



STATE OF CONNECTICUT

INSURANCE DEPARTMENT

ORDER ADOPTING REPORT OF EXAMINATION

I, Andrew N. Mais, Insurance Commissioner of the State of Connecticut, having fully considered and reviewed the Examination Report (the "Report") of New London County Mutual Insurance Company (the "Company") as of December 31, 2023, do hereby adopt the findings and recommendations contained therein based on the following findings and conclusions.

TO WIT:

1. I, Andrew N. Mais, Insurance Commissioner of the State of Connecticut and as such is charged with the duty of administering and enforcing the provisions of Title 38a of the Connecticut General Statutes ("C.G.S.").
2. The Company is a domestic insurer authorized to transact the business of insurance in the State of Connecticut.
3. On April 22, 2025, the verified Report of the Company was filed with the Connecticut Insurance Department (the "Department").
4. In accordance with C.G.S. §38a-14(e)(3), the Company was afforded a period of thirty (30) days within which to submit to the Department a written submission or rebuttal with respect to any matters contained in the Report.
5. On April 29, 2025, the Company notified the Department of certain responses and comments on certain items contained in the Report.
6. Following review of the Report, it was deemed necessary and appropriate to modify the Report. A copy of the Report is attached hereto and incorporated herein as Exhibit A.

NOW, THEREFORE, it is ordered as follows:

1. That the Report of the Company is hereby adopted as filed with the Department.
2. That the Company shall comply with the recommendations set forth in the Report, and that failure by the Company to so comply shall result in sanctions or administrative action as provided by Title 38a of the C.G.S.
3. Section 38a-14(e)(4)(A) of the CGS requires that:

"The secretary of the Board of Directors or similar governing body of the entity shall provide a copy of the report or summary to each director and shall certify to the Commissioner, in writing, that a copy of the report or summary has been provided to each director."

Please address the certification to the Commissioner but send said certification to the care/attention of Wayne Shepherd, Supervising Examiner, of the Financial Regulation Division.

4. Section 38a-14(e)(4)(B) of the CGS requires that:

"Not later than one hundred twenty days after receiving the report or summary the chief executive officer or the chief financial officer of the entity examined shall present the report of summary to the entity's Board of Directors or similar governing body at a regular or special meeting."

This will be verified by the Insurance Department either through analysis or examination follow-up.

Dated at Hartford, Connecticut, this 19th day of May, 2025.





Andrew N. Mais
Insurance Commissioner

EXHIBIT A

EXAMINATION REPORT

OF THE

NEW LONDON COUNTY MUTUAL INSURANCE COMPANY
(NAIC # 14826)

AS OF

DECEMBER 31, 2023

BY THE

CONNECTICUT INSURANCE DEPARTMENT



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April 22, 2025

The Honorable Andrew N. Mais
Commissioner of Insurance
State of Connecticut Insurance Department
153 Market Street, 7th Floor
Hartford, Connecticut 06103

Dear Commissioner Mais:

In compliance with your instructions and pursuant to the requirements of Section 38a-14 of the General Statutes of the State of Connecticut (CGS), the undersigned has made a financial examination of the condition and affairs of

NEW LONDON COUNTY MUTUAL INSURANCE COMPANY

(hereinafter referred to as the Company or New London), a mutual corporation incorporated under the laws of the State of Connecticut and having its home and administrative office located at 101 High Street, Norwich, Connecticut. The report of such examination is submitted herewith.

SCOPE OF THE EXAMINATION

The previous examination of the Company was conducted by the Financial Regulation Division of the Connecticut Insurance Department (Department) as of December 31, 2018. The current examination, which covers the period from January 1, 2019, to December 31, 2023, was conducted virtually and at the administrative offices of the Company.

Concurrent examinations were made of the following Connecticut and non-Connecticut domestic property and casualty companies, collectively referred to as the Group:

- New London County Mutual Insurance Company (CT)
- Thames Insurance Company, INC. (Thames) (CT)
- Hingham Mutual Fire Insurance Company (Hingham) (MA)
- Danbury Insurance Company (Danbury) (MA)

The Massachusetts Division of Insurance participated in the financial examination of their domestic property/casualty companies.

As part of the examination planning procedures, the Department reviewed the following materials from 2019 through 2023:

- Board of Director (Board) and Committee minutes (through the latest 2025 minutes);
- Statutory audit reports, prepared by Marcum, LLC (Marcum), the Group's independent certified public accountants;
- Management's Discussion and Analysis;
- Statements of Actuarial Opinion; and

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- Annual Statements filed with the Department.

