

Examination Warrant Number 21-04774-18007-R1

**Report of Examination of  
Cloister Mutual Casualty Insurance Company  
Ephrata, Pennsylvania**

**As of December 31, 2021**

**For Informational Purposes Only**

# Cloister Mutual Casualty Insurance Company

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Harrisburg, Pennsylvania  
May 3, 2023

Honorable Diana L. Sherman, CPA, CFE (Fraud), CISA, CITP  
Acting Deputy Insurance Commissioner  
Commonwealth of Pennsylvania  
Insurance Department  
Harrisburg, Pennsylvania

Dear Madam:

In accordance with instructions contained in Examination Warrant Number 21-04774-18007-R1, dated August 9, 2021, an examination was made of

**Cloister Mutual Casualty Insurance Company, NAIC Code: 18007**

a Pennsylvania domiciled, multi-state, property and casualty, mutual insurance company hereinafter referred to as the “Company.” The examination was conducted remotely.

A report of this examination is hereby respectfully submitted.

**SCOPE OF EXAMINATION**

The Pennsylvania Insurance Department (“Department”) has performed an examination of the Company, which was last examined as of December 31, 2016. This examination covered the five-year period from January 1, 2017 through December 31, 2021.

Work programs employed in the performance of this examination were designed to comply with the standards promulgated by the Department and the National Association of Insurance Commissioners (“NAIC”) *Financial Condition Examiners Handbook* (“Handbook”).

The Handbook requires that the Department plan and perform the examination to evaluate the financial condition, assess corporate governance, identify current and prospective risks of the Company, evaluate system controls and procedures used to mitigate those risks, and review subsequent events. 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, in accordance with 40 P.S. § 323.5(a), 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

## Cloister Mutual Casualty Insurance Company

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conclusions, proprietary information, etc.), are not included within the examination report but separately communicated to other regulators and/or the Company.

For each year of the examination period, the Company was exempt from filing an annual audited financial report, pursuant to 31 Pa. Code § 147.

The following company was examined at the same time during the above examination:

Company	State	NAIC Code
Windsor-Mount Joy Mutual Insurance Company	Pennsylvania	26166

### HISTORY

The Company was incorporated on September 21, 1961; and was licensed by the Department and commenced business on April 13, 1962.

The Company is currently authorized to transact those classes of insurance described in 40 P.S. § 382(b)(1) Property and Allied Lines, (b)(2) Inland Marine and Physical Damage, (b)(3) Ocean Marine, (c)(2) Accident and Health, and (c)(4) Other Liability.

### MANAGEMENT AND CONTROL

#### SURPLUS REQUIREMENTS

The Company's minimum surplus requirement to conduct the business described above, pursuant to 40 P.S. § 386 is \$1,150,000 in minimum surplus. The Company has met all governing surplus requirements throughout the examination period.

