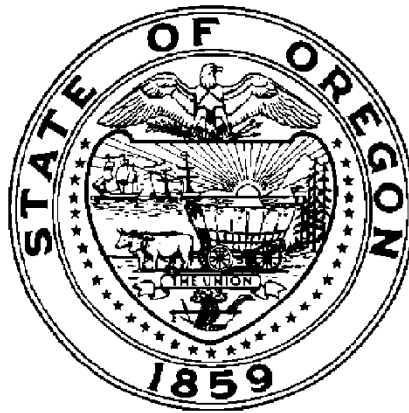


**STATE OF OREGON**  
**DEPARTMENT OF**  
**CONSUMER AND BUSINESS**  
**SERVICES**  
**DIVISION OF FINANCIAL**  
**REGULATION**



**REPORT OF FINANCIAL EXAMINATION**  
**OF**  
**ENUMCLAW PROPERTY & CASUALTY INSURANCE**  
**COMPANY**  
**ENUMCLAW, WASHINGTON**

**AS OF**

**DEC. 31, 2023**

STATE OF OREGON

DEPARTMENT OF CONSUMER AND BUSINESS SERVICES

DIVISION OF FINANCIAL REGULATION

REPORT OF FINANCIAL EXAMINATION

OF

**ENUMCLAW PROPERTY & CASUALTY INSURANCE COMPANY  
ENUMCLAW, WASHINGTON**

**NAIC COMPANY CODE 11232**

AS OF

DEC. 31, 2023

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## **SALUTATION**

May 6, 2025

Honorable Andrew Stolfi, director  
Department of Consumer and Business Services  
Division of Financial Regulation  
State of Oregon  
350 Winter St. NE  
Salem, OR 97301-3883

Dear director:

According to your instructions and guidelines in the National Association of Insurance Commissioners (NAIC) *Financial Condition Examiners Handbook*, under Oregon Revised Statutes (ORS) 731.300 and 731.302, respectively, we have examined the business affairs and financial condition of

**ENUMCLAW PROPERTY & CASUALTY INSURANCE COMPANY**  
**1460 Wells St.**  
**Enumclaw, WA, 98022**

**NAIC Company Code 11232**

Hereinafter referred to as the “company.” The following report is respectfully submitted.

## **SCOPE OF EXAMINATION**

We have performed our regular, single-state, full-scope examination of Enumclaw Property & Casualty Insurance Company. The examination was conducted in conjunction with the examination of the parent property and casualty insurer, Mutual of Enumclaw Insurance Company, and a separate report of examination will be prepared for that entity. The last examination of this property and casualty insurer was completed as of Dec. 31, 2018. This examination covers the period of Jan. 1, 2019, to Dec. 31, 2023.

We conducted our examination pursuant to ORS 731.300 and according to ORS 731.302(1), which allows the examiners to consider the guidelines and procedures in the NAIC *Financial Condition Examiners Handbook*. The handbook requires that we plan and perform the examination to evaluate the financial condition, assess corporate governance, identify current and prospective risks of the company and evaluate 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 both currently and prospectively.

All accounts and activities of the company were considered according to 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 an adjustment will be documented separately following the company's financial statements.

This examination report includes significant findings of fact, as mentioned in ORS 731.302, and general information about the insurer 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 the company.

### **COMPANY HISTORY**

The company was incorporated on Nov. 27, 2001, as a stock, multiple-line, property-and-casualty insurer in the state of Washington and commenced business there on Jan. 25, 2002.

In 2015, the parent reorganized itself pursuant to the provisions of ORS 731.363, ORS 732.015 – 732.175, and ORS 732.600 – 732.630 by doing the following: reincorporating as a domestic insurer, forming an Oregon mutual insurance holding company, converting from an Oregon mutual insurer into an incorporated Oregon stock insurer, and becoming a wholly owned subsidiary of the Oregon mutual insurance holding company. Mutual policyholders of the company or any other subsidiary that issues mutual insurance policies, including Mutual of Enumclaw Insurance Company, were granted membership interests in the Oregon mutual insurance holding company. There are no plans to issue shares of the company to the public, any director or officer of the Oregon mutual holding company, or to any other persons except for the granting of membership interests.

