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

IN THE MATTER OF:)
)
Advantage Workers Compensation Insurance Company)
100 West Towne Ridge Pkwy, Suite 110)
Sandy, UT 84070)

Examination of: **Advantage Workers Compensation Insurance Company**

NOTICE OF ENTRY OF ORDER

Enclosed is the Final Order entered by Stephen W. Robertson, Commissioner of the Indiana Department of Insurance, after fully considering and reviewing the Verified Report of Examination of Advantage Workers Compensation 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 Advantage Workers Compensation 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.

6/10/2016
Date

Cynthia D. Donovan
Chief Financial Examiner

CERTIFIED MAIL NUMBER: 91 7190 0005 2720 0060 1480

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

IN THE MATTER OF:)
)
Advantage Workers Compensation Insurance Company)
100 West Towne Ridge Pkwy, Suite 110)
Sandy, UT 84070)

Examination of: **Advantage Workers Compensation Insurance Company**

FINDINGS AND FINAL ORDER

The Indiana Department of Insurance conducted an examination into the affairs of the Advantage Workers Compensation Insurance Company (hereinafter "Company") for the time period January 1, 2010 through December 31, 2014.

The Verified Report of Examination was filed with the Commissioner of the Department of Insurance (hereinafter "Commissioner") by the Examiner on March 2, 2016.

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 April 19, 2016 and was received by the Company on April 22, 2016.

On May 25, 2016, 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, 2014.
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 and Sealed this 10th day of June, 2016.

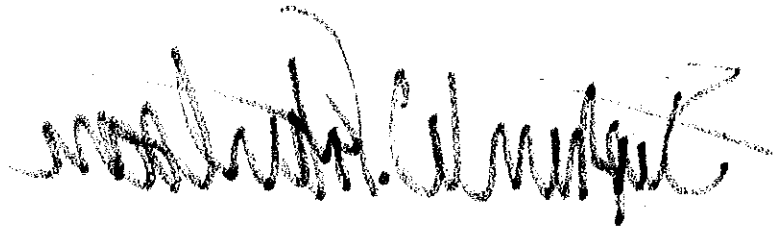
Stephen W. Robertson
Insurance Commissioner

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

ADVANTAGE WORKERS COMPENSATION INSURANCE COMPANY

NAIC COMPANY CODE 40517

As of

December 31, 2014

TABLE OF CONTENTS

STATE OF INDIANA IDOI

MICHAEL R. PENCE, Governor

Indiana Department of Insurance
311 W. Washington Street, Suite 300
Indianapolis, Indiana 46204-2787
Telephone: (317) 232-2385
Fax: (317) 232-5251
Stephen W. Robertson, Commissioner

March 2, 2016

Honorable Stephen W. Robertson
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 3872, an examination has been made of the affairs and financial condition of:

Advantage Workers Compensation Insurance Company
111 Monument Circle, Suite 2700
Indianapolis, IN, 46204

an Indiana domestic property & casualty insurer hereinafter referred to as the "Company." The examination was conducted at its administrative office located at 100 W. Towne Ridge Pkwy, Suite 110, Sandy, UT 84070.

The Report of Examination, showing the status of the Company as of December 31, 2014, is hereby respectfully submitted.

SCOPE OF EXAMINATION

The Company was last examined by representatives of the Indiana Department of Insurance (INDOI) as of December 31, 2009. This risk-focused examination was conducted by The Thomas Consulting Group, Inc. (Thomas Consulting) and covered the period from January 1, 2010 through December 31, 2014, and included any material transactions and/or events occurring subsequent to the examination date and noted during the course of this examination.

In conducting this risk-focused examination, the INDOI, by its representatives, relied upon the independent audit reports and opinions contained therein rendered by Ernst & Young LLP for each year of the examination period. Such reports were prepared on a statutory basis and reconciled to the financial statements contained in the respective Annual Statements.

The actuarial firm of Merlinos & Associates, Inc. (Merlinos) was appointed by the INDOI to conduct a review of the Company's Loss Reserves and Loss Adjustment Expenses as of December 31, 2014.

