

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

IN THE MATTER OF:)
)
Vantage Casualty Insurance Company)
100 Mulberry Street, Gateway 4, FL 3)
Newark, New Jersey 07102)

Examination of Vantage Casualty 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 Vantage Casualty 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 Vantage Casualty 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.

8-20-2013
Date


Cynthia D. Donovan
Chief Financial Examiner

CERTIFIED MAIL NUMBER: 9214 8901 0661 5400 0020 1254 51

STATE OF INDIANA)
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COUNTY OF MARION) COMMISSIONER OF INSURANCE

IN THE MATTER OF:)
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Vantage Casualty Insurance Company)
100 Mulberry Street, Gateway 4, FL 3)
Newark, New Jersey 07102)

Examination of Vantage Casualty Insurance Company

FINDINGS AND FINAL ORDER

The Indiana Department of Insurance conducted an examination into the affairs of the Vantage Casualty Insurance Company (hereinafter "Company") for the time period January 1, 2007 through December 31, 2011.

The Verified Report of Examination was filed with the Commissioner of the Department of Insurance (hereinafter "Commissioner") by the Examiner on April 15, 2013.

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 7, 2013 and was received by the Company on May 14, 2013.

On August 14, 2013, 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, 2011.
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 20 day of
August, 2013.

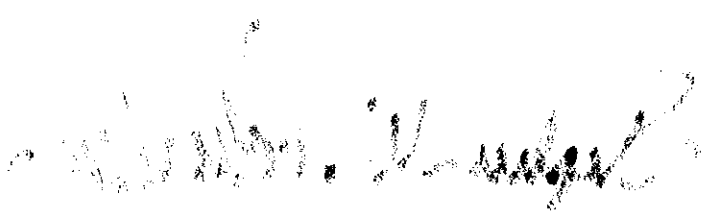

Stephen W. Robertson
Insurance Commissioner

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

VANTAGE CASUALTY INSURANCE COMPANY

NAIC COMPANY CODE 11821

As of

December 31, 2011

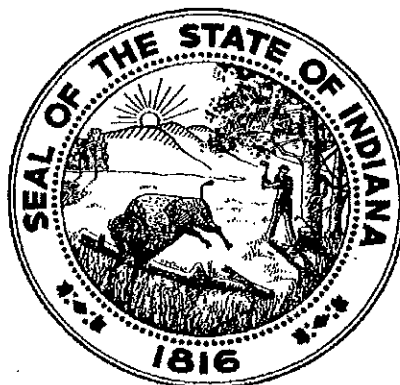


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STATE OF INDIANA

MICHAEL R. PENCE, Governor

IDOI

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

April 15, 2013

Honorable Stephen W. Robertson
Commissioner
Indiana Department of Insurance
311 West Washington Street, Suite 300
Indianapolis, Indiana 46204

Dear Commissioner:

Pursuant to the authority vested in Appointment Number 3717, an examination has been made of the affairs and financial condition of:

Vantage Casualty Insurance Company
36 South Pennsylvania Street, Suite 700
Indianapolis, Indiana 46204

an Indiana domestic, stock, property and casualty insurance company hereinafter referred to as the "Company" or "Vantage." The examination was conducted at the corporate offices of the Company at 100 Mulberry Street, Newark, New Jersey.

The Report of Examination, showing the status of the Company as of December 31, 2011, is hereby respectfully submitted.

Indiana Department of Insurance
NAIC Accredited

Vantage Casualty Insurance Company
Financial Examination as of 12/31/2011

ACCREDITED BY THE
NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

SCOPE OF EXAMINATION

The Company was last examined by representatives of the Indiana Department of Insurance (INDOI) as of the period ending December 31, 2007. The present risk-focused examination was conducted by The Thomas Consulting Group, Inc. (Thomas Consulting Group) and Merlinos & Associates, Inc. and covered the period from January 1, 2008 through December 31, 2011, and included any material transactions and/or events occurring subsequent to the examination date and noted during the course of this examination. The INDOI examination was coordinated with the examination of the insurance subsidiaries of Prudential Financial, Inc. (PFI) which was conducted by the states of New Jersey, Connecticut, Arizona, and Iowa. Under the coordinated examination, the State of New Jersey was designated as the lead state.

