



# 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 **Patrons Mutual Insurance Company of Connecticut** (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 May 27 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 May 27, 2025, the Company filed a written submission indicating that they were in agreement with all of the recommendations contained in 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 C.G.S. 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 William Arfanis, Assistant Deputy Commissioner of the Financial Regulation Division.

4. Section 38a-14(e)(4)(B) of the C.G.S. 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 2<sup>nd</sup> day of June, 2025



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Andrew N. Mais  
Insurance Commissioner

**EXHIBIT A**

**EXAMINATION REPORT**

**OF THE**

**PATRONS MUTUAL INSURANCE COMPANY OF CONNECTICUT  
(NAIC # 14923)**

**AS OF**

**DECEMBER 31, 2023**

**BY THE CONNECTICUT INSURANCE DEPARTMENT**



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May 27, 2025

The Honorable Andrew N. Mais  
Insurance Commissioner  
State of Connecticut Insurance Department  
153 Market Street, 6th Floor  
Hartford, Connecticut 06103

Dear Commissioner:

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

PATRONS MUTUAL INSURANCE COMPANY OF CONNECTICUT

(hereinafter referred to as the Company or Patrons), a mutual corporation incorporated under the laws of the State of Connecticut and having its statutory home office at 108 Leigus Road, Wallingford, Connecticut, and main administrative office located at 518 East Broad Street, Columbus, Ohio. The report on such examination is respectfully submitted.

SCOPE OF 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 Department's current examination covers the period from January 1, 2019 to December 31, 2023.

Liberty Mutual Insurance Company (LMIC) is the lead company and member of the Liberty Mutual Second Amended and Restated Intercompany Reinsurance Pool (the Pool). Effective April 1, 2022, this agreement was amended to add the eleven State Auto Insurance Companies, including the Company. Under the terms of this agreement, LMIC's remaining underwriting activity, after processing all internal and external reinsurance, is retroceded to the pool members in accordance with each company's pool participation percentage. The Massachusetts Division of Insurance is the lead state.

The following states also participated in the financial examination of their domestic companies:

1. Arizona
2. California
3. Illinois
4. Indiana
5. Iowa
6. Minnesota
7. New Hampshire
8. Ohio
9. Oregon
10. Texas
11. Wisconsin

## PATRONS MUTUAL INSURANCE COMPANY OF CONNECTICUT

The examination was conducted on a full scope, comprehensive basis in accordance with the procedures outlined in the NAIC Financial Condition Examiners Handbook (the Handbook). The Handbook requires that we plan and perform the examination to evaluate the financial condition and identify prospective risks of the Company by obtaining information about the Company, including corporate governance, identifying inherent risks within the Company, and evaluating 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 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 the fair presentation of the financial statements included herein. If an adjustment is identified during the course of the examination, 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.

For all years under examination, the Certified Public Accounting firm of Ernst & Young, LLP provided an unqualified opinion on the Company's financial statements based on SAP. The audited financial statements were reviewed during the examination. Failure of items in this report to add to totals or for totals to agree with captioned amounts is due to rounding.

# PATRONS MUTUAL INSURANCE COMPANY OF CONNECTICUT

## ORGANIZATIONAL CHART

The following is a partial organizational chart:

DELIVERY NETWORK COMPANY RISK PURCHASING GROUP NFP, INC. (IL)	LIBERTY MUTUAL MID-ATLANTIC INSURANCE COMPANY (MA)	LIBERTY COUNTY MUTUAL INSURANCE COMPANY (TX)	MONTGOMERY MUTUAL INSURANCE COMPANY (MA)	LIBERTY MUTUAL RETIREMENT PLAN MASTER TRUST (MA)
LIBERTY MUTUAL SCHOLARSHIP FOUNDATION (MA)	LIBERTY MUTUAL INSURANCE COMPANY - PAC (MA)	LIBERTY MUTUAL FOUNDATION INC. (MA)	PATRONS MUTUAL INSURANCE COMPANY OF CONNECTICUT (CT)	STATE AUTO FOUNDATION (OH)

## HISTORY

The Connecticut General Assembly granted the Company a charter in 1887 under the name of Patrons Mutual Fire Insurance Company of Connecticut. A special Act of the 1961 General Assembly permitted the Company to change its name to Patrons Mutual Insurance Company of Connecticut. The Company was organized by the Patrons Husbandry in Connecticut (the Connecticut State Grange).

On May 31, 1977, the Company formed a subsidiary, Provision State Insurance Company (PSI). The original purpose of PSI was to raise additional capital, if needed, and to serve as the Company's writing company for other specialty lines in Connecticut.