In accordance with the 2014 NAIC *Financial Condition Examiners Handbook*, Thomas Consulting planned and performed the risk-focused examination to evaluate the financial condition of the Company, and to identify prospective risks related to its operations. The examination process included an evaluation of corporate governance, identification and assessment of inherent risks, and documentation of system controls and procedures used to mitigate the identified risks. In addition, the Examiners performed an assessment of the principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The examination also included a review of the Company's compliance with Statutory Accounting Principles, Annual Statement Instructions, and the Indiana Insurance Code. All accounts and activities of the Company were considered in accordance with the risk-focused examination process.

HISTORY

The Company was incorporated by the State of Iowa on September 4, 1981, and commenced business on November 15, 1981, under the name Equitable Casualty Insurance Company. The Company was formed as a wholly owned subsidiary of Equitable General Insurance Company of Iowa.

The capital stock of the Company and its subsidiary, Equitable General Insurance Company of Oklahoma, Incorporated, was transferred to Equitable Investment Corporation, parent of Equitable General Insurance Company of Iowa, on March 31, 1982.

Financial Security Assurance Incorporated (FSA) acquired the Company and its subsidiary on June 12, 1986, and their names were changed to Financial Security Assurance of Iowa, Incorporated, and Financial Security Assurance of Oklahoma, Incorporated, respectively.

The Company redomesticated to the State of Indiana on August 23, 1989, and changed its name to Financial Security Assurance International Incorporated, pursuant to an Iowa Insurance Division Bulletin dated January 6, 1989. The bulletin stated that, "Effective July 1, 1989, all 'nondomestics' shall either move their actual operating locations to Iowa or redomesticate out of Iowa."

The Company's subsidiary was transferred to FSA on December 20, 1995, as part of an extraordinary dividend divesting the Company of all assets other than its licenses and assets required to maintain

its licenses or held as special deposits with various states. The Company also became party to Assignment Agreements dated July 1, 1995, which assigned all of the Company's in-force policies and reinsurance to FSA. As a result, the Company had no liabilities as of December 31, 1995, and became inactive.

ManagedComp Insurance Company acquired 100% of the Company's stock on June 11, 1997, and the Company's name was changed to ManagedComp National Insurance Company.

On August 4, 1998, the Workers Compensation Fund (WCF) of Utah acquired the Company's capital stock and all operations were moved to WCF's offices in Murray, Utah. The Stock Purchase Agreement between ManagedComp National Insurance Company and WCF stated that as of the closing date the Company would have no liabilities or obligations, including taxes, and that all liabilities and obligations of the Company incurred prior to June 11, 1997, were assigned to FSA. The Company changed its name to Advantage Workers Compensation Insurance Company effective December 4, 1998, by an amendment to its Articles of Incorporation.

On July 18, 2004, WCF transferred 100% of the Company's stock to a voting trust after receiving prior approval from the INDOI for the change in control. The Trustee of the voting trust is The National Bank of Indianapolis (NBI). The Trustee votes on all shareholders' matters according to the voting guidance received by Utah based policyholders of WCF, who are also policyholders of the Company. The Company is no longer part of the WCF holding company system. In addition, NBI filed for Limited Disclaimer of Control with the INDOI.

CAPITAL AND SURPLUS

As of December 31, 2014, the Company had 1,000,000 shares of $15 par value common stock authorized and 200,000 shares issued and outstanding. The Company has no preferred stock authorized, issued, or outstanding. No dividends or common stock have been paid or declared by the Board of Directors during the period under examination.

Effective January 1, 2012, the Company entered into a Surplus Maintenance Agreement with WCF. In the agreement, WCF agreed to provide sufficient funding to the Company, whereby, the Company's surplus amount would be at least equal to $50,000,000. The agreement was renewed January 1, 2014.

During the examination period, the Company received capital contributions from WCF in the amounts of $4,000,000 in 2011, $3,500,000 in 2012, and $1,500,000 in 2014. As of December 31, 2014, the Company had $50,802,595 in surplus. The balance identified as Gross Paid In and Contributed Surplus accounts was $55,350,000.

TERRITORY AND PLAN OF OPERATION

The Company is licensed to provide workers' compensation insurance to all fifty states and the District of Columbia. The Company writes workers' compensation insurance in forty-nine states and the District of Columbia; however, it does not write workers' compensation insurance in Utah.