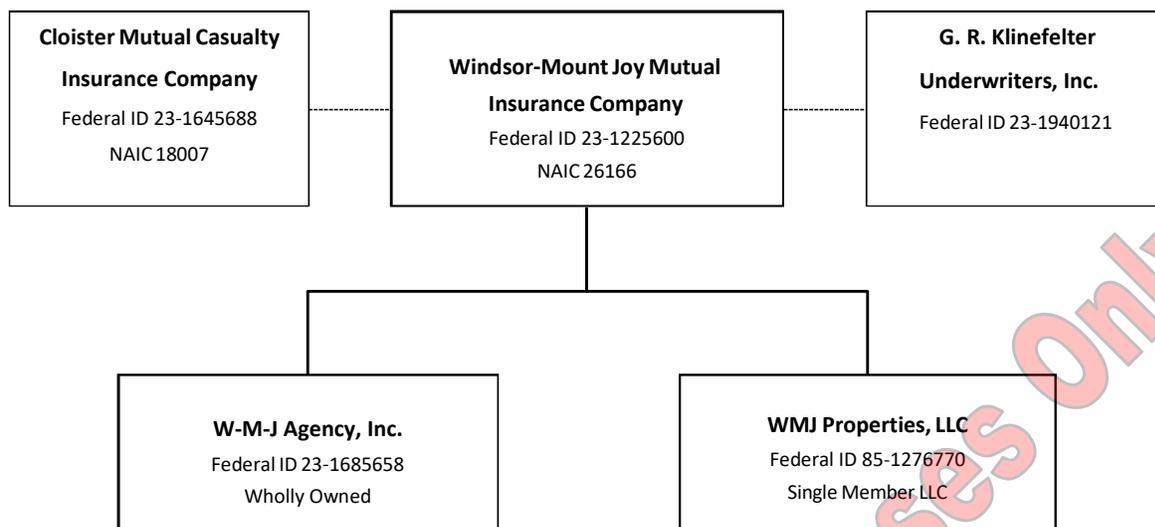
#### INSURANCE HOLDING COMPANY SYSTEM

The Company meets the requirements for filing an insurance holding company system annual registration statement pursuant to 40 P.S. § 991.1404. For each year of the examination period, the required insurance holding company registration statement was filed by March 31.

Members of the Company's holding company system include the following entities depicted in the organizational chart and briefly described below:

## Cloister Mutual Casualty Insurance Company

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The Company is owned by its policyholders, and is not controlled by another person. As such, the Company is its ultimate controlling person.

Windsor-Mount Joy Mutual Insurance Company (“Windsor”) is a Pennsylvania domiciled, multi-state, property and casualty, mutual insurance company. Windsor is owned by its policyholders, and is not controlled by another person. As such, Windsor is its ultimate controlling person.

W-M-J Agency, Inc. (“WMJ Agency”) is a non-insurance company that is a wholly owned subsidiary of Windsor, and it operates as an independent agency.

WMJ Properties is a real estate holding company formed during the examination period, on May 21, 2020, as a single member LLC. WMJ Properties is a wholly owned subsidiary of Windsor.

G.R. Klinefelter, Inc. (“GRK”) is a Pennsylvania corporation that provides management and administrative services to insurance companies. Michael R. Klinefelter, current Chairman of the Board and former President & CEO of the Company and Windsor, owns 74% of GRK stock and is the ultimate controlling person of GRK. Peter R. Klinefelter owns 23% of GRK stock and Tuscarora Wayne Insurance Company, a Pennsylvania domiciled, multi-state, property and casualty company owns 3% of GRK stock. GRK is an exclusive general agent of the Company and Windsor. GRK does not have any subsidiaries.

The Company and Windsor operate under similar and separate exclusive general agency agreements with GRK, which is described in the “Services and Operating Agreements” section of this examination report.

The Company, Windsor, and GRK share common employees, officers, and Board of Directors, and are affiliates under common control in accordance with the guidance in paragraph 5 of Statements of Statutory Accounting Principles (SSAP) No. 25 – *Affiliates and Other Related Parties* and 40 P.S. § 991.1401.

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## BOARD OF DIRECTORS

Management of the Company is vested in its Board of Directors (“Board”), which was comprised of the following members as of December 31, 2021:

<b>Name and Address</b>	<b>Principal Occupation</b>
Dennis B. Beck Lititz, Pennsylvania	Accounting Manager AACCA Museum, Inc.
William C. Hacker Allentown, Pennsylvania	President & Chief Executive Officer Arbor Insurance Group, Inc.
David O. Hunt Ephrata, Pennsylvania	Retired
Jacob M. Klinefelter Lancaster, Pennsylvania	Vice President & Chief Risk Officer G.R. Klinefelter Underwriters, Inc.
Michael R. Klinefelter Millersville, Pennsylvania	Retired G.R. Klinefelter Underwriters, Inc.
Susanna K. Pope Lancaster, Pennsylvania	Underwriter G.R. Klinefelter Underwriters, Inc.
Douglas L. Underwood Millersville, Pennsylvania	President & Chief Executive Officer G.R. Klinefelter Underwriters, Inc.