In conducting the risk-focused examination, the INDOI, by its representatives, relied upon the independent consolidated audit reports and opinions for PFI contained therein rendered by PricewaterhouseCoopers LLP for each year of the examination period.

In accordance with the NAIC *Financial Condition Examiners Handbook*, The Thomas Consulting Group 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.

There were no comments or recommendations made in the previous INDOI report of examination.

HISTORY

The Company, incorporated on September 24, 2003, is an Indiana domiciled property and casualty insurance company. The Company received a Certificate of Authority from the INDOI on October 29, 2003, and commenced business on October 31, 2003. The Company is a 100% owned subsidiary of PFI, a New Jersey corporation.

On October 3, 2002, PFI, announced plans to dispose of its property and casualty subsidiaries. The formation of the Company was a direct result of the sale of Prudential Property and Casualty Insurance Company ("Prupac"), Prudential General Insurance Company ("Prugen") and Prudential Commercial Insurance Company ("Prucom") on November 1, 2003. As per the terms of the sale, the Company was formed to reinsure certain risks the buyer, Liberty Mutual Group ("LMG"), did not want to retain. The Company entered into four reinsurance contracts with Prupac effective October 30, 2003. Three of these four contracts have expired as of the date of this Report of Examination. The active reinsurance contract, covering specifically named risks written or assumed by Prupac, is referred to as the Excluded Contract, has no expiration date.

CAPITAL AND SURPLUS

The Company's articles of incorporation authorize 1,000 shares of \$2,000 par value common capital

stock. As of December 31, 2011, the Company had 500 shares of common stock issued and outstanding in the amount of \$1,000,000. All of the outstanding common shares were owned by its parent company, PFI. At the Company's inception, PFI also contributed surplus of \$24,500,000. On March 23, 2004, PFI contributed additional surplus of \$14,700,000. On September 15, 2009, the Company paid an extraordinary dividend of \$15,000,000 to PFI. A portion of the extraordinary dividend in the amount of \$3,000,000 was recorded as a return of capital. As of December 31, 2011, the Company's total contributed surplus was \$36,200,000.

DIVIDENDS TO STOCKHOLDERS

During the examination period, the Company paid a dividend to its stockholder in the amount of \$10,000,000 in 2008 and an extraordinary dividend of \$15,000,000 in 2009. Both dividends were properly reported to the INDOI in accordance with the requirements of IC 27-1-23-1.5. In addition, the extraordinary dividend of \$15,000,000 was approved by the INDOI on September 10, 2009, in accordance with IC 27-1-23-4(g).

TERRITORY AND PLAN OF OPERATION

The Company is licensed to transact insurance business in the states of Indiana and Ohio. The Company is also an accredited reinsurer in the states of Delaware and New York.

As noted in the History section of this report, the Company was formed to reinsure certain risks directly related to the 2003 sale of PFI's property and casualty subsidiaries. The Company does not write or assume any other business but continues to run-off the business assumed from LMG and Titan Holdings Inc. ("THI").

GROWTH OF THE COMPANY

Comparative financial data, as reported in the Company's filed Annual Statements for the period under examination, was as follows:

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Total admitted assets	\$ 100,899,142	\$ 97,793,915	\$ 93,397,870	\$128,700,337
Total liabilities	56,691,346	55,377,756	51,763,258	76,385,829
Surplus	44,207,796	42,416,159	41,634,612	52,314,508
Net income	1,721,111	750,287	9,486,593	2,818,037
Premiums earned	0	0	0	1,263,024

In 2009, the Company's total net admitted assets decreased approximately \$35,000,000 primarily as a result of the payment of a \$15,000,000 dividend and a \$20,000,000 commission payment related to an assumed reinsurance contract.

The Company's main source of income is derived from its investments. The Company has not recognized any premium income in the years following 2008. The unearned premium reserve for the reinsurance premiums assumed in 2004 was fully amortized in 2008. As a result, premiums earned in 2009 decreased to \$0.