On August 30, 1996, the Company acquired control of Patrons of Rhode Island (PRI). PRI wrote primarily homeowners and automobile insurance in Rhode Island. Effective December 31, 1998, PRI was re-domesticated to the State of Connecticut.

As of January 1, 1999, the Company acquired control of Litchfield Mutual Fire Insurance Company (Litchfield) by entering into a management services agreement and a reinsurance pooling agreement (Pooling Agreement).

On December 14, 2007, both the Company and Litchfield completed an affiliation agreement with State Automobile Mutual Insurance Company (SAM). Under this agreement SAM assumed operational authority of the Patrons Mutual Group. SAM became licensed in Connecticut effective May 2008.

Effective September 30, 2008, PRI merged with and into the Company.

## PATRONS MUTUAL INSURANCE COMPANY OF CONNECTICUT

Effective December 30, 2008, PSI was dissolved, and the assets were assigned to, and liabilities were assumed by the Company.

The operations of Litchfield were merged with the Company at the close of business, March 31, 2013. As a result, prior periods were restated to reflect the operations of the merged entities as if the merger had occurred January 1, 2012.

On March 1, 2022, Liberty Mutual finalized their acquisition of the State Auto Group. As a result, the Company now participates in a pooling arrangement at 0% of the Liberty Mutual Group pool's underwriting results.

### MANAGEMENT AND CONTROL

At December 31, 2023, directors of the Company were as follows:

<u>Director</u>	<u>Title and Principal Business Affiliation</u>
James Matthew Czapla	Deputy General Counsel, US Retail Markets Liberty Mutual Group Inc.
Matthew Paul Dolan	President, Ironshore, Global Risk Solutions - Liberty Mutual Group Inc.
Alison Brooke Erbig	Chief Financial Officer, Global Risk Solutions - Liberty Mutual Group Inc.
Michael Joseph Fallon	President North America Major Accounts, Global Risk Solutions - Liberty Mutual Group Inc.
Damon Paul Hart	EVP, Chief Legal Officer, Secretary - Liberty Mutual Group Inc.
Matthew Edwin Johnson	Chief Financial Officer, US Retail Markets - Liberty Mutual Group Inc.
Hamid Talal Mirza	President, US Retail Markets - Liberty Mutual Group Inc.
Elizabeth Julia Morahan	Deputy General Counsel, Global Risk Solutions - Liberty Mutual Group Inc.
Paul Sanghera	EVP & Comptroller - Liberty Mutual Group Inc.

## PATRONS MUTUAL INSURANCE COMPANY OF CONNECTICUT

At December 31, 2023, officers of the Company were as follows:

<u>Officer</u>	<u>Title</u>
Hamid Talal Mirza	President and Chief Executive Officer
Damon Paul Hart	Executive Vice President, Chief Legal Officer and Secretary
Nikos Vasilakos	Executive Vice President and Treasurer

### RELATED PARTY AGREEMENTS

On March 1, 2022, the following changes were effective:

- The Company became a party to a management service agreement with LMIC.
- The Company became a party to an investment management agreement with Liberty Mutual Group Asset Management Inc. (LMGAM). Under the agreement, LMGAM provides services to the Company.

### TERRITORY AND PLAN OF OPERATION

The Company is a mutual property and casualty insurer licensed to transact business in Connecticut, Massachusetts, Ohio, Rhode Island, and Vermont. The Company principally underwrites personal lines, commercial package and farm insurance.

The Pool companies market business throughout the United States primarily through independent agents, which include retail agencies and wholesale brokers.

### REINSURANCE

#### Reinsurance Pooling Arrangement

The Company participated in the State Auto intercompany pooling agreement which was commuted effective April 1, 2022. Also, effective April 1, 2022, and immediately after the commutation of the State Auto pooling agreement, the existing Liberty Mutual Second Amended and Restated Intercompany Reinsurance Agreement (Reinsurance Agreement) was amended to add the Company as a party of the agreement. Under the terms of the Reinsurance Agreement, the Company cedes 100% of its underwriting activity to LMIC.

## PATRONS MUTUAL INSURANCE COMPANY OF CONNECTICUT

Below is a table, which lists the pooling percentages as of December 31, 2023:

<u>Company</u>	<u>State of Domicile</u>	<u>Pooling %</u>
LMIC	MA	50.0%
Peerless Insurance Company	NH	20.0%
Employers Insurance Company of Wausau	WI	8.0%
Liberty Mutual Fire Insurance Company	WI	8.0%
The Ohio Casualty Insurance Company	NH	8.0%
Safeco Insurance Company of America	NH	6.0%
<b>Patrons Mutual Insurance Company of Connecticut</b>	<b>CT</b>	<b>0.0%</b>

Numerous other entities have a zero percent participation percentage.