In 2011, the Company reported substantial underwriting and overall operating losses primarily stemming from certain underwriting programs where the Company saw a significant increase in lost time and severity arising out of its 2010 and 2011 accident years. The Company discontinued these underwriting

programs in early 2012. The combined written premium from the two discontinued programs was less than 1% of gross written premium for the year ended December 31, 2014.

The Company's 2014 premium writings were derived primarily through a fronting agreement with WCF. However, the Company's Board of Directors, at the September 18, 2014 board meeting, approved the business plan to write direct business effective October 1, 2014. The Company appointed two former program managers and two agents with offices outside of Utah to write direct business.

GROWTH OF THE COMPANY

The following exhibit summarizes the financial results of the Company for the period under examination:

Year	Admitted Assets	Liabilities	Capital & Surplus	Net Premium Earned	Net Income (Loss)
2014	$107,859,928	$57,057,333	$50,802,595	$8,933,544	($1,192,116)
2013	118,647,150	68,417,752	50,229,398	8,591,960	(228,763)
2012	125,685,092	75,421,738	50,263,354	17,315,343	(4,116,809)
2011	140,100,952	89,728,391	50,372,561	41,379,048	(17,482,424)
2010	132,689,055	65,844,653	66,844,402	40,966,639	298,721

In 2011 and 2012, the Company incurred significant losses related to non-WCF policies. The development can be attributed primarily to unfavorable development of residual claims from a California agency business which was discontinued in 2012. The Company continued to experience adverse losses in 2013 and 2014 due to this exposure.

LOSS EXPERIENCE

The following exhibit shows the underwriting results of the Company for the period under examination. The amounts were compiled from the Company's filed Annual Statements and from examination results:

Year	Premiums Earned	Losses and Loss Adjustment Expenses Incurred	Other Underwriting Expenses Incurred	Loss and Loss Adjustment Expense Ratio	Combined Ratio
2014	$8,933,544	$10,654,552	$2,136,641	119.26%	143.18%
2013	8,591,960	9,255,701	2,730,688	107.73%	139.51%
2012	17,315,343	21,705,717	3,897,432	125.36%	147.86%
2011	41,379,048	53,537,464	12,083,140	129.38%	158.58%
2010	40,966,639	30,998,087	12,887,366	75.67%	107.12%

The Company's net premiums earned decreased by $32,033,095 from 2010 to 2014. The Company made a strategic decision to discontinue the sale of all products not related to WCF programs based upon negative underwriting results in 2011. The Company reported an underwriting loss in four of the five years covered by this examination, including 2014.

MANAGEMENT AND CONTROL

Directors

The Company's Articles of Incorporation provide that the Board of Directors shall be composed of no less than five (5) or more than fifteen (15) members. The following is a listing of persons serving as directors as of December 31, 2014:

Name and Residence	Principal Business Affiliation
August Glissmeyer, Jr. Salt Lake City, Utah	Retired
Glen Steven Kuball Riverton, Utah	President and CEO Advantage Workers Compensation Insurance Company
Ray David Pickup South Jordan, Utah	President and CEO Workers Compensation Fund of Utah
Daniel Bruce Seitz Avon, Indiana	Partner Bose, McKinney & Evans LLP
Craig Lunt Smith Bountiful, Utah	Retired
Lane Alma Summerhays Salt Lake City, Utah	Chairman of the Board Workers Compensation Fund of Utah
Jacobus John Van de Graaf New Canaan, Connecticut	Retired

Changes in the Board of Directors of the Company during the examination period are shown below:

Thomas E. Callanan resigned as a member of the Board of Directors on November 15, 2011. On November 16, 2011, the board elected Glen Steven Kuball.

Effective December 2013, Richard Barger retired from the Board of Directors and was replaced by Craig Lunt Smith in March 2014.

