

STATE OF NEBRASKA  
DEPARTMENT OF INSURANCE

NOV 21 2019

FILED

# CERTIFICATION

November 21, 2019

I, Bruce R. Range, Director of Insurance of the State of Nebraska, do hereby certify that the attached is a full and correct copy of the Financial Examination Report of

INLAND INSURANCE COMPANY

AS OF

DECEMBER 31, 2018

The report is now on file and forming a part of the records of this Department.

I hereto subscribe my name under the seal of my office at Lincoln, Nebraska.



*Bruce R. Range*  
DIRECTOR OF INSURANCE

**STATE OF NEBRASKA**

**Department of Insurance**

**EXAMINATION REPORT**

**OF**

**INLAND INSURANCE COMPANY**

**as of**

**December 31, 2018**



## TABLE OF CONTENTS

<u>Item</u>	<u>Page</u>
Salutation .....	1
Introduction.....	1
Scope of Examination.....	1
Description of Company:	
History.....	3
Management and Control:	
Holding Company.....	4
Stockholders.....	5
Board of Directors.....	5
Officers .....	6
Committees .....	7
Transactions with Affiliates:	
Tax Sharing Agreement .....	7
Service Agreement.....	8
Allocation of Operating Expenses .....	8
Lease Agreement .....	8
Territory and Plan of Operation.....	8
Reinsurance:	
Assumed.....	9
Ceded .....	9
General.....	11
Body of Report:	
Growth .....	11
Financial Statements .....	11
Examination Changes in Financial Statements.....	14
Compliance with Previous Recommendations .....	14
Commentary on Current Examination Findings:	
State Tax Reporting .....	15
Entire Agreement Clause .....	15
Offset Clause.....	16
Affiliated Transactions.....	16
Summary of Comments and Recommendations.....	16
Acknowledgment .....	18

Lincoln, Nebraska  
October 1, 2019

Honorable Bruce R. Range  
Director of Insurance  
Nebraska Department of Insurance  
1135 M Street, Suite 300  
Lincoln, Nebraska 68508

Dear Sir:

Pursuant to your instruction and authorizations, and in accordance with statutory requirements, an examination has been conducted of the financial condition and business affairs of:

**INLAND INSURANCE COMPANY  
601 South 12<sup>th</sup> Street, Suite 100  
Lincoln, Nebraska 68508**

(hereinafter also referred to as the “Company”) and the report of such examination is respectfully presented herein.

**INTRODUCTION**

The Company was last examined as of December 31, 2013 by the State of Nebraska. The current financial condition examination covers the intervening period to, and including, the close of business on December 31, 2018, and includes such subsequent events and transactions as were considered pertinent to this report. The State of Nebraska participated in this examination and assisted in the preparation of this report.

The same examination staff conducted a concurrent financial condition examination of the Company’s affiliate, Universal Surety Company (Universal).

**SCOPE OF EXAMINATION**

This examination was conducted pursuant to and in accordance with both the NAIC Financial Condition Examiners Handbook (Handbook) and Section §44-5904(1) of the Nebraska

Insurance Statutes. The Handbook requires that examiners plan and perform the examination to evaluate the financial condition and identify prospective risks of the Company by obtaining information about the Company including, but not limited to: corporate governance, identifying and assessing inherent risks within the Company, and evaluating system controls and procedures used to mitigate those risks. The examination also includes assessing the principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation and management's compliance with Statutory Accounting Principles and Annual Statement Instructions, when applicable to domestic state regulations.

A general review was made of the Company's operations and the manner in which its business has been conducted in order to determine compliance with statutory and charter provisions. The Company's history was traced and has been set out in this report under the caption "Description of Company". All items pertaining to management and control were reviewed, including provisions for disclosure of conflicts of interest to the Board of Directors and the departmental organization of the Company. The Articles of Incorporation and By-Laws were reviewed, including appropriate filings of any changes or amendments thereto. The minutes of the meetings of the stockholders, Board of Directors and committees, held during the examination period, were read and noted. Attendance at meetings, proxy information, election of Directors and Officers, and approval of investment transactions were also noted.

The fidelity bond and other insurance coverages protecting the Company's property and interests were reviewed. Certificates of Authority to conduct the business of insurance in the various states were inspected and a survey was made of the Company's general plan of operation.