The company now writes nonassessable policies, meaning that if the company has adverse losses or expenses, it cannot assess the policyholders to replenish surplus.

### **Capitalization**

As of Dec. 31, 2018, the company had 600,000 shares of common stock authorized, of which 300,000 shares are outstanding with a par value of \$10 per share totaling \$3 million. The company reported \$3.1 million in gross paid-in and contributed surplus, which was unchanged from the prior report of examination.

### **Dividends to stockholders and other distributions**

During the period under examination, the company did not declare or pay any dividend to its stockholder or make any distribution.

## **CORPORATE RECORDS**

### **Board minutes**

In general, the review of board meeting minutes of the company indicated that the minutes support the transactions of the company and clearly describe the actions taken by its directors. A quorum as defined by the company's bylaws, met at all of the meetings held during the period under review.

The company's bylaws authorize the board to establish committees as it deems necessary. Further, the company's board has created committees that oversee and support the Mutual of Enumclaw Insurance Group: an audit committee, a compensation committee, a board governance committee, and an investment committee.

The minutes indicated the board directly approves the CEO's compensation through its compensation committee and indirectly approves the compensation of senior executives through approval of an annual performance compensation plan. This process complies with the provisions of ORS 732.320(3).

### **Articles of incorporation**

The company's restated articles of incorporation were most recently amended on Aug. 14, 2015, to reincorporate as an Oregon domestic for-profit stock insurance company pursuant to the plan of conversion filed with the Division of Financial Regulation (DFR) under the provisions of ORS 732.600 to 732.630. The articles of incorporation conformed to the Oregon Insurance Code.

### **Bylaws**

The company's bylaws were last restated on May 24, 2022, to impose term limits on directors after serving five consecutive, full, three-year terms. A director may apply for a waiver to serve an additional three-year term before the completion of his or her consecutive, fifth, full term. A majority of the remaining directors must approve for the applying director to remain eligible for reelection for an additional three years. The chief executive officer is exempt from term limits. The bylaws conformed to Oregon statutes.

## **MANAGEMENT AND CONTROL**

### **Board of directors**

The bylaws, in Article III, state the affairs of the company shall be managed by the board of not less than seven and not more than 14 members, the specific number to be set by resolution of the board. As of Dec. 31, 2023, the company was governed by an eight-member board of directors as follows:

<b><u>Name and Address</u></b>	<b><u>Principal Affiliation</u></b>	<b><u>Representative</u></b>	<b><u>Member Since</u></b>
Anthony Lawrence Baruffi Seattle, Washington	Vice president Garde Capital	Public	2014



*Kerry Evan Barnett Portland, Oregon	Retired executive	Public	2021
Laurinda Mackenzie Portland, Oregon	Retired executive	Public	2015
Eric Paul Nelson Kent, Washington	President and CEO Mutual of Enumclaw Insurance Co.	Company	2010
Elizabeth Cohen Hunter Bellevue, Washington	Senior VP technology T-Mobile	Public	2023
Shan Sugoon Kim Mercer Island, Washington	Retired executive	Public	2022
Eileen O'Neil Odum Portland, Oregon	Retired executive	Public	2021
Don Edward Powell Richland, Washington	Attorney at law Powell & Gunter.	Public	2008

\*Chairman

Under Oregon law, ORS 732.305, at least five or one-quarter of the directors, whichever is fewer, must be residents of Oregon, and a majority of directors must be non-salaried officers of the company. The company was in compliance with this statute. The directors as a group had experience in law, insurance, accounting and management, according to the provisions of ORS 731.386.

