



# 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 Thames Insurance Company, Inc. (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 19<sup>th</sup> day of May, 2025.



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Andrew N. Mais  
Insurance Commissioner

EXHIBIT A

EXAMINATION REPORT

OF THE

THAMES INSURANCE COMPANY, INC.  
(NAIC # 37354)

AS OF

DECEMBER 31, 2023

BY THE

CONNECTICUT INSURANCE DEPARTMENT



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THAMES INSURANCE COMPANY, INC.

April 22, 2025

The Honorable Andrew N. Mais  
Insurance Commissioner  
State of Connecticut Insurance Department  
153 Market Street, 7<sup>th</sup> 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

**THAMES INSURANCE COMPANY, INC.**

(hereinafter referred to as the Company or Thames), a 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.

Concurrently 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 state of Massachusetts 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 2024:

- 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;

## THAMES INSURANCE COMPANY, INC.

- Statements of Actuarial Opinion; and
- 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 11/1/2024, 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 U.S., L.P. was engaged by the Department to conduct an evaluation of the Company'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, and identify current prospective risks of the Company, and evaluating system controls and procedures used to mitigate those risks. An examination also includes assessing the principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation, management compliance with the NAIC Accounting Practices & Procedures Manual (Manual) and the NAIC Property and Casualty Annual Statement Instructions.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. This may include assessing significant estimates made by management and evaluating management's compliance with the Manual. 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.

THAMES INSURANCE COMPANY, INC.

HISTORY

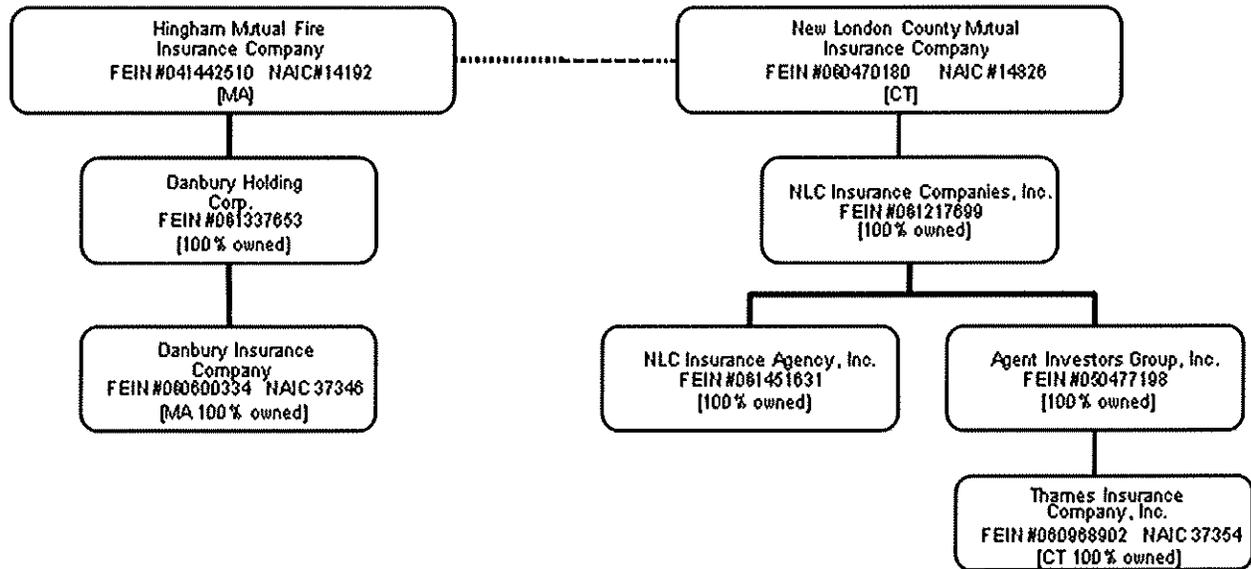
The Company was chartered by Special Act 75-13 of the 1975 session of the Connecticut General Assembly. The Company, a stock insurance company, was granted a license by the State of Connecticut and commenced business in 1977.

County Mutual Insurance Company owned 100% of the Company until 1987, when NLC Insurance Companies Inc. (NLC) was formed, and all the outstanding shares of the Company were transferred to NLC.

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, then the direct parent of Thames, contributed its ownership interest in Thames to AIGI. The Company has 100,000 shares of \$15 par value common stock authorized, issued and outstanding.

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 Company be managed by a Board of not less than three (3) or more than fifteen (15) annually elected directors. Annual meetings of shareholders 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. They are to be held in the

## THAMES INSURANCE COMPANY, INC.

month of April, or on such other date during the first half of the year, and at such time, as shall be stated in the notice of the meeting.

The bylaws provide that the Board be divided into three (3) 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:

<u>Director</u>	<u>Title and Principal Business Affiliation</u>
Steve H. Chevalier	President and Chief Executive Officer NLC Insurance Companies
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

Officers serving the Company at December 31, 2023, were as follows:

<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.

## THAMES INSURANCE COMPANY, INC.

### 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, New London, 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 New London coordinates the resources and provides certain administrative and operational services to the Company, Hingham and Danbury.