Data reflecting the Company's growth during the period under review, as developed from the Company's filed annual statements, is reflected in the financial section of this report under the caption "Body of Report".

The Company's reinsurance facilities were ascertained and noted, and have been commented upon in this report under the caption "Reinsurance". Accounting records and procedures were tested to the extent deemed necessary through the risk-focused examination process. The Company's method of claims handling and procedures pertaining to the adjustment and payment of incurred losses were also noted.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. This included a review of workpapers prepared by BKD, LLP, the Company's external auditors, during their audit of the Company's accounts for the years ended December 31, 2017 and 2018. Portions of the auditor's workpapers have been incorporated into the workpapers of the examiners and have been utilized in determining the scope and areas of emphasis in conducting the examination. This utilization was performed pursuant to Title 210 (Rules of the Nebraska Department of Insurance), Chapter 56, Section 013.

Any failure of items to add to the totals shown in schedules and exhibits appearing throughout this report is due to rounding.

## **DESCRIPTION OF COMPANY**

### **HISTORY**

The Company was incorporated under the laws of the State of Nebraska on November 17, 1958, as a capital stock casualty insurance company. The Company was originally incorporated as the Atlas Insurance Company. In 1959, by proper resolution and amendment to its Articles of Incorporation, the name of the Company was changed to Inland Insurance

Company. At the time of incorporation, the nature of its business was to write fidelity insurance, including reinsurance. In 1961, by appropriate amendment to its Articles of Incorporation, the Company extended the nature of its business to include the writing of additional kinds of fire and casualty insurance. Under provisions of its amended charter and in conformity with Nebraska Statutes, the Company was authorized to write, as of December 31, 2018, the kinds of insurance prescribed by sub-sections 5, 7, 8, 9, 10, 11, 12, 13, 14, 16, 18, and 20 of Section 44-201 of the Nebraska Insurance Code.

## **MANAGEMENT AND CONTROL**

### **Holding Company**

The Company is a member of an insurance holding company system as defined by Nebraska Statute. An organizational listing of insurance companies flowing from the “Ultimate Controlling Person”, as reported in the 2018 Annual Statement, is represented by the following (subsidiaries are denoted through the use of indentations, and unless otherwise indicated, all subsidiaries are 100% owned):

NEBCO, Inc.  
    Inland Insurance Company  
    Universal Surety Company

NEBCO, Inc. (NEBCO) owns 100% of the common stock of Inland Insurance Company, an affiliate of Universal. Stockholders of NEBCO, James, John, Philip, and Elizabeth Abel, also own a controlling interest in Universal and 100% of Universal’s preferred stock is owned by Inland Insurance Company.

## **Stockholders**

The Company's authorized and outstanding capital is \$1,250,000 divided into 12,500 shares of common stock having a par value of \$100 per share. The Company paid a dividend during the exam period of \$6,000,000 to its Stockholder in 2015.

Article II, Section 1 of the Company's By-Laws states that, "the annual meeting of the Shareholders shall be held at such time as the Board of Directors may select, during the months of April or May of each year, at the principal office of the corporation, for the purpose of electing Directors, and for the transaction of such other business as may come before the meeting."

## **Board of Directors**

Article III, Sections 1 through 3 of the Company's By-Laws state that, "the business and affairs of the corporation shall be managed by its Board of Directors. The number of Directors of the corporation shall be not less than five nor more than nine. Each Director shall hold office until the next annual meeting of Shareholders and until his successor shall have been elected and qualified. Directors need not be residents of the State of Nebraska or Shareholders of the corporation. A regular meeting of the Board of Directors shall be held without other notice than this By-Law immediately after, and at the same place as, the annual meeting of Shareholders."

The following persons were serving as Directors at December 31, 2018:

<b><u>Name and Residence</u></b>	<b><u>Principal Occupation</u></b>
James P. Abel Lincoln, Nebraska	Chairman and Chief Executive Officer, NEBCO, Inc.
Philip C. Abel Lincoln, Nebraska	Chief Investment Officer, Inland Insurance Company and Universal Surety Company
Michael S. Dunlap Lincoln, Nebraska	Chief Executive Officer, Nelnet, Inc.



**Name and Residence**

**Principal Occupation**

Curtis L. Hartter  
Lincoln, Nebraska

President, Inland Insurance Company and Universal  
Surety Company

William W. Lester  
Lincoln, Nebraska

President and Chief Executive Officer, Ameritas Life  
Insurance Company

Robert E. Miller  
Lincoln, Nebraska

Vice President, NEBCO, Inc.