A comprehensive review was made of the financial analysis files and documents submitted to the Financial Analysis Unit of the Department, reports from the National Association of Insurance Commissioners (NAIC) database, which indicated no material concerns with respect to financial condition or regulatory compliance issues.

Work papers prepared by Marcum in connection with its annual statutory audit were reviewed and relied upon to the extent deemed appropriate (Note: On November 1, 2024, CBIZ, Inc. announced it has completed the acquisition of Marcum. CBIZ is a leading national professional services advisor providing accounting, tax, benefits, insurance, and technology services, primarily to middle-market businesses).

Baker Tilly, US, LLP (BT) was engaged by the Department to conduct an evaluation of the Group's Information Technology (IT) controls.

We conducted our examination in accordance with the NAIC Financial Condition Examiners Handbook (Handbook). The Handbook requires that we plan and perform the examination to evaluate the financial condition, assess corporate governance, identify current and prospective risks of the company and evaluate system controls and procedures used to mitigate those risks. An examination also includes identifying and evaluating significant risks that could cause an insurer's surplus to be materially misstated both currently and prospectively.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. This may include assessing significant estimates made by management and evaluating management's compliance with Statutory Accounting Principles. The examination does not attest to the fair presentation of the financial statements included herein. If, during the course of the examination an adjustment is identified, the impact of such adjustment will be documented separately following the Company's financial statements

This examination report includes significant findings of fact and general information about the Company and its financial condition. There may be other items identified during the examination that, due to their nature (e.g., subjective conclusions, proprietary information, etc.), are not included within the examination report but separately communicated to other regulators and/or the Company.

Failure of items in this report to add to totals or for totals to agree with captioned amounts is due to rounding.

HISTORY

The Connecticut General Assembly chartered the New London County Mutual Fire Insurance Company at the May 1840, session. Special Act No. 211 of the 1955 General Assembly permitted the Company to change its name to New London County Mutual Insurance Company.

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In 1975, the Company formed a stock insurance subsidiary, Thames. Thames was incorporated by Special Act No. 75-13 of the Connecticut General Assembly and was licensed and commenced business in 1977, primarily engaging in the business of selling property insurance products.

In 1987, NLC Insurance Companies, Inc. (NLC) was formed as a downstream insurance holding company. All issued and outstanding shares of the common stock of Thames were transferred and assigned to NLC. The Company owns 100% of the outstanding stock of NLC. In May 1996, NLC Insurance Agency, Inc. was incorporated as a wholly owned subsidiary of NLC.

On June 20, 2000, NLC purchased a majority interest in Agents Investors Group, Inc. (AIGI).

On December 31, 2004, the Company purchased the remaining shares held by the minority owners and now owns 100% of AIGI.

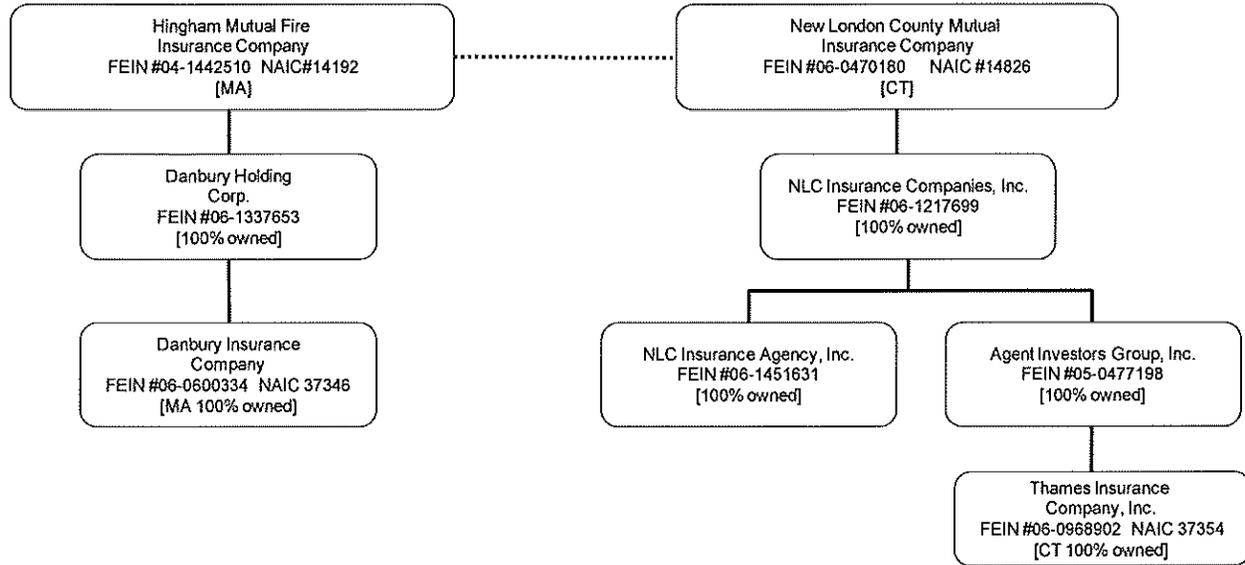
Effective December 22, 2005, Thames merged with Summit Insurance Company (Summit) a Rhode Island domiciled insurance company, leaving Thames as the surviving entity. Effective on the same date, Thames changed its name to Summit. However, on January 1, 2008, Summit changed its name to Thames. In 2005, prior to the merger of Summit and Thames, NLC Insurance Companies Inc., then the direct parent of Thames, contributed its ownership interest in Thames to AIGI.