### **Officers**

Principal officers serving at Dec. 31, 2023, were as follows:

#### **Name**

Eric Paul Nelson  
Andrew Chen  
Jerel Lee Titus

#### **Title**

President  
Vice president and treasurer  
Vice president, underwriting

Jeffrey Quinn Gardner  
Celeste Melinda Holmes  
Kerry Evan Barnett  
Athan Michael Shinas

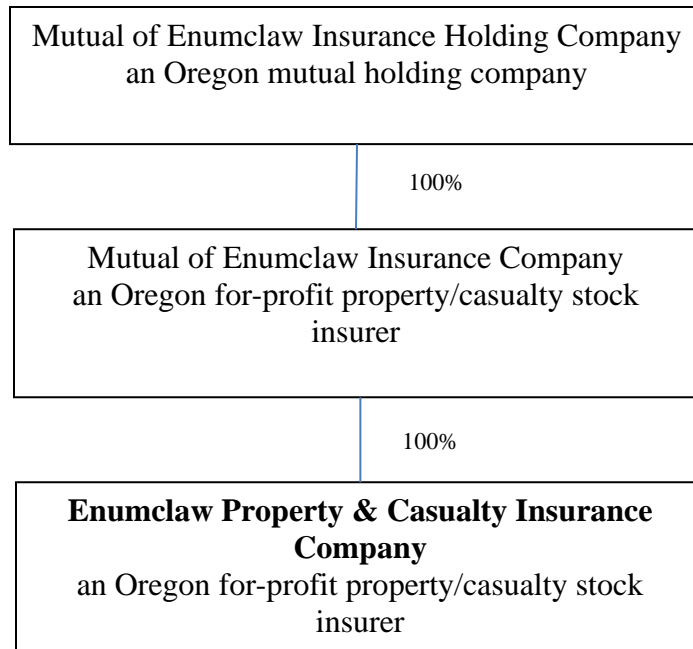
Vice president, marketing  
Vice president, claims  
Board chairperson  
Vice president legal secretary

### **Conflict of interest**

The company's board adopted a formal statement of policy concerning conflict of interest for all directors, officers, and responsible employees. Board members, senior officers and key employees are required to annually sign a conflict-of-interest declaration. From a review of the completed conflict of interest statements, it appeared that the affected personnel performed due diligence in completing the statements. No material conflicts of interest were noted.

### **Insurance company holding system**

An insurance holding company registration statement was filed by the company according to the provisions of ORS 732.552, ORS 732.554, and Oregon Administrative Rule (OAR) 836-027-0020(1). The following organizational chart depicts the relationships of the company within the holding company system:



A description of each of the entities above is as follows:

Mutual of Enumclaw Insurance Holding Company is an Oregon domiciled mutual holding company. It was formed pursuant to the re-domestication from Washington to Oregon in 2015 and is the ultimate controlling entity. It owns 100 percent of the company and would be the ultimate controlling entity. The purpose of the holding company is to grant membership interests to all mutual policyholders of the parent or any subsidiary that issues mutual insurance policies, including Enumclaw Property & Casualty Insurance Company.

Mutual of Enumclaw Insurance Company (MOE) is an Oregon domiciled for-profit property and casualty stock insurer incorporated in 1898 and reincorporated on Aug. 11, 1899, under the Mutual Insurance Law of the state of Washington. MOE is a 100 percent owner of the company and is considered the direct parent.

### **Intercompany agreements**

The following agreements are in place between the parent and the company:

#### **Intercompany quota share reinsurance agreement**

Effective March 18, 2015, MOE and the company entered into an intercompany quota share reinsurance agreement. Under the terms of the agreement, MOE assumes 100 percent of all the company's gross premiums, losses, and expenses. MOE is also liable for the pro rata share of loss adjustment expenses (LAE), extra contractual obligations, and losses in excess of policy limits. The company is required to report within 30 days following the end of each month all premiums written and earned during the month, ceding commissions, losses, and LAE paid and incurred on losses occurring during the term of the agreement, subrogation, salvage, or other recoveries on losses occurring during the term of the agreement, and the outstanding loss and LAE reserve and premiums unearned at the end of the month. The company and MOE are required to settle any outstanding balances in the intercompany accounts within 45 days following the end of each quarter.