Thomas A. Tallman  
Lincoln, Nebraska

Consultant for Inland Insurance Company and  
Universal Surety Company

**Officers**

Article IV, Section 1 of the Company's By-Laws state that, "the Officers of the corporation shall be a President, one or more Vice-Presidents (the number thereof to be determined by the Board of Directors), a Secretary, and a Treasurer, each of whom shall be elected by the Board of Directors. Such other Officers and assistant Officers as may be deemed necessary may be elected or appointed by the Board of Directors. Any two or more offices may be held by the same person, except the offices of President and Vice-President, or President and Secretary."

The following is a listing of Officers elected and serving the Company at December 31, 2018:

**Name**

**Office**

Curtis L. Hartter  
Carol J. Clark  
Shannon L. Doering  
Philip C. Abel

President  
Vice-President, Secretary and Treasurer  
Vice-President and General Counsel  
Chief Investment Officer

The Officers of the Company are the same as those of its affiliate, Universal, and a portion of their salaries are allocated through joint operating expenses.

## **Committees**

Article III, Section 8 of the Company's By-Laws states that, "the Directors shall have the power to appoint an Executive Committee to transact business for the Company between meetings of the Board of Directors, and such other committees as are deemed necessary, and to provide for the membership and functioning of said committees by resolution." The Company has an Executive Committee, Audit Committee, and Finance Committee.

The following persons were serving on the Executive Committee at December 31, 2018:

James P. Abel	Philip C. Abel
Shannon L. Doering	Curtis L. Hartter

The following persons were serving on the Audit Committee at December 31, 2018:

Philip C. Abel	Carol J. Clark
Curtis L. Hartter	Thomas A. Tallman

The following persons were serving on the Finance Committee at December 31, 2018:

Philip C. Abel	Curtis L. Hartter
William W. Lester	

## **TRANSACTIONS WITH AFFILIATES**

### **Tax Sharing Agreement**

Effective January 1, 2017, the Company entered into a tax sharing agreement with its parent, NEBCO, that stipulates that the Company will calculate its federal income tax liability on a separate company basis. The tax will be recorded on the Company's books and paid to NEBCO on or before April 15<sup>th</sup> of the following year. Separate state income tax returns are filed by the parties and each company shall be responsible for its state tax liability.

### **Service Agreement**

Effective January 1, 2017, the Company entered into a service agreement with its parent, NEBCO, whereby NEBCO provides building maintenance and lawn service, as well as six parking garage stalls. The Company remits payment to NEBCO monthly.

### **Allocation of Operating Expenses**

Effective January 1, 2017, the Company entered into an agreement with its affiliate, Universal, whereby operating expenses for services provided by shared employees will be allocated. The employees' time shall be tracked using the Allocbas program and settlement shall occur quarterly.

### **Lease Agreement**

Effective January 1, 2017, the Company entered into a lease agreement with its affiliate, Universal. The companies jointly occupy the home office space at 601 South 12<sup>th</sup> Street, Suite 1 in Lincoln, Nebraska. Universal agrees to remit \$3,000, monthly to the Company.

### **TERRITORY AND PLAN OF OPERATION**

As evidenced by current or continuous Certificates of Authority, the Company is licensed to transact business in Arizona, Colorado, Iowa, Kansas, Minnesota, Missouri, Montana, Nebraska, North Dakota, Oklahoma, South Dakota, and Wyoming.

The Company is licensed to write multiple lines of insurance in all but four of the above states. In three states, it is licensed to write only fidelity and/or surety bonds. In the state of Oklahoma, the Company is licensed to write casualty and surety business.

Business is produced on the agency plan by independent agents. Production is under the supervision of the Company's President. Two field representatives are responsible for agency activity within designated geographical areas. They also have limited underwriting authority

subject to Home Office approval. In most instances, agents are appointed with both the Company, as well as with Universal, and agents may place business with either of the companies.

Underwriting requirements and rate differentials vary by company so that generally the type of risk dictates which company will write a specific policy.

The Company is on the approved bond writer list of the United States Treasury Department.