#### Reinsurance Pooling Agreement

The Company, New London, 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 the Company shall cede, and New London shall reinsure, one hundred percent of the direct and assumed insurance business of Hingham, Danbury and the Company written prior to, on or after January 1, 2010, net of any losses ceded to other reinsurers. New London will, in turn, retrocede to Hingham, the Company 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

#### Ceded Reinsurance Program

The Company's affiliate, New London County Mutual, purchases pro-rata, excess of loss, and catastrophe reinsurance on behalf of the pool.

#### Assumed Reinsurance

The Company does not assume reinsurance from unaffiliated reinsurers for the year ended December 31, 2023.

## THAMES INSURANCE COMPANY, INC.

### INFORMATION TECHNOLOGY AND 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.

THAMES INSURANCE COMPANY, INC.

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	\$19,732,129		\$19,732,129
Stocks:			
Preferred stocks	653,744		653,744
Common stocks	3,797,620		3,797,620
Cash, cash equivalents and short-term investments	2,659,306		2,659,306
Investment income due and accrued	158,481		158,481
Premiums and considerations:			
Uncollected premiums and agents' balances in course of collection	600,768		600,768
Deferred premiums, agents' balances and installments booked but deferred and not yet due	(1,433)		(1,433)
Reinsurance:			
Amounts recoverable from reinsurers	2,968		2,968
Net deferred tax asset	805,509	236,450	569,059
Aggregate write-ins for other than invested assets	677,120		677,120
<b>Total</b>	<b>\$29,086,212</b>	<b>\$236,450</b>	<b>\$28,849,762</b>

THAMES INSURANCE COMPANY, INC.

LIABILITIES, SURPLUS AND OTHER FUNDS

Losses	\$5,438,903
Reinsurance payable on paid losses and loss adjustment expenses	572,374
Loss adjustment expenses	765,286
Commissions payable, contingent commissions and other similar charges	634,804
Other expenses (excluding taxes, licenses and fees)	160,634
Taxes, licenses and fees (excluding federal and foreign income taxes)	(4,029)
Unearned premiums	5,592,317
Current federal and foreign income taxes	2
Payable to parent, subsidiaries and affiliates	<u>554,745</u>
Total liabilities	<u>13,715,037</u>
Common capital stock	1,500,000
Gross paid in and contributed surplus	9,045,000
Unassigned funds (surplus)	<u>4,589,725</u>
Surplus as regards policyholders	<u>15,134,725</u>
Totals	<u>\$28,849,762</u>

THAMES INSURANCE COMPANY, INC.

STATEMENT OF INCOME

UNDERWRITING INCOME	
Premiums earned	\$10,817,120
DEDUCTIONS	
Losses incurred	5,215,549
Loss adjustment expenses incurred	1,035,248
Other underwriting expenses incurred	5,326,560
Total underwriting deductions	<u>11,577,357</u>
Net underwriting gain (loss)	(760,237)
INVESTMENT INCOME	
Net investment income earned	640,435
Net realized capital gains (losses)	<u>12,706</u>
Net investment gain (loss)	653,141
OTHER INCOME	
Aggregate write-ins for miscellaneous income	<u>(547)</u>
Total other income	<u>(547)</u>
Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	(107,643)
Dividends to policyholders	
Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	(107,643)
Federal and foreign income taxes incurred	(65,836)
Net income	<u>(41,807)</u>

CAPITAL AND SURPLUS ACCOUNT

Surplus as regards policyholders, December 31 prior year	\$14,927,926
Net income	(41,807)
Change in net unrealized capital gains or (losses)	271,217
Change in net deferred income tax	(40,983)
Change in nonadmitted assets	18,371
Change in surplus as regards policyholders for the year	<u>206,798</u>
Surplus as regards policyholders, December 31 current year	<u>\$15,134,725</u>

THAMES INSURANCE COMPANY, INC.

CAPITAL AND SURPLUS \$15,134,725

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

Beginning of the Examination Period, January 1, 2019	\$17,106,054
Net income or (loss)	(2,400,951)
Change in unrealized capital gain (loss)	212,182
Change in net deferred income tax	454,752
Change in non-admitted assets	(236,450)
Aggregate write-ins for gains and losses in surplus	(862)
Net change in capital and surplus	1,971,329
Capital and Surplus, December 31, 2023	<u>\$15,134,725</u>

The change in surplus was primarily driven by a decrease from net income offset by an increase in net deferred income tax.

LOSSES AND LOSS ADJUSTMENT EXPENSES (LAE) \$6,204,189

Losses	\$5,438,903
LAE	<u>765,286</u>
	<u>\$6,204,189</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

None noted.

SUMMARY OF RECOMMENDATION

None noted.

CONCLUSION

The results of this examination disclosed that as of December 31, 2023, the Company had admitted assets of \$28,849,762, liabilities of \$13,715,037, and surplus as regards policyholders of \$15,134,725. During the period under examination, admitted assets decreased \$779,653, liabilities increased \$1,191,676, and surplus as regards policyholders decreased \$1,971,329.

THAMES INSURANCE COMPANY, INC.

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, Ar Wozniak  
Notary Public on this 22<sup>nd</sup> day of April, 2025.

Ar Wozniak  
Notary Public  
My commission expires 4/30/26