On June 9, 2010, the Company and Hingham entered into an Affiliation Agreement (the Affiliation) pursuant to which Hingham became affiliated with the Company. The transaction was approved by the Massachusetts Commissioner of Insurance on August 19, 2010, and became effective on September 10, 2010. Pursuant to the Affiliation, the Company acquired indirect control of Danbury because of the Company's right to nominate six (6) of the ten (10) directors to the Hingham Board of Directors, pursuant to Section 3.1 of the Affiliation and to changes to Hingham's Articles of Organization and Bylaws.

NEW LONDON COUNTY MUTUAL INSURANCE COMPANY

ORGANIZATIONAL CHART

The following is an organizational chart of the Company and its subsidiaries and affiliated companies as of December 31, 2023:



MANAGEMENT AND CONTROL

The bylaws and charter provide that the Company be managed by a Board of not less than three (3) or more than fifteen (15) annually elected directors. Annual meetings of policyholders are to be held at the principal offices of the Company in Connecticut or at such other place, either within or outside of Connecticut, as is designated in the notice of the meeting. The annual meeting is to be held in the month of April or on such other date and at a time as is stated in the notice of the meeting.

The bylaws provide that the Board be divided into three classes, as nearly equal in number as possible, with the tenure of office of one class to expire at each annual meeting of the members.

A regular meeting of the Board is to be held without notice immediately after the annual meeting of members, or as soon thereafter as convenient. All other regular meetings of the Board may be held without notice at such date, time and place, either in or outside of the State of Connecticut, as the Board may determine and fix by resolution.

Members of the Board serving the Company at December 31, 2023, were as follows:

Director

Steve H. Chevalier

Title and Principal Business Affiliation

President and Chief Executive Officer
NLC Insurance Companies

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Judy S. Jackson	Retired President and Chief Executive Officer NLC Insurance Companies
Martin C. Shapiro	Private Investor
Robert H. Steele	Vice Chairman, John Ryan Company
David Foley	Retired Actuary

The following individuals were serving the Company as officers at December 31, 2023:

<u>Officer</u>	<u>Title</u>
Steve H. Chevalier	President and Chief Executive Officer
Craig M. Thomas	Vice President, Chief Financial Officer, Treasurer and Secretary
Duc Ngo	Vice President and Chief Information Officer
Janice V. Ingarra	Vice President, Underwriting
Paul J. Chmura	Vice President, Marketing
Richard M. Lord	Vice President, Claims

Committees

The Board, by resolution adopted by the affirmative vote of the directors holding a majority of the number of directorships, may designate two or more directors to constitute an executive committee or other committees. The standing committees, as of December 31, 2023, were audit, investment, compensation, nominating and governance.

RELATED PARTY AGREEMENTS

Tax Allocation Agreement

Effective January 1, 2003, and amended January 1, 2005, as a result of the merger between the Company and Summit and later amended effective January 1, 2008, as the result of the name change of Summit to Thames, the Company and its direct and indirect subsidiaries elected to file a consolidated United States federal income tax return.

Intercompany Services Agreement

Effective September 22, 2010, the Company entered into an Intercompany Services Agreement in which the Company coordinates the resources and provides certain administrative and operational services to Thames, Hingham and Danbury.