The Company’s by-laws require the Board to be comprised of at least seven but not more than 12 directors. The Company had seven directors as of December 31, 2021. Three of the directors are independent. The composition of the Board meets the requirements of 40 P.S. § 991.1405(c)(3)(i).

The Board is divided into three classes. The directors are elected on a rotating basis with one-third of the directors elected by the policyholders annually to serve a three-year term. The term of one class expires annually.

## COMMITTEES

As of December 31, 2021, the following committees were appointed by the Board and serving in accordance with the Company’s by-laws:

### Audit Committee

Dennis B. Beck  
William C. Hacker  
David O. Hunt

### Executive Committee

William C. Hacker  
Michael R. Klinefelter  
Douglas L. Underwood

The Company shares interlocking directorates with its affiliates, Windsor and GRK to gain efficiencies when performing overlapping processes and ensure proper oversight of each affiliate’s operations.

## Cloister Mutual Casualty Insurance Company

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The committees are acting in accordance with the Company's by-laws. The committees designated by the Board are in compliance with the Board committee membership requirements of 40 P.S. § 991.1405(c)(3), (4), and (4.1).

### OFFICERS

As of December 31, 2021, the following officers were appointed and serving in accordance with the Company's by-laws:

Name	Title
Douglas L. Underwood	President & Chief Executive Officer
Hisham M. Sallit	Treasurer & Chief Financial Officer
Jacob M. Klinefelter	Secretary & Chief Risk Officer

### CORPORATE RECORDS

#### MINUTES

A compliance review of corporate minutes revealed the following:

- The Annual Meetings of the Company's policyholders were held in compliance with its by-laws.
- The policyholders elect directors at such meetings in compliance with the by-laws.
- The policyholders ratified the prior year's actions of the officers and directors.
- Quorums were present at all Board meetings.
- The Company's investment transactions are approved quarterly by the Board.
- All directors attend Board meetings regularly.
- The Company's Board minutes show approval of its reinsurance contracts.

#### ARTICLES OF AGREEMENT

There were no changes to the Company's articles of agreement during the examination period.

#### BY-LAWS

There were no changes to the Company's by-laws during the examination period.

## **SERVICE AND OPERATING AGREEMENTS**

The Company is party to affiliated service and operating agreements. The following significant agreements were in place during the examination period:

### **Exclusive General Agents Agreement**

Effective July 1, 2019, the Company entered into an Exclusive General Agents Agreement with affiliate GRK. The term of the contract is five years.

Under the terms of the agreement, GRK is provided the authority to supervise, under the direction of the Board, all underwriting tasks related to the development and processing of business to provide technical marketing, and production assistance, including the establishment of rates and the adjustment of claims.

The Company pays GRK to compensate for services that is mutually agreed to at the beginning of each year.

The Company is also responsible for the actual cost of all other expenses related to the business, including, but not limited to, loss adjustment expenses, commission, underwriting, and reinsurance. The actual costs of expenses paid by GRK are allocated to the Company based on usage and reimbursed by the Company at actual cost. The allocation method and expenses associated with this agreement are reviewed and approved by the Company's Board annually.

The Company filed a Form D for the Exclusive General Agents Agreement, dated July 25, 2019, with the Department in compliance with 40 P.S. § 991.1405(a)(2)(v) and 31 Pa. Code § 25.21(d)(1).

## **REINSURANCE**

### **CEDED**

The Company did not cede any business during the examination period.

### **ASSUMED**

Effective January 1, 2021, the Company entered into an Interests and Liabilities Agreement with its affiliate, Windsor. The term of the agreement is one year.

Under the terms of the agreement, the Company will reimburse Windsor for all reinstatement charges incurred as a result of exhausting the limit of coverage under Windsor's Property Catastrophe Excess of Loss Reinsurance Agreement. The review of this agreement indicated that it is a non-traditional reinsurance agreement used as an alternative risk transfer device to manage the risk of eroding the limits in Windsor's Property Catastrophe Excess of Loss Reinsurance Agreement in the event of significant loss and the cost associated with reinstatement. The Company and its CPA classify this agreement as reinsurance.