## **REINSURANCE**

### **Assumed**

The Company's assumed portfolio includes a small percentage of numerous contracts, pools and syndicates, both foreign and domestic dating from the late 1960s through 1991. These treaties are principally of the excess of loss type with limited exposure covering mostly property damage catastrophes but do include minimal exposure to asbestos, pollution and other mass tort claim liability. All such contracts are on a run-off basis. The Company participated in this business through a quota share reciprocal agreement with Universal. The percentage of retrocessions varied with the applicable contracts date of coverage.

The Company and its affiliate, Universal, under the terms of a general reinsurance agreement, cede and assume fidelity and surety business on a facultative basis.

### **Ceded**

Under the terms of three automatic reinsurance treaties with authorized reinsurers, the Company cedes, on a surplus share basis, fidelity, forgery and surety business in excess of its retention. All lines are ceded under each treaty. The Company's retention and the reinsurers liability apply to the Company and its affiliate, Universal, as a group and not separately. This also applies to any other benefits accruing to the companies under the terms of the treaties. The following shows the Company's retention and the reinsurers' limits by bond type:

<u>Class of Business</u>	<u>Retention</u>	<u>Amount Ceded to Reinsurers</u>
<u>Construction and Supply Bonds:</u>		
\$0 to \$500,000	All	None
\$500,001 to \$1,500,000	\$500,000 or 45% whichever is greater	100% of remainder
\$1,500,001 to \$3,000,000	\$675,000 or 33 1/3% whichever is greater	100% of remainder
\$3,000,001 to \$12,000,000	\$1,000,000 or 25% whichever is greater	100% of remainder to a max of \$9,000,000
<u>All Other Surety, Fidelity Except Multiple Penalty Fidelity, Forgery, and Burglary:</u>		
\$0 to \$20,000	All	None
\$20,001 to \$250,000	\$20,000 or 50% whichever is greater	100% of remainder
\$250,001 to \$1,200,000	\$125,000 or 33 1/3% whichever is greater	100% of remainder to a max of \$760,000
<u>Multiple Penalty Fidelity:</u>		
\$0 to \$10,000	All	None
\$10,001 to \$160,000	At least \$10,000 each risk subject to max of 50% of each risk	100% of remainder not to exceed twice the retention nor \$76,000

Everest Reinsurance Company assumes 40%, and Munich Reinsurance America, Inc. and Transatlantic Reinsurance Company each assume 30%. Each agreement provides for specific commissions by type of bond ranging from 32.5% to 45% and a contingent commission based on the underwriting profits of the covered business of 50% in 1998 and subsequent accounting periods.

## **General**

All contracts reviewed contained standard insolvency, arbitration, errors and omissions, and termination clauses where applicable. All contracts contained the clauses necessary to assure reinsurance credits could be taken.

## **BODY OF REPORT**

### **GROWTH**

The following comparative data reflects the growth of the Company during the period covered by this examination:

	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>
Common stocks	\$212,982,172	\$187,901,030	\$207,366,124	\$221,822,255	\$190,022,067
Admitted assets	262,481,072	240,394,888	273,210,816	300,691,898	272,167,780
Loss reserves	2,432,509	2,357,314	2,281,839	2,188,905	2,146,456
Total liabilities	66,801,885	57,548,872	66,342,230	47,758,006	39,582,595
Capital and surplus	195,679,187	182,846,016	206,868,586	252,933,892	232,585,185
Premiums earned	616,719	500,581	482,630	570,138	717,257
Losses incurred	8,733	(6,583)	(943)	11,407	22,531
Net investment income	8,385,910	8,205,676	7,537,334	9,281,365	10,147,421
Net income	8,723,012	8,466,683	11,310,697	8,521,341	9,639,123

### **FINANCIAL STATEMENTS**

The following financial statements are based on the statutory financial statements filed by the Company with the State of Nebraska Department of Insurance and present the financial condition of the Company for the period ending December 31, 2018. The accompanying comments on financial statements reflect any examination adjustments to the amounts reported in the annual statements and should be considered an integral part of the financial statements. A reconciliation of the capital and surplus account for the period under review is also included.