Officers

The Company's Bylaws state that the officers of the Company shall be a President, one (1) or more Vice Presidents, a Secretary, and a Treasurer and such other officers as may be appointed in accordance with the provisions of Article V Section 1. The following is a list of key officers and their respective titles as of December 31, 2014:

Name	Title
Glen Steven Kuball	President
Nicholas Bradley Wright	Vice President, CFO and Treasurer
Steven Ray Self	Secretary

The Company has had turnover in its officers during the examination period. Thomas E. Callanan resigned as the President effective November 15, 2011 and as the CEO effective December 31, 2011. The Board of Directors elected Glenn Steven Kuball, as President and as director on November 16, 2011. The Board of Directors elected Nicholas Bradley Wright, Vice President, CFO and Treasurer and Steven Ray Self, as Secretary, on March 13, 2014.

Election of Officers

The Board of Directors met each year during the period of time under review. The Bylaws stipulate that the officers must be elected on an annual basis. The minutes of the Board of Directors meetings document the actions of the board to elect the officers of the Company on an annual basis, thereby satisfying the requirements within the Bylaws.

Corporate Governance

The committees and the member directors serving as of December 31, 2014 are shown below:

Investment Committee:

Lane Alma Summerhays	Chairman
Glen Steven Kuball	
Ray David Pickup	
Daniel Bruce Seitz	

Audit Committee:

August Glissmeyer, Jr.	Chairman
Ray David Pickup	
Craig Lunt Smith	
Jacobus John Van de Graaf	

Risk Committee:

Jacobus John Van de Graaf	Chairman
Glenn Steven Kuball	
Ray David Pickup	
Lane Alma Summerhays	

Nominating Committee:

Daniel Bruce Seitz	Chairman
August Glissmeyer, Jr.	
Jacobus John Van de Graaf	

CONFLICT OF INTEREST

The Company has established a conflict of interest policy through its Code of Ethics and Business Conduct for the disclosure of any material interest or affiliation by any one director or officer, which is likely to conflict with their official duties. The Company provided evidence of the continual review and update of the conflicts of interest for required persons with no material conflicts of interest noted.

OATH OF OFFICE

Indiana Code 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 corporation and will not knowingly violate any of the laws applicable to such corporation. The Company provided evidence that the "Oath of Office" statements were signed by each member of the Board of Directors.

CORPORATE RECORDS

Articles of Incorporation and Bylaws

The Company's Articles of Incorporation and Bylaws were not amended during the period under examination.

Minutes

The Board of Directors and Shareholder meeting minutes were reviewed for the period under examination through the end of fieldwork date and significant actions taken during each meeting were noted. The Board of Directors minutes provided evidence that the preceding meetings and action taken during those meetings were read and approved during the period under examination.

The appointed actuary presented actuarial results and information on an annual basis. In addition, the Actuarial Opinion and Reports were reviewed and approved annually by the Board of Directors.

AFFILIATED COMPANIES

Organizational Structure

Until July 18, 2004, the Company was a wholly owned subsidiary of WCF. On July 18, 2004, NBI became the legal owner of all issued and outstanding shares of the Company's stock; however, it has no economic interest in the Company and it lacks the authority or capacity to manage or control the operations of the Company.

Per the terms of the Voting Trust Agreement, solicitation materials related to all matters requiring a shareholder vote will be delivered to NBI and they will distribute solicitation material to policyholders of WCF and the Company. NBI will vote the Company's shares in direct proportion to the voting guidance

received from the policyholders. Subject to the above described voting procedures, the Company's independent Board of Directors has financial, operational and managerial control of the Company.

FIDELITY BOND

The Company protects itself against loss from any fraudulent or dishonest acts by a fidelity bond issued by Travelers Insurance. The bond provides coverage of an aggregate of $20,000,000 with a single loss limit of $10,000,000, and a deductible of $500,000. The fidelity bond exceeds the prescribed minimum coverage specified by the NAIC.

STATUTORY AND SPECIAL DEPOSITS

The Company reported the following special deposits as of December 31, 2014:

Indiana	$ 2,810,384	$ 2,890,630
All Other Special Deposits:		
Arizona	$ 8,192,199	$ 8,780,991
California	42,469,165	43,981,585
Delaware	77,255	81,274
Florida	79,918	81,524
Georgia	84,532	88,114
Idaho	3,288,401	3,385,694
Massachusetts	179,815	183,429
Montana	248,625	259,160
Nevada	99,450	103,664
New Hampshire	1,098,757	1,067,902
New Mexico	348,075	362,824
North Carolina	200,487	201,402
Oregon	1,193,400	1,243,969
Virginia	548,196	590,601
Total Other Special Deposits*	$ 58,108,274	$ 60,412,135
Total Statutory And Special Deposits	**$ 60,918,658**	**$ 63,302,765**

*Calculated balances may not total properly due to immaterial rounding differences.