Reinsurance Pooling Agreement

The Company, Thames, Hingham, and Danbury are each a "Pool Member" under the Reinsurance Pooling Agreement (Pooling Agreement). Under the terms of the Pooling Agreement effective January 1, 2010, Hingham, Danbury and Thames shall cede, and the Company shall reinsure, one hundred percent of the direct and assumed insurance business of Hingham, Danbury and Thames written prior to, on or after January 1, 2010, net of any losses ceded to other reinsurers. The

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Company will, in turn, retrocede to each of Hingham, Thames and Danbury, 29%, 15% and 6%, respectively, of the pooled liabilities.

TERRITORY AND PLAN OF OPERATION

The Company is licensed in the states of Connecticut, Massachusetts and Rhode Island and offers homeowners, dwelling fire, personal auto, commercial multiple peril, and personal and commercial umbrella products. The Company utilizes an independent agency distribution system.

The distribution system consisted of 206 agents across New England as of December 31, 2023.

REINSURANCE

Assumed Reinsurance Program

The Company participates in the following assumed reinsurance programs.

Mandatory Pools and Associations

Fair Plans (Plans) – The Company participates in Plans in the states in which it does business as required by law. The Plans write personal lines business that cannot be placed in the voluntary market (i.e. residual market). Participation by the Company is based upon the amount of voluntary business written as a percentage of the total state market. The Company participates in the following Plans: Connecticut Property Fair Plan; Connecticut Liability Fair Plan; Massachusetts Fair Plan; and the Rhode Island Property Fair Plan. The Company receives all accounting information necessary for its preparation of the financial statements and exhibits directly from each of these Plans.

Voluntary Pools and Associations

The Company assumes other liability business from National Association of Mutual Insurance Companies (NAMIC). The Company's participation in the pool for 2023 was 1.62%. It should be noted that participants in NAMIC must meet minimal financial requirements; one of the requirements is that the Company have an AM Best rating of B+ or higher.

Third Party Assumed Reinsurance

The Company has entered into two agreements with third party reinsurers to assume Property reinsurance covering risks in geographically diverse peak Catastrophe (CAT) zones on a global basis. The assumed reinsurance is not materially exposed to Northeast United States located risks. Given the Company's direct written business covers risks in the Northeast US, the assumed business may provide a diversification benefit to the Company's direct CAT exposure. The assumed reinsurance covers a range of perils including Hurricane and non-Hurricane Wind, Wildfire and a small amount of Earthquake.

- 2023 Treaty - Quota Share Property Catastrophe Reinsurance Agreement - The Company accepts 1% of the \$50,000,000 limit for the 100% Catastrophe Excess of Loss of any one contract/program.

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- 2023 Treaty - Property Catastrophe Quota Share Reinsurance Agreement - The Company accepts 2% of the reinsurer's maximum liability which shall not exceed the greater of \$1,961,420,560 or the 1 in 1,000 "Aggregate Exceedance Probability" modelled loss, as modelled by the reinsured, for the business ceded to each underwriting year.

Ceded Reinsurance Program

The comprehensive reinsurance program includes both catastrophe and excess of loss protection. The catastrophe program is structured to guard against severe weather events, while multi-line excess of loss working program is maintained. The program limits the expected pre-tax impact from a 1/100-year probable maximum loss to 11% of surplus.

Property Catastrophe Excess of Loss Program

For 2023, Property Catastrophe reinsurance has a separate tower from Non-Catastrophe lines.

The first layer attaches at \$5M and provides \$10M in coverage for Named Windstorms with the next 5 layers providing up to \$150M of additional coverage (each with one reinstatement at 100%) for a total coverage limit of \$165M prior to any reinstatements. The structure is summarized as follows:

<u>Layer</u>	<u>Coverage</u>
Fifth	\$35M XS \$130M
Fourth	\$50M XS \$80M
Third	\$40M XS \$40M
Second	\$20M XS \$20M
First	\$5M XS \$15M
Named Wind	\$10M XS \$5M

Property and Casualty Multi-Line Excess of Loss Coverage

The Multiple Lines has the Excess of Loss tower provides up to \$14.4M in coverage for Property losses and \$1.4M for Casualty. The structure is similarly summarized as follows:

<u>Layer</u>	<u>Coverage</u>
Third	Property: \$12M XS \$3M
Second	Property: \$2M XS \$1M. Casualty: \$1M XS \$1M
First	Property: \$400k XS \$600k Casualty: \$400k XS \$600k

