

# CERTIFICATION

June 10, 2015

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

Qualifying Examination Report of

**RADNOR SPECIALTY INSURANCE COMPANY**

as of

April 30, 2015

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.



STATE OF NEBRASKA  
DEPARTMENT OF INSURANCE  
JUN 10 2015

FILED

*Bruce R. Range*  
DIRECTOR OF INSURANCE

CERTIFICATE OF ADOPTION

Take notice that the proposed report of the financial examination of

**RADNOR SPECIALTY INSURANCE COMPANY**

dated as of April 30, 2015, verified under oath by the examiner-in-charge on June 4, 2015, and received by the company on June 9, 2015, has been adopted without modification as the final report pursuant to Neb. Rev. Stat. § 44-5906(3)(a).

Dated this 9 day of June, 2015.

STATE OF NEBRASKA  
DEPARTMENT OF INSURANCE



Justin Schrader  
Chief Financial Examiner

**STATE OF NEBRASKA**

**Department of Insurance**

**QUALIFYING EXAMINATION**

**OF**

**RADNOR SPECIALTY INSURANCE COMPANY**

**as of**

**April 30, 2015**



Omaha, Nebraska  
May 22, 2015

Honorable Bruce R. Ramage  
Director of Insurance  
Nebraska Department of Insurance  
941 "O" Street, Suite 400  
Lincoln, Nebraska 68508

Sir:

Pursuant to your instructions and statutory requirements, a qualifying examination has been made of the

**RADNOR SPECIALTY INSURANCE COMPANY**

which has its Registered Office located at

10330 Regency Parkway Drive, Ste. 100  
Omaha, NE 68114

with its Principal Executive Offices located at

1170 Devon Park Drive  
Wayne, PA 19087-2191

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

**SCOPE OF EXAMINATION**

The Company has made an application for a Certificate of Authority to transact the business of insurance as provided under Nebraska Revised Statute §44-201(5) (property and casualty lines of insurance). In order to determine whether such authority

should be granted, this examination has been conducted to ascertain if the Company has met the capital, surplus, and organizational requirements set forth by Nebraska Law.

### **HISTORY**

The Articles of Incorporation of the Company were originally filed with the Secretary of State of the State of Nebraska on November 19, 2014.

The Articles of Incorporation were executed by the following Incorporators:

<b><u>Name</u></b>	<b><u>Address</u></b>
Thomas P. Nerney	400 Inveraray Road Villanova, PA 19085
Lisa K. Kuesel-Traynor	33 Meadow Creek Lane Malvern, PA 19355
Robert M. C. Ling	800 Geddy Lane Downingtown, PA 19335
Lauren A. Reiley	156 Derr Drive Collegeville, PA 19426
Steven J. Rivituso	1112 Woodbridge Way West Chester, PA 19380

### **CAPITAL STOCK**

The Articles of Incorporation authorize the issuance of 840,000 shares of common stock with a par value of \$5.00 per share, which was purchased by Mount Vernon Specialty Insurance Company, a Pennsylvania Corporation for a total purchase price of \$4,200,000. The Company's capital structure therefore consists of \$4,200,000 in common stock and \$3,000,000 in paid-in surplus.

## MANAGEMENT

### Shareholders

The By-Laws of the Company provide that, “the annual meeting of the shareholders for the election of Directors, and for the transaction of such business as may properly come before the meeting, shall be held at such place, date and hour as shall be fixed by the Board of Directors and designated in the notice or waiver of notice thereof.”

### Board of Directors

The By-Laws provide that the affairs of the Company shall be conducted by a Board of Directors, “which shall constitute the Whole Board shall initially be six (6), but may be changed from time to time by a vote of a majority of the Whole Board. Each Director shall hold office until his or her successor is elected and qualified, or until his or her death or resignation or removal in the manner hereinafter provided.” The Board of Directors shall take no action in the absence of a quorum.

In lieu of a meeting, an action of written consent was taken by the incorporators of the Company, dated December 17, 2014, that the following persons be elected to the Board of Directors:

<u>Name</u>	<u>Address</u>
Marc H. Hamburg	13106 Charles Street Omaha, NE 68154
Robert M. C. Ling	800 Geddy Lane Downingtown, PA 19335
Thomas P. Nerney	400 Inveraray Road Villanova, PA 19085

**Name****Address**

Lauren A. Reiley

156 Derr Drive  
Collegeville, PA 19426

Steven J. Rivituso

1112 Woodbridge Way  
West Chester, PA 19380

Lisa K. Kuesel Traynor

33 Meadow Creek Lane  
Malvern, PA 19355

The By-Laws also provide that, “the Board, by resolution adopted by a majority of the Whole Board, may designate from among its members one or more committees, each of which shall have such authority of the Board as may be specified in the resolution of the Board designating such committee. The Board shall have power at any time to change the members of any such committee, designate alternate members of any such committee and fill vacancies.” No committees were noted to exist at the time of this examination.

**Officers**

According to the By-Laws, “the Executive Officers of the Corporation may include a President, a Secretary, a Treasurer, one or more Vice Presidents, one or more Assistant Secretaries or Assistant Treasurers and any other offices the Board deems advisable. The Board may also elect one of its members to serve as Chairman of the Board. Any two (2) or more offices may be held by the same person. The terms of the office shall be prescribed by the Board. Any Officer may resign at any time by giving written notice to the President or the Secretary of the Corporation, and such resignation shall take effect at the time specified therein or, if the time when it shall become effective is not specified therein, at the time it is accepted by action of the Board.”