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The details of this contract are as follows:

Layer	Reinsured's Retention	Reinsurance Limits	Rate on Line	Type of Business Covered
First	\$0	100% Reinstatement Premium	18.50%	Property
Second	\$0	100% Reinstatement Premium	10.50%	Property
Third	\$0	100% Reinstatement Premium	5.40%	Property
Fourth	\$0	100% Reinstatement Premium	3.00%	Property
Fifth	\$0	100% Reinstatement Premium	2.00%	Property

The reinsurance premium paid to the Company and the reinsurance limits are based on a percentage of the limit of each layer under Windsor's Property Catastrophe Excess of Loss Reinsurance Agreement. For the year ended December 31, 2021, the Company received total reinsurance premium of \$154,809 from Windsor.

### TERRITORY AND PLAN OF OPERATION

The Company is only licensed in the state of Pennsylvania and writes assessable policies on risks located throughout the state. On March 28, 1994, the Company was authorized by the Department to write non-assessable policies. As of December 31, 2021, the Company did not write non-assessable policies.

The Company has a small volume of fire, disability, hospital, hospital indemnity, and accidental death business. Most of the Company's business is through an agreement with Windsor whereby the catastrophe reinsurance reinstatement premiums of Windsor are covered by the Company.

Marketing and distribution of the Company's business is managed by GRK under an Exclusive General Agents Agreement.

The following table displays the Company's total written premium by line of business as of December 31, 2021:

Line of Business	Direct and Assumed Premium	Ceded Premium	Net Written Premium	Percentage of Total
<b>December 31, 2021</b>				
Fire	\$ 72	\$ 0	\$ 72	0.0%
Other accident and health	1,677	0	1,677	0.7%
Reinsurance - Non-proportional Assumed Property	154,809	(104,307)	259,116	99.3%
<b>Totals</b>	<b>\$ 156,558</b>	<b>\$ (104,307)</b>	<b>\$ 260,865</b>	<b>100.0%</b>

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## SIGNIFICANT OPERATING RATIOS AND TRENDS

The underwriting ratios summarized below are shown on an earned/incurred basis, and encompass the five-year period covered by this examination.

	Amount	Percentage
Premiums earned	\$ 465,656	100.0 %
Losses incurred	\$ 20,000	4.3 %
Loss expenses incurred	94,969	20.4 %
Other underwriting expenses incurred	1,330,968	285.8 %
Net underwriting gain or (loss)	(980,281)	(210.5)%
Totals	\$ 465,656	100.0 %

The Company reported the following net underwriting, investment, and other gains or losses during the period under examination:

	2021	2020	2019	2018	2017
Admitted assets	\$ 10,299,909	\$ 10,153,613	\$ 10,163,871	\$ 9,930,920	\$ 9,895,148
Liabilities	\$ 143,425	\$ 301,969	\$ 79,783	\$ 55,159	\$ 53,265
Surplus as regards policyholders	\$ 10,156,484	\$ 9,851,644	\$ 10,084,088	\$ 9,875,761	\$ 9,841,883
Gross premium written	\$ 156,558	\$ 172,007	\$ 167,269	\$ 148,774	\$ 140,129
Net premium written	\$ 260,865	\$ 172,007	\$ 167,269	\$ 148,774	\$ 140,129
Underwriting gain/(loss)	\$ (31,121)	\$ (593,263)	\$ (123,591)	\$ (122,812)	\$ (109,494)
Investment gain/(loss)	\$ 245,227	\$ 205,519	\$ 246,622	\$ 246,198	\$ 229,860
Other gain/(loss)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Net income	\$ 213,320	\$ (388,500)	\$ 122,164	\$ 122,622	\$ 119,874

## PENDING LITIGATION

As of the date of this examination report, Company Management attested that the Company was not involved in any litigation and was not aware of any threatened litigation that could have a material adverse effect on its financial condition.

