



# NC DEPARTMENT of INSURANCE

MIKE CAUSEY, COMMISSIONER

COMPANY SERVICES GROUP  
FINANCIAL EXAMINATION DIVISION

Tel 919.807.6602 Fax 919.807.6635

I, Mike Causey, Commissioner of Insurance in and for the State of North Carolina do hereby certify that: I have caused the Report on Examination of Atlantic Casualty Insurance Company as of December 31, 2024 with the original on file at this Department and find the same to be a correct copy of the whole said original.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal at the City of Raleigh, this the 12th day of May, 2026.



Mike Causey  
Commissioner of Insurance

---

Monique D. Smith, CPA, CFE, CIA  
Deputy Commissioner  
Financial Examination Division

**Atlantic Casualty Insurance Company**

Goldsboro, North Carolina

**Report on Examination**

As of December 31, 2024

## TABLE OF CONTENTS

<b>SCOPE OF THE EXAMINATION</b> .....	<b>2</b>
<b>REPORT ACRONYMS</b> .....	<b>4</b>
<b>ORGANIZATIONAL STRUCTURE</b> .....	<b>4</b>
Organizational Chart .....	4
<b>COMPANY HISTORY</b> .....	<b>5</b>
Capital Stock .....	5
Dividends to Stockholder .....	5
<b>MANAGEMENT AND CONTROL</b> .....	<b>5</b>
Corporate Governance.....	5
Code of Conduct and Conflict of Interest.....	7
Corporate Records .....	7
Statutory Deposits .....	7
Accounts and Records .....	8
Information Technology Controls .....	8
Fidelity Bonds and Other Insurance .....	8
Employee Benefits and Pension Plans .....	8
Related Party Agreements .....	9
<b>TERRITORY AND PLAN OF OPERATION</b> .....	<b>9</b>
Trends of the Company .....	10
Actuarial Opinion .....	10
<b>REINSURANCE PROGRAM OVERVIEW</b> .....	<b>10</b>
Internal Reinsurance.....	10
External Reinsurance.....	11
<b>FINANCIAL STATEMENTS</b> .....	<b>12</b>
<b>SUBSEQUENT EVENTS</b> .....	<b>21</b>
<b>DISTRIBUTION OF REPORT ON EXAMINATION</b> .....	<b>22</b>
<b>CONCLUSION</b> .....	<b>23</b>

April 29, 2026

Honorable Mike Causey  
Commissioner of Insurance  
State of North Carolina  
Raleigh, North Carolina

Sir:

Pursuant to your instructions and in accordance with Section (“§”) 58-2-131 of the General Statutes of North Carolina (“GS”), the North Carolina Department of Insurance (“Department”) conducted an examination of the records, business affairs and financial condition of

### **Atlantic Casualty Insurance Company**

(hereinafter referred to as the “Company”), acknowledging that its main administrative office and statutory home office are located at 400 Commerce Court, Goldsboro, North Carolina 27534. The following report on examination is respectfully submitted.

### **SCOPE OF THE EXAMINATION**

We performed a full-scope statutory examination of the Company. This examination covers the period from January 1, 2020, to December 31, 2024, including any material transactions and events occurring subsequent to the examination date and noted during the course of this examination. The Department’s most recent prior examination of the Company was as of December 31, 2019.

The purpose of this examination is to assess the financial condition and controls of the Company and set forth findings of fact (together with citations of pertinent laws, regulations, and rules) with regard to any material adverse findings disclosed by the examination.

This was a multi-state coordinated financial examination of seventeen (17) insurance company subsidiaries of Auto-Owners Insurance Company (“Auto-Owners”), collectively known as the “Auto-Owners Group.” Michigan served as the Lead State, and Participating States included North Carolina, California, Delaware, Indiana, Maine, Nevada, New Hampshire, Ohio, and Vermont.

