, 2021

	Per Company
Current federal and foreign income taxes	\$63,317
Net deferred tax liability	\$7,235
Total liabilities excluding protected cell liabilities	\$70,552
Total liabilities	\$70,552
Common capital stock	\$10,000,000
Gross paid-in and contributed surplus	\$8,400,000
Unassigned funds (surplus)	\$5,999,281
Surplus as regards policyholders	\$24,399,281
Totals	\$24,469,833

Main Street America Protection Insurance Company
Statement of Income
December 31, 2021

	Per Company
Investment Income	
Net investment income earned	\$307,284
Net realized capital gains or (losses)	(\$611)
Net investment gain or (loss)	\$306,673
Federal & foreign income taxes incurred	\$63,080
Net Income	\$243,593
Capital and Surplus Account	
Surplus as regards policyholders, December 31 prior year	\$24,156,822
Net Income	\$243,593
Change in net deferred income taxes	(\$1,134)
Change in surplus as regards policyholders for the year	\$242,459
Surplus as regards policyholders, December 31, current year	\$24,399,281

Main Street America Protection 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.

Capital/Surplus Change during Examination Period			
Surplus at December 31, 2020, per Company			\$24,156,822
	Increase	Decrease	
Net income	\$243,593		
Change in net deferred income tax		\$1,134	
Net increase (or decrease)			\$242,459
Surplus at December 31, 2021 per Company			\$24,399,281

COMMENTS ON FINANCIAL STATEMENT ITEMS

Capital and Surplus

The amount of capital and surplus reported by the Company of \$24,399,281, exceeded the minimum of \$15,000,000 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 Main Street America Protection Insurance Company as of December 31, 2021, consistent with the insurance laws of the State of Florida.

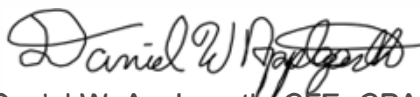
In addition to the undersigned, the following individuals from Noble Consulting Services, Inc. ("Noble") and Merlinos & Associates, Inc. ("Merlinos") also participated in the examination:

Chad Mason, PIR	Examination Manager	Office
James Wheeler, PIR	Examiner	Office
W.A. O'Connell, CPA, CFE, CFE (fraud)	Exam Supervisor	Noble
Greg Fanoie, FCAS, MAAA	Actuarial Specialist	Merlinos

Respectfully submitted,



Vitaliy Kyryk, CFE
Examiner-in-charge
Noble Consulting Services, 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