In lieu of the first meeting of the Board of Directors of the Company, an action of unanimous written consent was taken by the Board, dated December 23, 2014, that the following persons be elected for the positions indicated:

<b><u>Name</u></b>	<b><u>Position</u></b>
Thomas P. Nerney	Chief Executive Officer
Dorinda K. Culp	President
Lisa K. Kuesel Traynor	Chief Operating Officer Executive Vice President
Robert M. C. Ling	Chief Underwriting Officer Executive Vice President
Steven J. Rivituso	Chief Financial Officer & Treasurer Executive Vice President
Diane S. Duda	Executive Vice President, Actuarial
Shelley L. Palma	Executive Vice President, Claims
Cheryl B. Russell-Ryan	Executive Vice President
Christine H. Murray	Executive Vice President
Michael E. Adamski	Executive Vice President
Thomas C. Snyder	Executive Vice President, Customer Relationships
Louis Rivituso	Executive Vice President
Andrea West	Assistant Vice President
Mary Ann Dougherty	Assistant Vice President
Lauren A. Reiley	Secretary

### **CORPORATE RECORDS**

The Articles of Incorporation have been properly filed with the Secretary of State of the State of Nebraska. The original By-Laws and other pertinent documents pertaining to the incorporation of the Company have been filed with the Nebraska Department of Insurance. The written consents in lieu of the meetings of the Incorporator and the Board of Directors were reviewed and appeared to be in order.

Pursuant to Nebraska Revised Statute 44-205.01(b), the Articles state that the registered office of the Company shall be located at 10330 Regency Parkway Drive, Ste. 100, Omaha, Nebraska 68114.

## FINANCIAL STATEMENT

The following statements reflect the Company's financial condition as of April 30, 2015:

### BALANCE SHEET

April 30, 2015

#### Assets

Bonds	\$2,010,798
Cash, cash equivalents, and short-term investments	5,188,309
Accrued interest and dividends	<u>2,597</u>
Total assets	<u>\$7,201,704</u>

#### Liabilities, Capital and Surplus

Current federal income taxes	\$ <u>596</u>
Total liabilities	\$ 596
Common capital stock	4,200,000
Paid in and contributed surplus	3,000,000
Unassigned funds	<u>1,108</u>
Total capital and surplus	<u>\$7,201,108</u>
Total liabilities, capital and surplus	<u>\$7,201,704</u>

### ASSETS

Bonds \$2,010,798

On April 22, 2015, the Company purchased a U.S. Treasury Note, which has a par value of \$500,000, to serve as the Nebraska statutory deposit. The remaining balance of

bonds held total \$1,510,798. These assets were verified by confirming the accounts with the receiving bank.

**Cash, cash equivalents, and short-term investments** **\$5,188,309**

As of April 30, 2015 the Company had a total of \$5,188,309 in cash and short-term investments. This asset was verified by confirming the account with the receiving bank and by review of the funds transfer verification.

**Accrued interest and dividends** **\$ 2,597**

The accrued interest and dividends total \$2,597 as of April 30, 2015.

### **LIABILITIES, CAPITAL AND SURPLUS**

**Federal Income Taxes** **\$ 596**

The Company had a total of \$596 in federal income taxes as of April 30, 2015.

**Common Capital Stock, Issued, and Outstanding** **\$4,200,000**

The Company's 840,000 outstanding shares were purchased by Mount Vernon Specialty Insurance Company at the par value of \$5.00 a share on January 15, 2015.

**Paid In and Contributed Surplus** **\$3,000,000**

This amount was paid by Mount Vernon Specialty Insurance Company on January 15, 2015. The contribution was pursuant to resolutions of the Mount Vernon Board of Directors, and was confirmed by reviewing the Company's bank statement and confirmation received from the bank.

**Unassigned Funds** **\$ 1,108**

As of April 30, 2015 the Company's unassigned funds totaled \$1,108.

### **GENERAL COMMENTS**

In accordance with Nebraska Revised Statute §44-208, “no domestic insurance company shall issue, cause, or allow to be issued any stock or stock subscriptions at any time upon which all expenses of distribution and sale, including promotion, commission, and underwriting fees, exceed ten percent of the amount paid in money upon such stock or stock subscriptions”.

Affidavits signed by the incorporators of the Company stating that none of the assets of the Company have been pledged or in any manner impaired, and further state that all of the known expenses unpaid are estimated to be zero, have been obtained.

**CONCLUSION**

Capital, surplus, and organizational filing requirements have been met by the Company as required by the Nebraska Insurance Statutes. All items reviewed appeared properly stated. It is recommended that a Certificate of Authority be granted to this Company to transact the business of insurance as provided under Nebraska Revised Statute §44-201(1).

Respectfully submitted,

A handwritten signature in black ink that reads "Erin Garvin". The signature is written in a cursive style and is positioned above a horizontal line.

Erin Garvin, CFE  
Financial Examiner  
Nebraska Department of Insurance

State of Nebraska,

County of Lancaster,

Erin Garvin, being duly sworn, states as follows:

1. I have authority to represent the Department of Insurance of the State of Nebraska in the examination of Radnor Specialty Insurance 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 report, and the examination of Radnor Specialty Insurance Company was 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.

Erin Garvin

Examiner-in-Charge's Signature

Subscribed and sworn before me by Erin Garvin on this 4<sup>th</sup> day of June, 2015.



(SEAL)

Terri A. Keller

Notary Public

My commission expires Dec 24, 2017 [date].