## FINANCIAL STATEMENTS

The financial condition of the Company, as of December 31, 2021, and the results of its operations for the five-year period under examination, are reflected in the following statements\*:

- Comparative Statement of Assets, Liabilities, Surplus and Other Funds;
- Comparative Statement of Income;
- Comparative Statement of Capital and Surplus; and
- Comparative Statement of Cash Flow

\*Note: Some financials shown in this report may contain immaterial differences to those reported in the Company's filed Annual Statements due to rounding differences.

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## Comparative Statement of Assets, Liabilities, Surplus and Other Funds As of December 31,

	2021	2020	2019	2018	2017
Bonds	\$ 6,151,965	\$ 5,709,640	\$ 6,250,922	\$ 6,501,570	\$ 7,063,212
Common stocks	1,310,846	1,138,256	862,621	711,121	777,368
Cash, cash equivalents, and short term investments	1,094,974	1,598,906	1,304,562	964,663	488,482
Receivable for securities	16,451	21,656	4,233	0	6,749
Subtotals, cash and invested assets	10,241,589	10,045,752	10,105,035	9,828,494	9,788,046
Investment income due and accrued	27,449	27,305	27,965	33,248	30,831
Current federal and foreign income tax recoverable and interest thereon	30,871	30,871	30,871	30,871	30,871
Net deferred tax asset	0	49,685	0	38,307	45,400
Total	\$ 10,299,909	\$ 10,153,613	\$ 10,163,871	\$ 9,930,920	\$ 9,895,148
Losses	\$ 28,000	\$ 28,000	\$ 28,000	\$ 28,000	\$ 28,000
Loss adjustment expenses	560	560	560	560	560
Other expenses	27,777	13,908	32,596	21,303	19,519
Taxes, licenses and fees	12,117	1,360	2,136	1,872	1,685
Unearned premiums	846	904	954	1,039	1,116
Ceded reinsurance premiums payable (net of ceding commissions)	34,399	257,237	0	0	0
Amounts withheld or retained by company for account of others	8,341	0	0	2,385	2,385
Total liabilities	143,425	301,969	79,783	55,159	53,265
Unassigned funds (surplus)	10,156,484	9,851,644	10,084,088	9,875,761	9,841,883
Surplus as regards policyholders	10,156,484	9,851,644	10,084,088	9,875,761	9,841,883
Totals	\$ 10,299,909	\$ 10,153,613	\$ 10,163,871	\$ 9,930,920	\$ 9,895,148

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Cloister Mutual Casualty Insurance Company

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**Comparative Statement of Income  
For the Year Ended December 31,**

<b>Underwriting Income</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Premiums earned	\$ 260,923	\$ (284,104)	\$ 172,182	\$ 167,602	\$ 149,053
Deductions:					
Losses incurred	0	0	5,000	15,000	0
Loss expenses incurred	20,970	23,070	24,603	13,671	12,655
Other underwriting expenses incurred	271,074	286,089	266,170	261,743	245,892
Total underwriting deductions	<u>292,044</u>	<u>309,159</u>	<u>295,773</u>	<u>290,414</u>	<u>258,547</u>
Net underwriting gain or (loss)	<u>(31,121)</u>	<u>(593,263)</u>	<u>(123,591)</u>	<u>(122,812)</u>	<u>(109,494)</u>
<b>Investment Income</b>					
Net investment income earned	245,227	260,824	246,622	245,530	219,760
Net realized capital gains or (losses)	0	(55,305)	0	668	10,100
Net investment gain or (loss)	<u>245,227</u>	<u>205,519</u>	<u>246,622</u>	<u>246,198</u>	<u>229,860</u>
Net income before dividends to policyholders and before federal and foreign income taxes	214,106	(387,744)	123,031	123,386	120,366
Federal and foreign income taxes incurred	786	756	867	764	492
Net income	<u>\$ 213,320</u>	<u>\$ (388,500)</u>	<u>\$ 122,164</u>	<u>\$ 122,622</u>	<u>\$ 119,874</u>

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**Cloister Mutual Casualty Insurance Company**