### ACCOUNTS AND RECORDS

The Pool Companies utilize various platforms/systems to process financial transactions including premium, claim, reinsurance, and investment transactions.

### 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	Nonadmitted Assets	Net Admitted Assets
Bonds	\$18,254,054		\$18,254,054
Common Stocks	376,398		376,398
Cash	3,789,016		3,789,016
Investment income due and accrued	95,404		95,404
Premiums and consideration:			
Uncollected premiums and agents' balances in the course of collection	(4,070)		(4,070)
Reinsurance:			
Amounts recoverable from reinsurers	3,661,759		3,661,759
Current federal and foreign income tax recoverable	107,094		107,094
Net deferred tax asset	439,000	\$146,745	292,255
Receivables from parent, subsidiaries and affiliates	2,542,341		2,542,341
Aggregate write-ins for other than invested assets	778		778
<b>Total</b>	<b><u>\$29,261,774</u></b>	<b><u>\$146,745</u></b>	<b><u>\$29,115,029</u></b>

PATRONS MUTUAL INSURANCE COMPANY OF CONNECTICUT

LIABILITIES, SURPLUS AND OTHER FUNDS

Reinsurance payable on paid losses and loss adjustment expenses	\$(8,899)
Ceded reinsurance premiums payable (net of ceding commissions)	6,279,737
Payable to parent, subsidiaries and affiliates	40,217
Aggregate write-ins for liabilities	(543)
Total liabilities	<u>\$6,310,523</u>
Unassigned funds (surplus)	<u>22,804,506</u>
Surplus as regards policyholders	<u>22,804,506</u>
Totals	<u>\$29,115,029</u>

STATEMENT OF INCOME

INVESTMENT INCOME	
Net investment income earned	\$445,959
Net investment gain (loss)	445,959
OTHER INCOME	
Total other income	0
Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	445,959
Dividends to policyholders	0
Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	445,959
Federal and foreign income taxes incurred	(49,000)
Net income	\$494,959
CAPITAL AND SURPLUS ACCOUNT	
Surplus as regards policyholders, December 31 prior year	22,277,157
GAINS AND (LOSSES) IN SURPLUS	
Net income	494,959
Change in net unrealized capital gains or (losses)	(17,478)
Change in net deferred income tax	(114,845)
Change in nonadmitted assets	164,713
Change in surplus as regards policyholders for the year	527,349
Surplus as regards policyholders, December 31 current year	<u>\$22,260,603</u>

PATRONS MUTUAL INSURANCE COMPANY OF CONNECTICUT

CAPITAL AND SURPLUS \$22,804,507

The following is a reconciliation of unassigned funds during the period under examination:

Unassigned Funds (Surplus) as of December 31, 2018	\$22,260,603
Net income	(84,178)
Change in Net Unrealized Capital Gains or (Losses)	131,658
Change in Net Deferred Income Tax d	(34,677)
Change in Non-Admitted Assets	(4,557)
Aggregate Write-ins for Gains and Losses in Surplus	<u>535,658</u>
Unassigned Funds (Surplus) as of December 31, 2023	<u>\$22,804,507</u>

SUMMARY OF RECOMMENDATIONS

None noted.

SUBSEQUENT EVENT

Effective November 18, 2024, the Company re-domesticated to Massachusetts.

CONCLUSION

The results of this examination disclosed that, as of December 31, 2023, the Company had admitted assets of \$29,115,029, liabilities of \$6,310,523, and surplus as regards to policyholders of \$22,804,506. During the period under examination, admitted assets decreased \$19,207,010, liabilities decreased \$19,750,913, and surplus as regards to policyholders increased \$543,903.

PATRONS MUTUAL INSURANCE COMPANY OF CONNECTICUT

SIGNATURE

In addition to the undersigned, William Arfanis, CFE, participated in this exam.

I, Riley Greider, do solemnly swear that the foregoing report of 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,

Riley Greider  
Riley Grieder  
Examiner-In-Charge  
State of Connecticut  
Insurance Department

State of Connecticut

ss/

County of Hartford

Subscribed and sworn to before me, [Signature], Notary Public/Commissioner of the Superior Court, on this 29, day of May, 2025.

[Signature]  
Notary Public/Commissioner of the Superior Court

My commission expires 6/30/26



 Gwendolyn Robinson  
Notary Public, State of Connecticut  
My Commission Expires June 30, 2026