REINSURANCE

Reinsurance Assumed

The Company has no assumed reinsurance program, except for its mandatory participation in the National Council on Compensation Insurers (NCCI) Reinsurance Pool or other state residual market pools. The Company's practice is to record the loss and loss adjustment expense reserves reported to it by the pools with accrual for any reporting lag. The assumed business comprised an immaterial amount of the Company's net written premium as of December 31, 2014.

Reinsurance Ceded

Prior to July 1, 2004, the Company ceded all its business to WCF under an aggregate excess of loss reinsurance program. The Company's retention was an amount equal to 20% of its written premium.

Effective July 1, 2004, through December 31, 2011, the Company reinsured 100% of the premium and loss and loss adjustment expense related to WCF policies that have out-of-state exposure with WCF. Effective January 1, 2012, the Company and WCF changed their reinsurance agreement covering the out-of-state exposure of WCF's Utah based policies to an 80% quota share with stop loss protection that limits the loss and loss adjustment expense ratio to 68% on the Company's 20% retention. Effective January 1, 2013, this arrangement, which renewed in 2014 and 2015, changed to a 50/50 quota share arrangement with the same stop protection. In 2014, the reinsurance premium ceded to WCF was $10,181,000 and the ceding commission was $2,183,000.

On December 28, 2000, the Company and WCF entered into a Reinsurance Trust Agreement, in which WCF funds a trust account at Zion's First National Bank so that the Company can take credit in all states for the reinsurance provided by WCF under the reinsurance agreement. The yearend 2014 market value of the reinsurance trust account was $32,497,000.

Effective October 1, 2014, policies not written through the WCF Reinsurance Trust Agreement were reinsured under an excess of loss reinsurance agreement. Under this program, the Company retains the first $1,000,000 and the unaffiliated reinsurer's limit of liability is $4,000,000 with each loss occurrence subject to a $12,000,000 aggregate limit. The reinsurance contract for the excess loss was negotiated through reinsurance intermediary, Guy Carpenter.

RESERVES

Rod Morris, FCAS, MAAA, a Specialist Leader with the firm of Deloitte Consulting, LLP, was appointed by the Board of Directors to render an opinion on the statutory-basis loss and loss adjustment expense reserves of the Company for all years throughout the examination period.

The Appointed Actuary examined the reserves listed in Exhibit A of the Annual Statement. In forming the opinion, information prepared by the Company was relied upon. The data provided was evaluated for reasonableness and consistency. The data was reconciled to Schedule P - Part 1 of the Company's Annual Statement as of December 31, 2014.

The 2014 opinion states the reserve balances: 1) meet the requirements of the insurance laws of the State of Indiana, 2) are consistent with reserves computed in accordance with accepted loss reserving standards and principles, and 3) make a reasonable provision for all unpaid loss and loss adjustment expense obligations of the Company under the terms of its contracts and agreements.

ACCOUNTS AND RECORDS

The Company's accounting procedures, practices, account records, and supporting information were reviewed and tested to the extent deemed necessary. The Annual Statement totals for Admitted Assets, Liabilities, Surplus, Premiums Written and Net Income for the years ended December 31, 2010 through December 31, 2014, were agreed to each year's trial balance with no exceptions noted.

In general, it was determined that the Company's accounting procedures, practices, and account records were satisfactory.

FINANCIAL EXHIBITS

Comparative Exhibit – Statutory Statement of Assets
Comparative Exhibit – Statutory Statement of Liabilities, Surplus, and Other Funds
Comparative Exhibit - Statutory Statement of Income
Comparative Exhibit – Statutory Capital and Surplus Account

NOTE: Amounts are shown in whole dollars and columns may not total due to rounding.