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**Comparative Statement of Capital and Surplus  
For the Year Ended December 31,**

	2021	2020	2019	2018	2017
Surplus as regards policyholders,					
December 31, previous year	\$ 9,851,644	\$ 10,084,088	\$ 9,875,761	\$ 9,841,883	\$ 9,635,766
Net income	213,320	(388,500)	122,164	122,622	119,874
Net unrealized capital gains or (losses)	136,346	71,759	110,606	(64,504)	66,631
Change in net deferred income tax	(44,826)	84,297	(24,443)	(24,240)	2,063
Change in nonadmitted assets	0	0	0	0	17,549
Change in surplus as regards policyholder for the year	304,840	(232,444)	208,327	33,878	206,117
Surplus as regards policyholders,					
December 31, current year	\$ 10,156,484	\$ 9,851,644	\$ 10,084,088	\$ 9,875,761	\$ 9,841,883

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Cloister Mutual Casualty Insurance Company

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**Comparative Statement of Cash Flow  
For the Year Ended December 31,**

	2021	2020	2019	2018	2017
<b>Cash from Operations</b>					
Premiums collected net of reinsurance	\$ 38,027	\$ (26,917)	\$ 172,097	\$ 167,525	\$ 148,918
Net investment income	304,285	307,980	303,209	288,902	274,545
Total income	342,312	281,063	475,306	456,427	423,463
Benefit and loss related payments	20,969	27,672	19,798	28,672	12,655
Commissions, expenses paid and aggregate write-ins for deductions	246,447	356,841	269,816	259,774	250,541
Federal and foreign income taxes paid (recovered)	786	756	867	941	7,492
Total deductions	268,202	385,269	290,481	289,387	270,688
Net cash from operations	74,110	(104,206)	184,825	167,040	152,775
<b>Cash from Investments</b>					
Proceeds from investments sold, matured or repaid:					
Bonds	1,400,000	1,508,929	1,750,000	1,400,000	357,000
Stocks	0	1,704	1,518	85,171	66,222
Real estate	0	60,000	0	0	0
Miscellaneous proceeds	0	0	0	6,751	0
Total investment proceeds	1,400,000	1,570,633	1,751,518	1,491,922	423,222
Cost of investments acquired (long-term only):					
Bonds	1,854,875	968,156	1,500,000	844,182	766,490
Stocks	0	186,506	13,011	99,728	133,381
Real estate	136,712	0	76,811	238,871	4,424
Miscellaneous applications	0	17,422	4,233	0	5,260
Total investments acquired	1,991,587	1,172,084	1,594,055	1,182,781	909,555
Net cash from investments	(591,587)	398,549	157,463	309,141	(486,333)
<b>Cash from Financing and Miscellaneous Services</b>					
Other cash provided (applied):					
Other cash provided or (applied)	13,545	0	(2,389)	0	0
Net cash from financing and miscellaneous sources	13,545	0	(2,389)	0	0
<b>Reconciliation of cash and short-term investments:</b>					
Net change in cash and short-term investments	(503,932)	294,343	339,899	476,181	(333,558)
Cash and short-term investments:					
Beginning of the year	1,598,905	1,304,562	964,663	488,482	822,040
End of the year	\$ 1,094,973	\$ 1,598,905	\$ 1,304,562	\$ 964,663	\$ 488,482

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## SUMMARY OF EXAMINATION CHANGES

There were no examination changes to the preceding financial statements as filed with regulatory authorities over the review period.