MANAGEMENT AND CONTROL

Directors

The Bylaws provide the business affairs of the Company are to be managed by a Board of Directors consisting of not less than five and no more than eleven persons. The stockholder, at its annual meeting, elects the members of the Board of Directors. The following is a listing of persons serving as Directors at December 31, 2011:

<u>Name & Residence</u>	<u>Principal Occupation</u>
Helen M. Galt North Caldwell, New Jersey	Senior Vice President, Company Actuary, and Chief Risk Officer Prudential Financial, Inc.
Mark B. Grier Far Hills, New Jersey	Vice Chairman Prudential Financial, Inc.
Bernard J. Jacob Pleasantville, New York	Senior Vice President and Chief Financial Officer, US Businesses Prudential Financial, Inc.
Frederick P. McGarvey Indianapolis, Indiana	Vice President, Government Affairs Prudential Financial, Inc.
Peter B. Sayre Livingston, New Jersey	Senior Vice President and Controller Prudential Financial, Inc.

Officers

The Company's Bylaws state the officers of the Company, who shall be elected by the Board of Directors, shall consist of a President, Secretary, Controller, Treasurer, and such other officers, as the Board of Directors may deem advisable. The same person may hold any two or more offices. The following is a list of key officers and their respective titles as of December 31, 2011.

<u>Name</u>	<u>Title</u>
Jeanette Pollock	Chief Executive Officer and President
Lynne Chmura	Chief Financial Officer and Controller
Brian J. Curran	Vice President and Chief Investment Officer
Jurgen Muhlhauser	Treasurer
Barry D. Floyd	Secretary and Chief Legal Officer
Surangi U. Patel	Assistant Vice President
John J. Bauer	Assistant Controller
David S. Campen	Assistant Controller
Lynne M. Gandy	Assistant Controller
Carol A. Nowakowski	Assistant Controller

Robert A. Szuhany	Assistant Controller
Margaret M. Foran	Assistant Secretary
Laura J. Delaney	Assistant Treasurer
Kathleen C. Hoffman	Assistant Treasurer

Corporate Governance

As of December 31, 2011, the Company did not have any board committees. However, on May 20, 2010, the Board of Directors, through a Unanimous Written Consent, in Lieu of a Meeting, appointed the Board of the Company as its Audit Committee. The Company provided notice of this appointment to the INDOI on May 27, 2010.

In addition to its Board of Directors, the Company receives oversight from the Board and management committees of PFI. The PFI Board committees included an Audit Committee, Finance Committee, Investment Committee, and a Compensation Committee.

CONFLICT OF INTEREST

The Company has in place an established conflict of interest policy and procedures for the disclosure of any material interest or affiliation by any director, officer, or key employee, which is likely to conflict with their official duties. From a review of the officers and directors signed statements, there were no conflicts of interest reported by any of the officers or directors.

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. It was noted during the examination the board members did subscribe to an Oath of Office.

CORPORATE RECORDS

Articles of Incorporation and Bylaws

There were no amendments to the Articles of Incorporation or Bylaws during the period under examination.

Minutes

The Board of Directors and Shareholder meeting minutes were reviewed for the period under examination through the fieldwork date and significant actions taken during each meeting were noted. It was noted that the annual meetings and other regular Board meetings were held in accordance with the Company's Bylaws.

AFFILIATED COMPANIES

Organizational Structure

The Company is a wholly owned, direct subsidiary of PFI, the ultimate controlling entity of an insurance holding company system.

Affiliated Agreements

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

Keepwell Agreement – PFI

In connection with the sale of all the issued and outstanding shares of capital stock of Gibraltar Casualty Company (“GCC”), and the sale of Prupac to LMG on November 1, 2003, Vantage has entered into reinsurance agreements with Prupac covering certain liabilities of Mt. McKinley Insurance Company (“MMIC”) formerly known as GCC. Pursuant to the Keepwell Agreement between Vantage and PFI, if Vantage incurs a loss under the reinsurance agreements that require it to establish a reserve or increase its reserve as a result of such loss, PFI shall pay Vantage an amount, in cash, equal to the amount of such loss. There was no activity for 2011. The Keepwell Agreement was approved by the INDOI on October 29, 2003.

Administrative Services Agreement – PFI

Vantage has entered into an Agreement with PFI pursuant to which PFI provides services to Vantage that are customarily performed by PFI in the operation of its business. The method of calculation of the compensation to be paid by Vantage is intended to result in PFI being reimbursed at a fair and reasonable rate. The Administrative Service Agreement was approved by the INDOI on October 29, 2003.