ADVANTAGE WORKERS COMPENSATION INSURANCE COMPANY

FINANCIAL STATEMENTS

Assets

	As of December 31, 2014			
	Per Annual Statement	Exam Adjustments	Per Examination	December 31, Prior Year
Bonds	$ 85,738,565	$ -	$ 85,738,565	$ 97,578,914
Cash, cash equivalents and short term investments	15,130,419	-	15,130,419	15,370,481
Subtotals, cash and invested assets	$ 100,868,984	$ -	$ 100,868,984	$ 112,949,395
Investment income due and accrued	$ 613,314	$ -	$ 613,314	$ 736,270
Premiums and considerations:				
Uncollected premiums and agents' balances in the course of collection	2,356,107	-	2,356,107	2,082,840
Deferred premiums, agents' balances and installments booked but deferred and not yet due	1,381,248	-	1,381,248	1,281,512
Reinsurance:				
Amounts recoverable from reinsurers	419,960	-	419,960	-
Guaranty funds receivable or on deposit	42,242	-	42,242	13,018
Electronic data processing equipment and software	14,175	-	14,175	17,578
Aggregate write-ins for other than invested assets	2,163,898	-	2,163,898	1,566,537
Total	**$ 107,859,928**	**$ -**	**$ 107,859,928**	**$ 118,647,150**

ADVANTAGE WORKERS COMPENSATION INSURANCE COMPANY

FINANCIAL STATEMENTS

Liabilities, Surplus, and Other Funds

	As of December 31, 2014			
	Per Annual Statement	Exam Adjustments	Per Examination	December 31, Prior Year
Losses	$ 39,159,466	$ -	$ 39,159,466	$ 46,785,978
Loss adjustment expenses	9,390,676	-	9,390,676	9,963,916
Commissions payable, contingent commissions and other similar charges	97,077	-	97,077	86,595
Other expenses	912,927	-	912,927	840,204
Taxes, licenses and fees	300,107	-	300,107	169,357
Unearned premiums	2,251,555	-	2,251,555	1,879,119
Advance Premium	163,840	-	163,840	236,651
Ceded reinsurance premiums payable	30,815	-	30,815	807,155
Funds held by company under reinsurance treaties	4,561,578	-	4,561,578	6,476,141
Amounts withheld or retained by company for account of others	147,296	-	147,296	1,172,636
Provision for reinsurance	41,996	-	41,996	-
Total Liabilities	$ 57,057,333	$ -	$ 57,057,333	$ 68,417,752
Common capital stock	$ 3,000,000	$ -	$ 3,000,000	$ 3,000,000
Gross paid in and contributed surplus	55,350,000	-	55,350,000	53,850,000
Unassigned funds	(7,547,405)	-	(7,547,405)	(6,620,602)
Surplus as regards policyholders	$ 50,802,595	$ -	$ 50,802,595	$ 50,229,398
Totals	**$ 107,859,928**	**$ -**	**$ 107,859,928**	**$ 118,647,150**

ADVANTAGE WORKERS COMPENSATION INSURANCE COMPANY

FINANCIAL STATEMENTS

Statement of Income

	As of December 31, 2014			
	Per Annual Statement	Exam Adjustments	Per Examination	December 31, Prior Year
Underwriting Income				
Premiums earned	$ 8,933,544	$ -	$ 8,933,544	$ 8,591,960
Deductions:				
Losses incurred	$ 6,982,938	$ -	$ 6,982,938	$ 8,685,805
Loss adjustment expenses incurred	3,671,614	-	3,671,614	569,896
Other underwriting expenses incurred	2,136,641	-	2,136,641	2,730,688
Total underwriting deductions	$ 12,791,193	$ -	12,791,193	$ 11,986,389
Net underwriting gain or (loss)	$ (3,857,649)	$ -	$ (3,857,649)	$ (3,394,430)
Investment Income				
Net investment income earned	2,815,108	-	2,815,108	3,221,390
Net realized capital gains or (losses)	1	-	1	3,348
Net investment gain (loss)	$ 2,815,109	$ -	$ 2,815,109	$ 3,224,738
Other Income				
Net gain (loss) from agents' or premium balances charged off	$ (138,236)	$ -	$ (138,236)	$ (42,457)
Aggregate write-ins for miscellaneous income	(11,340)	-	(11,340)	(10,242)
Total other income	$ (149,576)	$ -	$ (149,576)	$ (52,699)
Net income before dividends to policyholders, after capital gains tax and before federal and foreign income taxes	$ (1,192,116)	$ -	$ (1,192,116)	$ (222,391)
Federal and foreign income taxes incurred	-	-	-	(6,372)
Net Income	$ (1,192,116)	$ -	$ (1,192,116)	$ (228,763)