With the two entities commonly managed and staffed, expenses will be allocated between MOE and the company, taking into consideration factors such as premium volume, policy counts, underwriting profitability, or any other factor deemed significant. MOE allows the company a ceding commission equivalent to the allocated expenses. The agreement remains effective until terminated by either party, which requires 12 months prior notice in writing. Upon termination of the agreement, MOE will remain liable under all policies ceded within the terms of the agreement before the effective date of such termination until all liabilities under such policies are fully satisfied.

### Tax allocation agreement

Effective Jan. 30, 2004, a consolidated federal income tax sharing agreement was entered into between MOE and the company. The agreement requires the two entities to allocate federal income tax provisions on a separate company, reporting entity basis. Allocation is based on separate return calculations with current credit for net losses. Amounts are to be settled within 90 days of the filing of the consolidated income tax return, or within 90 days of the receipt of a refund, when a refund is due to the reporting entity's parent. The agreement may be amended at any time for provisions relating to changes in statement of statutory accounting principles or for changes in state insurance laws and regulations.

The agreement was not updated to reflect Oregon insurance laws and regulations. Further, the Form D filing did not include an effective date, nor all of the required clauses according to OAR 836-027-0160.

**I recommend the company file an amended and restated consolidated tax sharing agreement to reflect Oregon insurance laws and regulations, to include an effective date, and to include all of the requirements of OAR 836-027-0160.**

During fieldwork, the company filed an amended and restated consolidated tax-sharing agreement that reflected Oregon insurance laws and regulations with an effective date, and included all of the requirements of OAR 836-027-0160.

### **FIDELITY BOND AND OTHER INSURANCE**

The examination of insurance coverages involved a review of the adequacy of limits and retentions, and the solvency of the insurers providing the coverages. The insurance coverages are

provided through insurance policies issued by unaffiliated companies. Coverage protected just the company. The group as a whole is insured up to \$10 million per occurrence, after a \$75,000 deductible per single loss, against losses from acts of dishonesty and fraud by its employees and agents. Fidelity bond coverage was found to meet the coverage recommended by the NAIC.

Other insurance coverages in force at Dec. 31, 2023, were found to be adequate, and are as follows:

Cyber and cyber excess policy	Director's and officer's
Property	Automobile liability
General liability	
Insurance company professional liability	

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

The company has certificates of authority in the states of Alaska, Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, North Dakota, Oregon, South Dakota, Utah, Washington, Wisconsin, and Wyoming. Direct premiums written in 2023 were:

<b><u>State</u></b>	<b><u>Direct premiums written</u></b>	<b><u>percentage</u></b>
Idaho	\$ 5,805,906	8.3%
Oregon	17,315,253	24.9%
Utah	4,348,393	6.3%
Washington	42,015,336	60.5%
Total	<u>\$ 69,484,888</u>	<u>100.0%</u>

The following is a breakdown of the direct premiums written in 2023:

<b><u>Lines of business</u></b>	<b><u>Premium</u></b>	<b><u>Percentage</u></b>
Fire	\$ 3,555,948	5.1%
Allied lines	2,343,902	3.4%
Homeowners multiple peril	27,448,477	39.5%
Inland marine	1,530,510	2.2%
Other liability – occurrence	1,934,412	2.8%
Private passenger auto liability	20,165,080	29.0%
Auto physical damage	<u>12,506,559</u>	<u>18.0%</u>
Totals	<u>\$ 69,484,888</u>	<u>100.0%</u>

### **GROWTH OF THE COMPANY**

Growth of the company over the past five years is reflected in the following schedule. Amounts were derived from the company's annual statements, except in those years where a report of examination was published by DFR.