The following table lists the seventeen (17) insurance company subsidiaries included in the Auto-Owners Group:

<b>Company Name</b>	<b>State of Domicile</b>	<b>NAIC Company Code</b>
Auto-Owners Insurance Company	Michigan	18988
Auto-Owners Life Insurance Company	Michigan	61190
Home-Owners Insurance Company	Michigan	26638
Southern-Owners Insurance Company	Michigan	10190
California Capital Insurance Company	California	13544
Eagle West Insurance Company	California	12890
Monterey Insurance Company	California	23540
Auto-Owners Specialty Insurance Company	Delaware	12508
Property-Owners Insurance Company	Indiana	32905

<b>Company Name</b>	<b>State of Domicile</b>	<b>NAIC Company Code</b>
State Mutual Insurance Company	Maine	16020
Nevada Capital Insurance Company	Nevada	11165
Concord General Mutual Insurance Company	New Hampshire	20672
Sunapee Mutual Fire Insurance Company	New Hampshire	28479
Atlantic Casualty Insurance Company	North Carolina	42846
Owners Insurance Company	Ohio	32700
Green Mountain Insurance Company, Inc.	Vermont	20680
Vermont Accident Insurance Company, Inc.	Vermont	13110

We conducted our examination in accordance with auditing standards established by the Department and the National Association of Insurance Commissioners (“NAIC”) Financial Condition Examiners Handbook (“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 in accordance with the risk-focused examination process, and the following key functional activities were identified:

- Capital and Surplus
- Claims Handling and Reserves
- Investments
- Premiums and Underwriting
- Reinsurance Ceding
- Related Party

This may include assessing significant estimates made by management, as well as evaluating the overall financial statement presentation, management’s compliance with GS Chapter 58 and evaluating management’s compliance with statutory accounting principles. This 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 from the Company’s financial statements.

This examination report includes significant findings of fact 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 the Company.

The Company’s Annual Statements, work papers, and the independent audit work papers were reviewed and relied upon whenever possible. A trial balance reconciliation of the Annual Statement was performed, as were a verification of ownership and valuation of assets, determination of liabilities and reserves, and an analysis and review of such accounts and records as deemed necessary by the examination team. A management representation letter attesting to the Company’s ownership of assets, the nonexistence of unrecorded liabilities and contingent liabilities was received from Company management.

The books and records of the Company are audited annually by independent certified public accountants in accordance with GS § 58-10-185(a). Ernst & Young, LLP of Detroit, Michigan, the designated independent public accountant of the Company, issued an unmodified opinion for each year subsequent to the Department’s prior examination through, and including, the year ended December 31, 2024.

## REPORT ACRONYMS

Atlantic Casualty Insurance Company	“Company”
Auto-Owners Insurance Company	“Auto-Owners”
Auto-Owners Specialty Insurance Company	“AOSIC”
Board of Directors	“Board”
Financial Condition Examiners Handbook	“Handbook”
General Statutes of North Carolina	“GS”
Information Technology General Controls	“ITGC’s”
Information Technology Planning Questionnaire	“ITPQ”
National Association of Insurance Commissioners	“NAIC”
North Carolina Department of Insurance	“Department”
North Carolina Reinsurance Facility	“Facility”
Strickland Insurance Group, Inc.	“SIG”

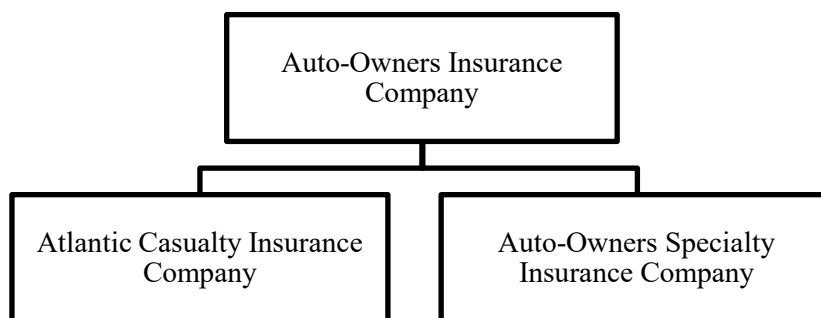
## ORGANIZATIONAL STRUCTURE

The Company is part of an insurance holding company system as defined in GS § 58-19 and is a wholly owned subsidiary of Auto-Owners, a Michigan domiciled mutual insurance company.

Auto-Owners also directly or indirectly owns or controls the following insurance subsidiaries: Auto-Owners Life Insurance Company, Auto-Owners Specialty Insurance Company (“AOSIC”), California Capital Insurance Company, Concord General Mutual Insurance Company, Eagle West Insurance Company, Green Mountain Insurance Company, Inc., Home-Owners Insurance Company, Monterey Insurance Company, Nevada Capital Insurance Company, Owners Insurance Company, Property-Owners Insurance Company, Southern-Owners Insurance Company, State Mutual Insurance Company, Sunapee Mutual Fire Insurance Company, and Vermont Accident Insurance Company, Inc.