Investment Management Agreement – Prudential Investment Management, Inc.

Vantage has entered into an Agreement with its affiliate Prudential Investment Management, Inc. (“PIM”) pursuant to which PIM will provide asset management services. The method of calculation of the compensation to be paid by Vantage is intended to result in PIM being reimbursed at a fair and reasonable rate. Under the terms of the Investment Management Agreement, expenses incurred by Vantage were 1 % or less of Vantage’s admitted assets and therefore is not material. During 2011, Vantage paid \$95,892 to PIM. The Investment Management Agreement was approved by the INDOI on October 29, 2003.

Cash Management Administrative Services Agreement - The Prudential Insurance Company of America

Vantage has entered into an Agreement with its affiliate, The Prudential Insurance Company of America (“Prudential”), pursuant to which Prudential will provide cash management services including: calculating short-term borrowing and investment totals, monitoring daily cash positions, controlling cash balances on deposit at financial institutions, moving funds from concentration accounts or other accounts as needed, reporting future cash shortages and surpluses, and monitoring the accuracy of prior projections, on the terms and conditions and for the compensation set forth in the form agreement. The Cash Management Administrative Services Agreement was approved by the INDOI on October 29, 2003. During 2011, Vantage paid \$1,211,026 of expenses incurred under this agreement and the Administrative Services Agreement combined.

Consolidated Federal Income Tax Return Agreement – PFI and Affiliates

Vantage entered into a Consolidated Federal Income Tax Agreement with PFI and consolidated group affiliates wherein the consolidated federal income tax liability is allocated to the consolidated companies based on their separate return tax liabilities. This Agreement was approved by the INDOI on October 29, 2003.

FIDELITY BOND AND OTHER INSURANCE

The Company protects itself against loss from any fraudulent or dishonest acts by any employees through a fidelity bond issued to PFI. PFI has coverage of \$350,000,000 for itself and its subsidiaries. There is a \$250,000,000 deductible. Vantage has a separate \$50,000 fidelity bond. The fidelity bonds are adequate to meet the minimum coverage suggested by the NAIC for PFI and its subsidiaries.

Other major insurance coverages in force at December 31, 2011, included commercial general liability, errors & omissions, and directors & officers. All coverages were determined to be adequate as of December 31, 2011.

STATUTORY AND SPECIAL DEPOSITS

The Company maintains a statutory deposit with the INDOI in accordance with the requirements of IC 27-1-6-14(d)(2). At December 31, 2011, the book value and fair value of the statutory deposit was \$551,875 and \$659,336 respectively.

REINSURANCE

Reinsurance Assumed

During the period covered by this examination, the Company assumed business under the following reinsurance agreements:

Excluded Business Aggregate Excess of Loss Contract (“Excluded Contract”)

The Company entered into an excess of loss agreement with its three former affiliates: Prupac, Prugen and Prucom (collectively, the “cedants”) effective October 30, 2003. Under the terms of this agreement, the Company agrees to reinsure 100% of the ultimate net loss of the cedants in excess of the balances of a retention account held in total by the cedants for “Excluded Business.” The Excluded Business consists of specifically identified property and casualty risks either written or assumed by the cedants on or prior to the effective date of the Excluded Contract. As of December 31, 2011, the Company held approximately \$54,900,000 of loss and loss adjustment expense reserves related to its assumed business under the Excluded Contract.

Discontinued Channels Business Reinsurance Agreement (“Discontinued Contract”)

The Company entered into the Discontinued Contract with Prupac effective October 30, 2003. Under the terms of this agreement, the Company agreed to reinsure an aggregate amount equal to 100% of the ultimate net loss related to business written by Independent Agents and Prudential Personal Lines agents

on or prior to the effective date of the Discontinued Contract. In addition, the Discontinued Contract reinsured certain mandatory renewal business written by Independent Agents and Prudential Personal Lines agents subsequent to the effective date of the Discontinued Contract. The maximum coverage provided for the covered business subsequent to the effective date was limited to \$95,000,000. This Agreement expired at December 31, 2008.

All of the Company's obligations assumed under the Excluded Contract are guaranteed by PFI under the terms of a Guaranty Agreement entered into between the PFI and the LMG cedants, included in the Excluded Contract section above, effective October 31, 2003.