<b><u>Year</u></b>	<b><u>Assets</u></b>	<b><u>Liabilities</u></b>	<b><u>Capital and surplus</u></b>	<b><u>Net income (loss)</u></b>
2019	8,479,547	143,032	8,336,515	147,833
2020	8,595,288	127,488	8,467,801	131,286
2021	8,664,383	79,786	8,584,597	116,796
2022	8,744,063	59,546	8,684,518	99,921
2023*	9,001,190	151,108	8,850,083	165,565

\*Per examination

### **REINSURANCE**

#### **Assumed**

None.

#### **Ceded**

An intercompany quota share reinsurance agreement between the MOE and the company was described under intercompany agreements above.

#### **Risk retention**

The company did not retain risk on any one subject in excess of 10 percent of its surplus as regards policyholders. The company complied with the provisions of ORS 731.504.

#### **Insolvency clause**

The reinsurance agreements each contained an insolvency clause that specified payments would be made to a statutory successor without diminution in the event of insolvency in compliance with ORS 731.508(3).

### **ACCOUNTS AND RECORDS**

In general, the company's records and source documentation supported the amounts presented in the company's Dec. 31, 2023, annual statement and were maintained in a manner by which the financial condition was readily verifiable under the provisions of ORS 733.170.

However, the company did not record all amounts reinsured by MOE on its year end 2023 financial statement, which has led to an understatement of its assets and liabilities. This included net reporting of reinsurance transactions, including offsetting of reinsurance recoverables. ORS 731.574(1) requires a financial statement to contain detailed exhibits of the condition and transactions of the insurer, in such form and otherwise, as the director of the Department of Consumer and Business Services prescribes. The director shall consider and may prescribe the annual statement blank or other form established by the NAIC, including instructions prepared by the NAIC for completing the blank (the property and casualty annual statement instructions). If the director prescribes the blank established by the NAIC, including the instructions, an insurer submitting the annual statement blank or form established by the NAIC must complete the blank or form according to the instructions. SSAP 64R, Par. 3, stipulates that assets and liabilities that meet the criteria for offset shall not be netted when prohibited by specific statements of statutory accounting principles. An example of such is in the case of reinsurance recoverables on paid losses and ceded premiums payable as provided for in SSAP No. 64R Par 3, property and casualty reinsurance, which states these recoverables and payables "shall not be netted when prohibited by



specific statements of statutory accounting principles,” such as in the case of SSAP 62R, Par. 24; which states “reinsurance recoverables on paid losses shall be reported as an asset without any available offset.”

**Beginning with the 2025 first-quarter financial statement, I recommend the company accurately record all reinsurance recoverables on a gross basis, according to ORS 731.574(1), SSAP No.64R, paragraph 3 and SSAP No.62R, paragraph 24, and the property and casualty annual statement instructions. Further, I recommend the company only report assets and liabilities owned by the company per SSAP 4 and SSAP 5R and in accordance with ORS 731.574(1) and the property and casualty annual statement instructions.**

### **STATUTORY DEPOSIT**

As of the examination date, the company maintained three U.S. Treasury notes with a par values of \$550,000; \$500,000, and \$1 million on file with DFR. In addition, the company reported one U.S. Treasury bond with a par value of \$200,000 as a deposit held for the Nevada Department of Business and Industry and one U.S. Treasury bond with a par value of \$315,000 held for the New Mexico Office of Superintendent of Insurance. The Oregon deposit was verified from the records with DFR. All deposits were confirmed through U.S. Bank.

### **COMPLIANCE WITH PRIOR EXAMINATION RECOMMENDATIONS**

There was one recommendation made from the prior examination which has since been resolved.