Umbrella Liability Facultative Reinsurance

Reinsurance Contract	Company Net Retention	Attachment Point	Ultimate Limit
Personal umbrella liability	5% of the first \$1M	95% of the first \$1M and 100% up to \$4M in excess of \$1M	\$5M
Commercial umbrella treaty	5% of the first \$1M	95% of the first \$1M and 100% up to \$4M in excess of \$1M	\$5M

NEW LONDON COUNTY MUTUAL INSURANCE COMPANY

INFORMATION TECHNOLOGY CONTROLS

Baker Tilly was engaged by the Department to perform a risk-based assessment and review of IT General Controls (ITGC's) in accordance with NAIC requirements as outlined in the Handbook. The guidance and direction used to perform the review of the ITGC's was derived from Exhibit C Part One - Information Technology Planning Questionnaire (ITPQ) and Exhibit C - Part Two -IT Work Program (collectively Exhibit C). The Company's responses to the ITPQ were evaluated, and certain controls within the IT environment were tested to assess whether the selected controls were designed effectively and were functioning properly. The evaluation of IT controls focused on the following areas: management and organizational governance; data processing infrastructure; program change controls; system development controls; logical and physical security; and business continuity plans.

Based upon the risk-based assessment and review, the IT general controls were determined to be effective

ACCOUNTS AND RECORDS

The StoneRiver Pro Financial Systems serves as the general ledger and accounts payable software and eFreedom serves as the statutory statement software. Investments are processed by New England Asset Management's (NEAM) CAMRA software. Certain Reinsurance ceded balances are calculated/maintained in Guidewire and SDS. Other amounts are on external excel spreadsheets.

The general ledger account balances for 2023, were reconciled to the annual statement.

NEW LONDON COUNTY MUTUAL INSURANCE COMPANY

FINANCIAL STATEMENTS

The following statements represent the Company's financial position, as filed by the Company as of December 31, 2023. No adjustments were made to surplus as a result of the examination.

ASSETS

	Assets	Non-admitted Assets	Net Admitted Assets
Bonds	\$55,943,422		\$55,943,422
Stocks:			
Preferred stocks	1,589,062		1,589,062
Common stocks	24,618,716		24,618,716
Real estate:			
Properties occupied by the company	2,084,130		2,084,130
Cash, cash equivalents and short- term investments	9,727,864		9,727,864
Other invested assets	1,994,648		1,994,648
Investment income due and accrued	437,179		437,179
Premiums and considerations:			
Uncollected premiums and agents' balances in course of collection	5,761,864		5,761,864
Deferred premiums, agents' balances and installments booked but deferred and not yet due	8,220,821		8,220,821
Reinsurance:			
Amounts recoverable from reinsurers	2,016,191		2,016,191
Current federal and foreign income tax recoverable	374,091		374,091
Net deferred tax asset	2,789,833	\$949,184	1,840,649
Electronic data processing equipment and software	3,040,446	3,020,824	19,622
Furniture and equipment, including health care delivery assets	276,078	276,078	
Receivables from parent, subsidiaries and affiliates	1,622,859		1,622,859
Aggregate write-ins for other than invested assets	6,197,000	269,975	5,927,025
Total	<u>\$126,694,203</u>	<u>\$4,516,060</u>	<u>\$122,178,142</u>

NEW LONDON COUNTY MUTUAL INSURANCE COMPANY

LIABILITIES, SURPLUS AND OTHER FUNDS

Losses	\$18,129,678
Reinsurance payable on paid losses and loss adjustment expenses	2,210,822
Loss adjustment expenses	2,550,952
Commissions payable, contingent commissions and other similar charges	2,115,905
Other expenses (excluding taxes, licenses and fees)	535,446
Taxes, licenses and fees (excluding federal and foreign income taxes)	(13,429)
Borrowed money	(25,254)
Unearned premiums	18,641,059
Advance premium	987,159
Ceded reinsurance premiums payable	1,977,128
Funds held by company under reinsurance treaties	16,523
Amounts withheld or retained by company for account of others	35,395
Remittances and items not allocated	90,629
Provision for reinsurance	4,597
Payable to parent, subsidiaries and affiliates	7,797,855
Aggregate write-ins for liabilities	4,130,324
Total liabilities	59,184,789
Surplus notes	5,625,000
Unassigned funds (surplus)	57,368,353
Surplus as regards policyholders	62,993,353
Totals	\$122,178,142