## NOTES TO FINANCIAL STATEMENTS

### ASSETS

### INVESTMENTS

As of December 31, 2021, the Company's invested assets were distributed as follows:

	Amount	Percentage
Bonds	\$ 6,151,965	60.0 %
Common stocks	1,310,846	12.8 %
Real estate	1,667,353	16.3 %
Cash	56	0.0 %
Cash equivalents	1,094,918	10.7 %
Receivable for securities	16,451	0.2 %
Totals	<u>\$ 10,241,589</u>	<u>100.0 %</u>

The Company's bond portfolio had the following quality and maturity profiles:

NAIC Designation	Amount	Percentage
1 - highest quality	\$ 4,275,544	69.5 %
2 - high quality	1,876,421	30.5 %
Totals	<u>\$ 6,151,965</u>	<u>100.0 %</u>

Years to Maturity	Amount	Percentage
1 year or less	\$ 1,911,986	31.1 %
2 to 5 years	3,320,951	54.0 %
6 to 10 years	919,028	14.9 %
Totals	<u>\$ 6,151,965</u>	<u>100.0 %</u>

The Company's investment portfolio is comprised primarily of fixed income securities with a smaller percentage of assets in common stocks. The Company employs a conservative investing strategy focused on maintaining liquidity on a short- and long-term basis.

The Company has a custodial agreement with Truist Bank that is in compliance with 31 Pa. Code § 148a.3.

The Company has a written investment policy as required by 40 P.S. § 653b(b). The investment policy is reviewed and approved on an annual basis by the Board of Directors. The Company was following its investment policy as of December 31, 2021.

## **LIABILITIES**

### **LOSS AND LOSS ADJUSTMENT EXPENSE RESERVES**

The Company reported reserves in the amount of \$28,000 for losses and \$560 for loss adjustment expenses (“LAE”) on the December 31, 2021, Annual Statement.

For each year during the period under review, the Company filed with the Department for exemption from the requirement to file an actuarial opinion on the adequacy of its loss reserves as provided in the NAIC *Annual Statement Instructions – Property and Casualty*. This exemption was granted annually to the Company by the Department.

In order for the examination team to gain an adequate comfort level with the Company’s loss and LAE reserve estimates, the Department’s Chief Actuary and property and casualty actuarial examiner performed a risk-focused review of the Company’s loss and LAE reserving and pricing processes.

Based on the procedures performed and the results obtained, the examination team obtained sufficient documentation to support the conclusion that the Company’s carried loss and LAE reserve amounts are reasonably stated as of December 31, 2021.

### **SUBSEQUENT EVENTS**

#### **Multiline Excess of Loss Reinsurance Agreement**

Effective January 1, 2023, the Company entered into a Multiline Excess of Loss Reinsurance Agreement with its affiliate, Windsor. The term of the agreement is on a continuous basis until canceled.

On November 23, 2022, the Company filed a Form D with the Department to provide prior notice of the Multiline Excess of Loss Reinsurance Agreement pursuant to the requirements of 40 P.S. § 991.1405(a)(2)(iii). The Department approved the Form D filing for this reinsurance agreement on December 30, 2022.

#### **COVID-19**

The Department is monitoring the impact of the COVID-19 global pandemic. The Department recognizes that COVID-19 could have a significant financial and operational impact on all of its domestic insurers, including the Company. As such, the Department will continue to monitor and share information with the Company as appropriate related to COVID-19 developments.

### **RECOMMENDATIONS**

#### **PRIOR EXAMINATION**

The prior examination report contained no recommendations.

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### CURRENT EXAMINATION

There are no recommendations being made as a result of the current examination.

### CONCLUSION

As a result of this examination, the financial condition of Cloister Mutual Casualty Insurance Company, as of December 31, 2021, was determined to be as follows:

	<b>Amount</b>	<b>Percentage</b>
Admitted assets	\$ 10,299,909	100.0 %
Liabilities	\$ 143,425	1.4 %
Surplus as regards policyholders	10,156,484	98.6 %
Total liabilities and surplus	\$ 10,299,909	100.0 %

Since the previous examination, made as of December 31, 2016, the Company's assets increased by \$606,095, its liabilities increased by \$85,377, and its surplus increased by \$520,718.

## Cloister Mutual Casualty Insurance Company

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This examination was conducted Ellamarie Durant, David Smith, CISA, CPDSE, AES, CDPP, CFE, Kevin Clark, Jeffery Smith, FCAS, MAAA, CPCU, and Pamela Roberts, CFE, with the latter in charge.

Respectfully submitted,

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