### **SUBSEQUENT EVENTS**

Effective Jan. 3, 2025, Athan Shinas, the company's general counsel and secretary resigned. The secretary position was voted on at the January 2025 board of directors meeting with Sandra Jean Williams, vice president of administration, being formally approved by the board of directors. Eric Nelson, president and CEO, retired effective April 23, 2025. Effective April 14, 2025, the company hired Robert Otis as its new president and CEO. The Company will evaluate the general counsel replacement.

### **FINANCIAL STATEMENTS**

The following financial statements are based on the statutory financial statements filed by the company with DFR and present the financial condition of the company for the period ending Dec. 31, 2023. The financial statements are prepared by management and therefore, the responsibility of management. The accompanying comments on financial statements reflect any examination

adjustments to the amounts reported in the annual statement and should be considered an integral part of the financial statements. These statements include:

- Statement of assets

- Statement of liabilities, surplus, and other funds

- Statement of income

- Reconciliation of capital and surplus since the last examination

**ENUMCLAW PROPERTY & CASUALTY INSURANCE COMPANY**  
**ASSETS**

**As of Dec. 31, 2023**

<b>Assets</b>	<b>Current year total</b>	<b>Notes</b>
Bonds	\$ 7,875,340	1
Cash, cash equivalents and short-term investments	1,088,709	1
Aggregate write-ins for invested assets	<u>-</u>	
Subtotal, cash and invested assets	<u>8,964,049</u>	
Investment income due and accrued	37,141	
Receivable from parent, subsidiaries and affiliates	-	
Aggregate write-ins for other than invested assets	<u>-</u>	
Total Assets	<u>\$ 9,001,190</u>	

**ENUMCLAW PROPERTY & CASUALTY INSURANCE COMPANY**  
**LIABILITIES, SURPLUS AND OTHER FUNDS**  
**As of Dec. 31, 2023**

	Current year total	Notes
Losses	\$ -	2
Loss adjustment expenses	-	2
Other expenses	3,550	
Taxes, licenses and fees (excluding federal income taxes)	86,785	
Unearned premiums	-	
Current federal income taxes	44,011	
Payable to parent, subsidiaries and affiliates	16,761	
Aggregate write-ins for liabilities	<u>-</u>	
Total Liabilities	<u>\$ 151,108</u>	
Common capital stock	\$ 3,000,000	
Gross paid-in and contributed capital	3,100,000	
Unassigned funds (surplus)	<u>2,750,083</u>	
Surplus as regards policyholders	<u>8,850,083</u>	
Total Liabilities, Surplus and other Funds	<u>\$ 9,001,190</u>	

**ENUMCLAW PROPERTY & CASUALTY INSURANCE COMPANY**  
**STATEMENT OF INCOME**  
**For the Year Ended Dec. 31, 2023**

	Current year total	Notes
<b>Underwriting income</b>		
Premium earned	\$ -	
<b>Deductions</b>		
Losses incurred	-	
Loss adjustment expenses incurred	-	
Other underwriting expenses	-	
Aggregate write-ins for underwriting deductions	-	
Total underwriting deductions	-	
Net underwriting gain or (loss)	-	
<b>Investment income</b>		
Net investment income earned	210,126	
Net realized gains or (losses)	-	
Net investment gain or (loss)	210,126	
<b>Other income</b>		
Net gain or (loss) from agents' or premium balances charges off	-	
Finance and service charges not included in premiums	-	
Aggregate write-ins for miscellaneous income	(550)	
Total other income	-	
Net income before dividends to policyholders and income taxes	209,576	
Dividends to policyholders	-	
Federal income taxes incurred	44,011	
Net income	<u>\$ 165,565</u>	

**ENUMCLAW PROPERTY & CASUALTY INSURANCE COMPANY**  
**RECONCILIATION OF SURPLUS SINCE THE LAST EXAMINATION**  
**For the Year Ended Dec. 31**