THI Assumption Agreement

Effective January 1, 2004, LMG novated an excess of loss contract to the Company that LMG had previously entered into with former PFI subsidiaries. The Company assumed automobile liability insurance under this novated agreement. As of December 31, 2011, the Company did not carry any reserves related to the THI Assumption Agreement.

Permitted Practice

The Company received a permitted practice from the INDOI on August 6, 2004, which allows the Company to account for any reimbursement due from PFI, pursuant to the Keepwell Agreement, as a direct offset to the reinsurance assumed entries.

Under the terms of the Keepwell Agreement, if the Company incurs a loss arising from two reinsurance agreements between Prupac and MMIC, a Proportional Excess of Loss Insurance Agreement and a Quota Share Reinsurance Agreement, that requires it to establish a reserve or increase its reserve as a result of such loss, PFI shall pay the Company an amount in cash equal to the amount of such loss.

Reinsurance Ceded

The Company has not entered into any ceded reinsurance contracts.

RESERVES

Marc B. Pearl, FCAS, MAAA, is a consulting actuary with the firm of Deloitte Consulting, LLP. Mr. Pearl was first appointed by the Board of Directors on June 28, 2004 to render an opinion on the statutory-basis loss reserves of the Company. He rendered an opinion on such reserves for the years ended December 31, 2008 to 2011.

The scope of the opinion was to examine the loss and loss adjustment expense reserves of the Company. In forming the opinion, information prepared by the Company was relied upon. This information was evaluated for reasonableness and consistency. The 2011 opinion stated the reserves: A) meet the requirements of the insurance laws of the State of Indiana; B) are consistent with reserves computed in accordance with accepted loss reserving standards and principles; and C) make a reasonable provision for all unpaid loss and loss expense obligations of the Company under the terms of its contracts and agreements.

During the examination, it was determined by the INDOI consulting actuaries, David Shepherd, FCAS,

MAAA, and Jeremy Hoch, ACAS, MAAA, that the material actuarial items in the Annual Statement of the Company are materially correct and fairly stated in accordance with statutory accounting practices prescribed or permitted by the Commissioner of Insurance of the State of Indiana.

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, 2011, was agreed to the Annual Statement without exception. The Examiners determined the Company's accounting procedures, practices, and account records were satisfactory.

On December 14, 2011, the Company was granted an exemption by the INDOI from filing audited financial statements under IC 27-1-3.5-5.

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.

VANTAGE CASUALTY INSURANCE COMPANY

FINANCIAL STATEMENTS

Assets

As of December 31, 2011

	Per Annual Statement	Exam Adjustments	Per Examination	December 31, Prior Year
Assets:				
Bonds	\$ 84,231,063	\$ -	\$ 84,231,063	\$ 87,412,175
Cash, cash equivalents and short-term investments	15,056,268	-	15,056,268	8,675,130
Receivable for securities	18,750	-	18,750	-
Investment income due and accrued	1,103,297	-	1,103,297	1,076,953
Current federal and foreign income tax recoverable and the interest thereon	-	-	-	210,419
Net deferred tax asset	489,764	-	489,764	419,238
Total Assets	\$ 100,899,142	\$ -	\$ 100,899,142	\$ 97,793,915

VANTAGE CASUALTY INSURANCE COMPANY

FINANCIAL STATEMENTS

Liabilities, Surplus and Other Funds

	As of December 31, 2011			
	Per Annual Statement	Exam Adjustments	Per Examination	December 31, Prior Year
Liabilities:				
Losses	\$ 54,873,752	\$ -	\$ 54,873,752	\$ 54,881,251
Reinsurance payable on paid losses and	88,530	-	88,530	85,951
Loss adjustment expenses	65,294	-	65,294	91,465
Other expenses	209,888		209,888	219,156
Taxes, licenses and fees	14,260	-	14,260	14,015
Current federal and foreign income taxes	1,321,026		1,321,026	-
Payable to parent, subsidiaries, and affiliates	118,596	-	118,596	85,918
Total Liabilities	\$ 56,691,346	\$ -	\$ 56,691,346	\$ 55,377,756
Aggregate write-ins for special surplus funds	\$ 326,509	\$ -	\$ 326,509	\$ 279,570
Common capital stock	1,000,000	-	1,000,000	1,000,000
Gross paid in & contributed surplus	36,200,000	-	36,200,000	36,200,000
Unassigned funds (surplus)	6,681,287	-	6,681,287	4,936,589
Capital and surplus, December 31, current year	\$ 44,207,796	\$ -	\$ 44,207,796	\$ 42,416,159
Total liabilities, capital and surplus	\$ 100,899,142	\$ -	\$ 100,899,142	\$ 97,793,915