**FINANCIAL STATEMENT**  
**December 31, 2018**

<b><u>Assets</u></b>	<b><u>Assets</u></b>	<b><u>Assets Not Admitted</u></b>	<b><u>Net Admitted Assets</u></b>
Bonds	\$ 34,250,784		\$ 34,250,784
Preferred stocks	500,000		500,000
Common stocks	190,022,067		190,022,067
Real estate	181,822		181,822
Cash	11,077,907		11,077,907
Cash equivalents	4,218,099		4,218,099
Derivatives	<u>31,041,107</u>		<u>31,041,107</u>
Subtotal, cash and invested assets	\$271,291,786		\$271,291,786
Investment income	600,417		600,417
Uncollected premiums	132,250	\$210	132,040
Other amounts receivable under reinsurance	108,924		108,924
Guaranty funds receivable	200		200
Receivable – Ameritas fees	<u>34,413</u>		<u>34,413</u>
Total assets	<u>\$272,167,990</u>	<u>\$210</u>	<u>\$272,167,780</u>

**Liabilities, Surplus, and Other Funds**

Losses		\$ 2,146,456
Loss adjustment expenses		107,017
Commissions payable		90,307
Other expenses		765
Taxes, licenses and fees		245,063
Federal income taxes		1,766,737
Net deferred tax liability		34,036,375
Unearned premiums		748,320
Ceded reinsurance premiums payable		67,292
Payable to parent, subsidiaries and affiliates		137,755
Derivatives		<u>236,506</u>
Total liabilities		\$ 39,582,595
Common capital stock		\$ 1,250,000
Gross paid in and contributed surplus		1,519,270
Unassigned funds		<u>229,815,915</u>
Total capital and surplus		<u>\$232,585,185</u>
Total liabilities, capital and surplus		<u>\$272,167,780</u>

**STATEMENT OF INCOME – 2018**

**Underwriting Income**

Premiums earned \$ 717,257

**Deductions**

Losses incurred \$ 22,531

Loss adjustment expenses incurred (647)

Other underwriting expenses incurred 453,857

Total underwriting deductions \$ 475,741

Net underwriting gain \$ 241,516

**Investment Income**

Net investment income earned \$10,147,421

Net realized capital gain 571,600

Net investment gain \$10,719,021

**Other Income**

Other income \$ 293,379

Net income before federal income taxes \$11,253,916

Federal income taxes incurred 1,614,793

Net income \$ 9,639,123



**CAPITAL AND SURPLUS ACCOUNT (000s excluded)**

	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>
Capital and surplus, beginning	<u>\$190,018</u>	<u>\$195,679</u>	<u>\$182,846</u>	<u>\$206,869</u>	<u>\$252,934</u>
Net income	8,723	8,467	11,311	8,521	9,639
Change in net unrealized capital gains	(1,087)	(15,298)	14,388	35,357	(29,989)
Change in net deferred income tax	(1,982)	(1)	(1,678)	2,188	(1)
Change in nonadmitted assets	(120)	(1)	2	(2)	2
Dividend to stockholder		(6,000)			
Non-admitted bond value	<u>127</u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Net change for the year	<u>\$ 5,662</u>	<u>\$ (12,833)</u>	<u>\$ 24,023</u>	<u>\$ 46,065</u>	<u>\$ (20,349)</u>
Capital and surplus, ending	<u>\$195,679</u>	<u>\$182,846</u>	<u>\$206,869</u>	<u>\$252,934</u>	<u>\$232,585</u>

**EXAMINATION CHANGES IN FINANCIAL STATEMENTS**

Unassigned funds (surplus) in the amount of \$229,815,915 as reported in the Company's 2018 Annual Statement, has been accepted for examination purposes. Examination findings, in the aggregate, were considered to have no material effect on the Company's financial condition.

**COMPLIANCE WITH PREVIOUS RECOMMENDATIONS**

The recommendations appearing in the previous report of examination are reflected below together with the remedial actions taken by the Company to comply therewith:

**Custodial Agreement** – It is recommended that the Company execute a custodial agreement with National Financial Services in accordance with Title 210, Chapter 81, Section 3 of the Nebraska Department of Insurance Rules and Regulations.

**Action:** The Company has complied with this recommendation.

**Fidelity Bond Coverage** – It is recommended that the Company reviews the adequacy of its current coverage.

**Action:** The Company has complied with this recommendation.

**Reporting of Bond Values** – It is recommended that the Company corrects the reporting of bonds at amortized cost value on Schedule D – Part 1.

**Action:** The Company has complied with this recommendation.

**Actuarial Report** – It is recommended that the Appointed Actuary includes a formal Schedule P reconciliation in the Actuarial Reports as required by the NAIC Annual Statement Instructions.