	2023	2022	2021	2020	2019
Surplus as regards policyholders, Dec. 31, previous year	<u>\$ 8,684,518</u>	<u>\$ 8,584,597</u>	<u>\$ 8,467,801</u>	<u>\$ 8,336,515</u>	<u>\$ 8,188,682</u>
Net income (loss)	165,565	99,921	116,796	131,286	147,833
Change in net unrealized capital gains or (losses)	-	-	-	-	-
Change in net deferred income tax	-	-	-	-	-
Change in non-admitted assets	-	-	-	-	-
Change in provision for reinsurance	-	-	-	-	-
Change in surplus notes	-	-	-	-	-
Cumulative effects of changes in accounting principles	-	-	-	-	-
Capital changes:					
Paid in	-	-	-	-	-
Transferred from surplus (Stock Dividend)	-	-	-	-	-
Transferred to surplus	-	-	-	-	-
Surplus adjustments:					
Paid in	-	-	-	-	-
Transferred to capital (Stock Dividend)	-	-	-	-	-
Transferred from capital	-	-	-	-	-
Distributions to parent (cash)	-	-	-	-	-
Change in treasury stock	-	-	-	-	-
Examination adjustment	-	-	-	-	-
Aggregate write-ins for gains and losses in surplus	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in surplus as regards policyholders for the year	<u>165,565</u>	<u>99,921</u>	<u>116,796</u>	<u>131,286</u>	<u>147,833</u>
Surplus as regards policyholders, Dec. 31, current year	<u>\$ 8,850,083</u>	<u>\$ 8,684,518</u>	<u>\$ 8,584,597</u>	<u>\$ 8,467,801</u>	<u>\$ 8,336,515</u>

## **NOTES TO FINANCIAL STATEMENTS**

### **Note 1 – Invested assets**

At year-end 2023, the company's long-term bond investments were in U.S. obligations, U.S. special revenue bonds, and corporate issues. The company did have a small exposure to mortgage-backed securities (MBS). Most MBS issues were investment rated, with a carrying book value of \$973,421,000 that comprised 12.4 percent of the total long-term bond portfolio and 10.9 percent of all invested assets.

A comparison of the major investments over the past five years is as follows:

	<b>A</b>	<b>B</b>	<b>C</b>	<b>Ratio</b>	<b>Ratio</b>	<b>Ratio</b>
	<b>Bonds</b>	<b>Common</b>	<b>Cash and</b>	<b>A/</b>	<b>B/</b>	<b>C/</b>
<b>Year</b>		<b>stocks</b>	<b>short-term</b>	<b>Total assets</b>	<b>Total assets</b>	<b>Total assets</b>
2019	6,427,212	0	1,828,604	75.8%	0.0%	21.6%
2020	7,537,051	0	844,568	87.7%	0.0%	9.8%
2021	8,247,580	0	297,416	95.2%	0.0%	3.4%
2022	8,360,633	0	345,447	95.6%	0.0%	3.9%
2023*	7,875,340	0	1,088,709	87.5%	0.0%	12.1%

\*Balance per examination.

As of Dec. 31, 2023, sufficient invested assets were invested in amply secured obligations of the U.S., the State of Oregon, or in FDIC insured cash deposits, and the company was in compliance with ORS 733.580.

Effective Jan. 1, 2020, the company entered into a custodial agreement with Wells Fargo Bank N.A. The agreement contained all of the relevant protections described in OAR 836-027-0200(4)(a) through (l).

### **Note 2 – Actuarial reserves**

The company did not report any unpaid loss or LAE reserves on its Dec. 31, 2023, annual statement as all of its business is 100 percent assumed by Mutual of Enumclaw Insurance Company. A review of the unpaid loss and LAE reserves for Mutual of Enumclaw Insurance Company was performed by David Dahl, FCAS, MAAA, property and casualty actuary for DFR, which included the assumed portion from EPC. As part of the review, Mr. Dahl examined the supporting statements prepared by the company's opining actuary, Derik Freihaut, FCAS, MAAA, principal and consulting actuary for Pinnacle Actuarial Resources Inc.