VANTAGE CASUALTY INSURANCE COMPANY

FINANCIAL STATEMENTS

Statement of Income

As of December 31, 2011

	Per Annual Statement	Exam Adjustment s	Per Examination	December 31, Prior Year
Premiums earned	\$ -	\$ -	\$ -	\$ -
Losses incurred	(5,821)	-	(5,821)	3,428,179
Loss expenses incurred	1,851	-	1,851	88,640
Other underwriting expenses incurred	1,203,797	-	1,203,797	1,349,120
Total underwriting deductions	<u>1,199,827</u>	<u>-</u>	<u>1,199,827</u>	<u>4,865,939</u>
Net underwriting gain	\$ (1,199,827)	\$ -	\$ (1,199,827)	\$ (4,865,939)
Net investment income	4,294,120	-	4,294,120	4,242,252
Net realized capital gains or (losses)	(23,086)	-	(23,086)	(284,123)
Net investment gain	\$ 4,271,034	\$ -	\$ 4,271,034	\$ 3,958,129
Net before federal income taxes	3,071,207	-	3,071,207	(907,810)
Federal income taxes incurred	1,350,096	-	1,350,096	(1,658,097)
Net Income	\$ 1,721,111	\$ -	\$ 1,721,111	\$ 750,287

VANTAGE CASUALTY INSURANCE COMPANY

FINANCIAL STATEMENTS

Capital and Surplus Account

	<u>As of December 31, 2011</u>			
	<u>Per Annual Statement</u>	<u>Exam Adjustments</u>	<u>Per Examination</u>	<u>December 31, Prior Year</u>
Capital and Surplus Account:				
Capital and surplus, December 31, prior year	\$ 42,416,159	\$ -	\$ 42,416,159	\$ 41,634,612
Net income	1,721,111	-	1,721,111	750,287
Change in net deferred income tax	275,162	-	275,162	(1,343,355)
Change in nonadmitted assets and related items	(251,575)	-	(251,575)	1,353,696
Aggregate write-ins for gains and losses in surplus	46,939	-	46,939	20,919
Net change in capital and surplus for the year	<u>\$ 1,791,637</u>	<u>\$ -</u>	<u>\$ 1,791,637</u>	<u>\$ 781,547</u>
Capital and surplus, December 31, current year	<u>\$ 44,207,796</u>	<u>\$ -</u>	<u>\$ 44,207,796</u>	<u>\$ 42,416,159</u>

COMMENTS ON THE FINANCIAL STATEMENTS

There were no recommended adjustments to surplus as of December 31, 2011, based on the results of this examination.

OTHER SIGNIFICANT FINDINGS

There were no significant findings made as a result of this examination. In addition, there were no comments made in the prior report of examination.

SUBSEQUENT EVENTS

There were no events subsequent to the examination date and prior to the completion of fieldwork that were considered material events requiring disclosure in this report.

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 Examiner.

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., hereinafter collectively referred to as the "Examiners" performed an examination of the **Vantage Casualty Insurance Company, as of December 31, 2011.**

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 2011 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 **Vantage Casualty Insurance Company, as of December 31, 2011**, as determined by the undersigned.



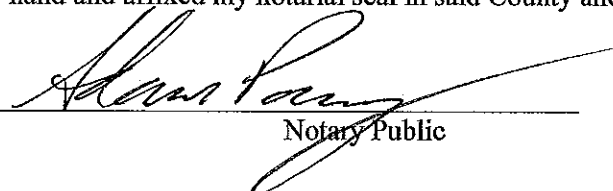
D. Patrick Huth, CFE
The Thomas Consulting Group, Inc.

State of:
County of:

On this 6th day of May, 2013, before me personally appeared, D. Patrick Huth, 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 DEC 6 2013


Notary Public