NEW LONDON COUNTY MUTUAL INSURANCE COMPANY

STATEMENT OF INCOME

UNDERWRITING INCOME	
Premiums earned	\$36,057,068
DEDUCTIONS	
Losses incurred	17,385,164
Loss adjustment expenses incurred	3,450,824
Other underwriting expenses incurred	17,755,199
Total underwriting deductions	<u>38,591,187</u>
Net underwriting gain (loss)	(2,534,119)
INVESTMENT INCOME	
Net investment income earned	1,443,211
Net realized capital gains (losses)	(25,971)
Net investment gain (loss)	<u>1,417,240</u>
OTHER INCOME	
Net gain (loss) from agents' or premium balances charged off	(20,958)
Finance and service charges not included in premiums	222,127
Aggregate write-ins for miscellaneous income	191,465
Total other income	<u>392,634</u>
Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	(724,245)
Dividends to policyholders	
Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	(724,245)
Federal and foreign income taxes incurred	(28,981)
Net income	<u>(695,264)</u>

CAPITAL AND SURPLUS ACCOUNT

Surplus as regards policyholders, December 31 prior year	\$59,838,179
Net income	(695,263)
Change in net unrealized capital gains or (losses)	507,339
Change in net deferred income tax	(193,616)
Change in non-admitted assets	2,354,033
Change in provision for reinsurance	(4,597)
Aggregate write-ins for gains and losses in surplus	1,187,280
Change in surplus as regards policyholders for the year	<u>3,155,174</u>
Surplus as regards policyholders, December 31 current year	<u>\$62,993,353</u>

NEW LONDON COUNTY MUTUAL INSURANCE COMPANY

CAPITAL AND SURPLUS

\$62,993,353

The following is a reconciliation of capital and surplus for the period under examination:

Beginning of the Examination period, January 1, 2019	\$63,083,800
Net income or (loss)	(5,820,111)
Change in net unrealized capital gain (loss)	(1,898,194)
Change in net deferred income tax	(224,796)
Change in non-admitted assets	8,546,279
Change in provision for reinsurance	(4,597)
Change in surplus notes	(1,875,000)
Aggregate write-ins for gains and losses in surplus	1,185,972
Net change in capital and surplus	(90,447)
Capital and Surplus, December 31, 2023	<u>\$62,993,353</u>

The change in surplus was primarily driven by a decrease from net income, net unrealized gains/losses, surplus notes offset by an increase in the change in non-admitted assets.

LOSSES AND LOSS ADJUSTMENT EXPENSES (LAE)

\$20,680,630

Losses	\$18,129,678
LAE	<u>2,550,952</u>
	<u>\$20,680,630</u>

The Department's actuaries performed a review of reserving, pricing and underwriting risk. No material issues were noted during the review of reserving and pricing and underwriting risks.

SUBSEQUENT EVENT

Effective July 1, 2024, the Company enhanced its Reinsurance CAT Program by purchasing an additional \$30M of catastrophe reinsurance to reduce retained tail risk and further protect against possible scenarios where inflation re-accelerates. The total CAT layer increased from \$165M to \$195M.

SUMMARY OF RECOMMENDATION

None noted

CONCLUSION

The results of this examination disclosed that as of December 31, 2023, the Company had admitted assets of \$122,178,142, liabilities of \$59,184,789, and surplus as regards policyholders of \$62,993,353. During the period under examination, admitted assets increased \$3,118,142, liabilities increased \$3,208,589, and surplus as regards policyholders decreased \$90,447.

NEW LONDON COUNTY MUTUAL INSURANCE COMPANY

SIGNATURE

In addition to the undersigned, the following members of the Department participated in the examination: Dawn Cormier, CPA; Chiffon King, AFE; Molly Cardozo, CPA; Wayne Shepherd, CFE; Kenneth Roulier, AFE, CISA, AES; and Amy Waldhauer, FCAS, MAAA.

I, Kevin Beaudoin, CFE, do solemnly swear that the foregoing report on examination is hereby represented to be a full and true statement of the condition and affairs of the subject insurer as of December 31, 2023, to the best of my information, knowledge and belief.

Respectfully submitted,

Kevin Beaudoin

Kevin Beaudoin, CFE
Examiner-In-Charge
State of Connecticut
Insurance Department

State of Connecticut

ss. Hartford

County of Hartford

Subscribed and sworn to before me, Ann Woznikaitis
Notary Public on this 22nd day of April, 2025

Ann Woznikaitis
Notary Public
My commission expires 4/30/26