Mr. Dahl's review was based on the data, methods and calculations used in the actuarial report supporting the actuarial opinion as of Dec. 31, 2023; the data, methods, and calculations used by the company to establish its loss and LAE liabilities; the company's reserve position as measured by the appointed actuary's range; and independent actuarial tests as necessary. He also relied on



work performed by the examiners who reviewed the underlying data used to create the annual statement filing. Mr. Dahl concluded that the reserves for MOE's losses and loss adjustment expenses were reasonably stated as of Dec. 31, 2023.

### **SUMMARY OF COMMENTS AND RECOMMENDATIONS**

There were no adjustments to the company's surplus; however, the following is a summary of the recommendations made in this report of examination.

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- 13     I recommend the company file an amended and restated Consolidated Tax Sharing Agreement to reflect Oregon state insurance laws and regulations, to include an effective date, and to include all of the requirements of OAR 836-027-0160.
  
- 17     Beginning with the 2025 first-quarter financial statement, I recommend the company accurately record all reinsurance recoverables on a gross basis, according to ORS 731.574(1), SSAP No.64R, paragraph 3 and SSAP No.62R, paragraph 24, and the property and casualty annual statement instructions. Further, I recommend the company only report assets and liabilities owned by the company per SSAP 4 and SSAP 5R and in accordance with ORS 731.574(1) and the property and casualty annual statement instructions.

### **CONCLUSION**

During the five-year period covered by this examination, the surplus of the company has increased from \$8,188,682 as presented in the Dec. 31, 2018, report of examination, to \$8,850,083, as shown in this report. The comparative assets and liabilities are:

	<b><u>2023</u></b>	<b>Dec. 31</b>	<b><u>2018</u></b>	<b><u>Change</u></b>
Assets	\$ 9,001,190		\$ 8,276,391	\$ 724,799
Liabilities	<u>151,108</u>		<u>87,709</u>	<u>63,399</u>
Surplus	<u>\$ 8,850,082</u>		<u>\$ 8,188,682</u>	<u>\$ 661,400</u>

### **ACKNOWLEDGMENT**

The cooperation and assistance extended by the officers and employees of the company during the examination process are gratefully acknowledged.

In addition to the undersigned, Jordan Mills, AFE insurance examiner, and David Dahl, FCAS, MAAA, property and casualty actuary for the State of Oregon, Department of Consumer and Business Services, DFR, all participated in this examination. Additionally, Richard Foster, CFE, senior staff examiner; John Albertini, CISA, CISM, CISSP, CISO, IT examination supervisor; David Gordon, CISA, CFE (fraud), DCFE, IT manager; Joe Jacobson, CFE, APIR, staff examiner, and Kelly Willison, CPA, CFE, CFE (fraud), manager with The INS Companies participated in this examination, which was greatly appreciated.

Respectfully submitted,

/s/ Mark Giffin  
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Mark A. Giffin, CFE  
Senior insurance examiner  
Division of Financial Regulation  
Department of Consumer and Business Services  
State of Oregon

**AFFIDAVIT**

STATE OF OREGON)

County of Marion)

Mark A. Giffin, CFE, being duly sworn, states as follows:

1. I have authority to represent the state of Oregon in the examination of Enumclaw Property & Casualty Insurance Company, Enumclaw, Washington.
2. The Division of Financial Regulation of the Department of Consumer and Business Services of the State of Oregon 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. The examination of Enumclaw Property & Casualty Insurance Company was performed in a manner consistent with the standards and procedures required by the Oregon Insurance Code.

The affiant says nothing further.

/s/ Mark Giffin  
Mark A. Giffin, CFE  
Senior insurance examiner  
Division of Financial Regulation  
Department of Consumer and Business Services  
State of Oregon

Subscribed and sworn to before me this 10<sup>th</sup> day of June, 2025

/s/ Cindy Engle  
Notary Public in and for the State of Oregon

My Commission Expires: 7/9/2027