ADVANTAGE WORKERS COMPENSATION INSURANCE COMPANY

FINANCIAL STATEMENTS

Capital and Surplus Account

December 31 prior year	$ 50,229,398	$ 50,263,354	$ 50,372,561	$ 66,844,402	$ 66,158,832
Net Income	(1,192,116)	(228,763)	(4,116,809)	(17,482,424)	298,721
Change in net deferred income tax	-	-	-	(4,112,779)	679,229
Change in nonadmitted assets	307,309	194,807	507,602	1,123,362	(292,380)
Change in provision for reinsurance	(41,996)	-	-	-	-
Surplus adjustments:					
Paid in	1,500,000	-	3,500,000	4,000,000	-
Change in surplus as regards policyholders for the year	$ 573,197	$ (33,956)	$ (109,207)	$ (16,471,841)	$ 685,570
Surplus as regards policyholders, December 31 current year	$ 50,802,595	$ 50,229,398	$ 50,263,354	$ 50,372,561	$ 66,844,402

COMMENTS ON THE FINANCIAL STATEMENTS

There were no recommended adjustments to surplus as of December 31, 2014, based on the results of this examination.

OTHER SIGNIFICANT FINDINGS

There were no other significant findings noted based upon the results of this examination.

SUBSEQUENT EVENTS

There were two events subsequent to the examination date and prior to the completion of fieldwork that were considered material events requiring disclosure in this report.

Termination of Trust Agreement

The INDOI reviewed the Company's letter dated May 12, 2015, regarding termination of the Voting Trust Agreement executed on July 14, 2004 by the Company and NBI as Trustee. Under the agreement, NBI became the "legal" owner of all of the shares of the Company; however, as a directed trustee, it had no ability or authority to control or exercise direction of the Company. On September 1, 2015, the INDOI approved the termination of the Voting Trust Agreement without the requirement of a Form A filing or a hearing. As a result of the termination of the agreement, legal ownership of the Company reverted back to WCF.

Capital Contribution

On December 16, 2015, WCF's Board of Directors approved a $150,000,000 capital contribution to the Company. The capital contribution was in the form of cash and paid on January 15, 2016.

MANAGEMENT REPRESENTATION

In support of contingencies and accuracy of information provided during the course of the examination, the Examiners obtained a management representation letter in the standard NAIC format. This letter was executed by key financial personnel of the Company and provided to the Examiners.

AFFIDAVIT

This is to certify that the undersigned is a duly qualified Examiner-In-Charge appointed by the Indiana Department of Insurance and that he, in coordination with staff assistance from The Thomas Consulting Group, Inc. performed an examination of the **Advantage Workers Compensation Insurance Company** as of **December 31, 2014**,

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

The examination was performed in accordance with those procedures required by the 2014 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 standard 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 condition of the **Advantage Workers Compensation Insurance Company** as of **December 31, 2014,** as determined by the undersigned.

David Daulton, CFE
The Thomas Consulting Group, Inc.

State of: OREGON
County of: JACKSON

On this 7TH day of APRIL, 2016, before me personally appeared, David Daulton, to sign this document.

IN WITNESS WHEROF, 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 MAY 28, 2018

Notary Public

OFFICIAL STAMP
DARLENE M BELLINI
NOTARY PUBLIC-OREGON
COMMISSION NO. 928962
MY COMMISSION EXPIRES MAY 28, 2018

OFFICIAL STAMP
DARLENE M BELLINI
NOTARY PUBLIC-OREGON
COMMISSION NO. 928982
MY COMMISSION EXPIRES MAY 26, 2018