**Action:** The Company has complied with this recommendation.

**Schedule P** – It is recommended that the Company complete Schedule P in accordance with the NAIC Annual Statement Instructions, which should produce consistency from year-to-year and between the summaries and by-line components.

**Action:** The Company has complied with this recommendation.

## **COMMENTARY ON CURRENT EXAMINATION FINDINGS**

### **State Tax Reporting**

The exam team reviewed the Company's trial balance noting that there was a manual adjustment to allocate a portion of state income taxes from underwriting deductions to a reduction of investment income on page 4 of the annual statement. Per Statutory Statement of Accounting Principles (SSAP) No. 101, paragraph 4, property and casualty insurance companies shall report state taxes as other underwriting expenses under the caption "taxes, licenses, and fees". Based upon this finding, the Company submitted and obtained a permitted practice from the Nebraska Department of Insurance to allocate the state income taxes in a manner the Company determines more accurately illustrates the Company's large investment holdings in proportion to premiums.

### **Entire Agreement Clause**

The exam team reviewed the Company's reinsurance agreements and noted that each agreement did not contain an entire agreement clause, which is a violation of SSAP 62,

paragraph 8c. It is recommended that the Company amend its existing reinsurance agreements to include an entire agreement clause in compliance with NAIC Accounting Practices and Procedures.

### **Offset Clause**

The exam team reviewed the Company's reinsurance agreements and noted that each agreement contained an offset clause with wording that alluded to the offsetting between contract and other agreements or other debts and credits between the two parties. This is a violation of SSAP 64, paragraph 2, as a legal right to offset would not be present among separate agreements and/or parties. It is recommended that the Company amend its existing reinsurance agreements to include an appropriate offset clause in compliance with NAIC Accounting Practices and Procedures.

### **Affiliated Transactions**

The exam team reviewed the Company's trial balance noting that there were service agreements in place between affiliates. Column 8 of Schedule Y Part 2 did not report any transactions pursuant to these agreements. It is recommended that the Company accurately complete Schedule Y Part 2 and detail transactions with its affiliates.

## **SUMMARY OF COMMENTS AND RECOMMENDATIONS**

The following comments and recommendations have been made as a result of this examination:

**Entire Agreement Clause** – It is recommended that the Company amend its existing reinsurance agreements to include an entire agreement clause in compliance with NAIC Accounting Practices and Procedures.

**Offset Clause** – It is recommended that the Company amend its existing reinsurance agreements to include an appropriate offset clause in compliance with NAIC Accounting Practices and Procedures.

**Affiliated Transactions** – It is recommended that the Company accurately complete Schedule Y Part 2 and detail transactions with its affiliates.

## ACKNOWLEDGMENT

The courteous cooperation extended by the Officers and employees of the Company during this examination is hereby acknowledged.

In addition to the undersigned, Santosh Ghimire, CFE, Financial Examiner; Linda Scholl, CISA, CFE, APIR, Financial Examiner and Information Systems Specialist; and Gordon Hay, FCAS, MAAA, CPSU, Senior Casualty Actuarial Examiner; all with the Nebraska Department of Insurance, participated in this examination and assisted in the preparation of this report.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'I. Russell', written over a horizontal line.

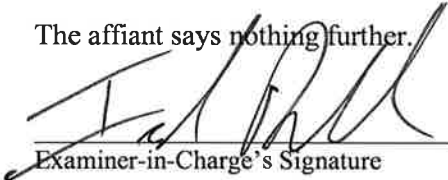
Isaak Russell, CFE  
Supervisory Examiner  
Department of Insurance  
State of Nebraska

State of Nebraska,  
County of Lancaster,

Isaak Russell, being duly sworn, states as follows:

1. I have authority to represent the Department of Insurance of the State of Nebraska in the examinations of Inland Insurance Company and Universal Surety Company.
2. The Department of Insurance of the State of Nebraska is accredited under the National Association of Insurance Commissioners Financial Regulation Standards and Accreditation.
3. I have reviewed the examination work papers and examination reports, and the examinations of Inland Insurance Company and Universal Surety Company were performed in a manner consistent with the standards and procedures required by the Department of Insurance of the State of Nebraska.

The affiant says nothing further.

  
Examiner-in-Charge's Signature

Subscribed and sworn before me by ISAIAK RUSSELL on this 7<sup>th</sup> day of October, 2019.



(SEAL)

  
Notary Public

My commission expires 3-3-21 [date].