### ORGANIZATIONAL CHART

The Company’s 2024 Annual Statement Schedule Y contains a complete organizational chart. The following is an excerpt of the holding company organizational chart, which includes only the companies with related party transactions with the Company as of December 31, 2024:



## COMPANY HISTORY

The Company was incorporated in 1983 under the laws of North Carolina and commenced business in 1983 as a licensed property and casualty insurance company. The Company was a wholly owned subsidiary of Strickland Insurance Group, Inc. (“SIG”), a privately-owned company incorporated in the State of North Carolina. Effective January 1, 2016, 100% of the outstanding shares of SIG were acquired by Auto-Owners. On December 31, 2019, SIG, the direct parent of the Company, was dissolved. All the assets, excluding the outstanding shares of AOSIC, were transferred to the Company effectively on that date.

### CAPITAL STOCK

As of December 31, 2024, the Company’s capitalization consisted of the following:

Description	Value
Number of authorized common capital shares	5,000,000
Number of shares issued and outstanding	1,000,000
Total common capital stock	\$1,800,000
Par value per share	\$1.80

No additional shares were issued during the period under examination. As of December 31, 2024, all outstanding shares are owned by Auto-Owners.

The Company received additional paid-in surplus from Auto-Owners of \$200 million in 2022. At December 31, 2024, the Company reported \$274,535,736 in gross paid-in and contributed surplus and \$253,110,605 in unassigned funds.

### DIVIDENDS TO STOCKHOLDER

Dividends on common stock are paid as declared by the Board of Directors (“Board”) of the Company. Under the insurance regulations of North Carolina, the maximum amount of ordinary dividends which the Company may pay to its shareholder is limited to the greater of 10% of the most recent year-end policyholders’ surplus or net income (excluding realized capital gains) earned for that same year-end. Any amount in excess of this is considered extraordinary. The Company paid no dividends during the exam period.

## MANAGEMENT AND CONTROL

### CORPORATE GOVERNANCE

#### Shareholder

The bylaws of the Company provide that an annual meeting of the shareholder be held at such time and place as the Board may appoint. Special meetings of the shareholder may be called at any time by the Chairperson of the Board, the Chief Executive Officer, the President or by a majority of the members of the Board.

## Board of Directors

The business of the Company is conducted by its management team and subject to review by the Board. The bylaws specify that the number of directors shall be not less than three (3) and not more than eleven (11). Directors are elected annually, at the annual meeting of the shareholder or by the written consent of the shareholder, and each director elected shall hold office until a successor is elected and qualified.

The following individuals served as directors as of December 31, 2024:

<b>Name</b>	<b>Location</b>	<b>Principal Occupation</b>
Lester Aycock	Goldsboro, NC	Executive Vice President Agency Services, Company
William Reynolds	Pinehurst, NC	Retired
Robert Strickland	Goldsboro, NC	Retired
William Woodbury	Lansing, MI	First Vice President, Secretary, General Counsel, Auto-Owners
Sloan Banfield	Lansing, MI	Assistant Vice President Legal, Auto-Owners
Gregory Ricker	Goldsboro, NC	Retired
Jamie Whisnant	Lansing, MI	Chief Executive Officer, Auto-Owners
Andrea Lindemeyer	Lansing, MI	Executive Vice President Underwriting and Human Resources, Auto-Owners
Theodore Reinbold	Lansing, MI	Senior Vice President Actuarial, Accounting and Investment, Auto-Owners
Christopher Strickland	Goldsboro, NC	President & Chief Executive Officer, Company
Brandi Holly	Lansing, MI	Senior Vice President Affiliate Integration, Auto-Owners

The bylaws provide that the Board may create an Executive Committee and other committees of the Board and appoint members of the Board to serve on them. The Company designated the Audit Committee of its parent company, Auto-Owners, to serve as its Audit Committee to provide group level oversight.

The following individuals served on the Board's established committees as of December 31, 2024:

### **Executive Committee**

Christopher Strickland, Chair  
Brandi Holly  
Jamie Whisnant  
William Woodbury  
Andrea Lindemeyer  
Theodore Reinbold

### **Audit Committee**

Mark Hooper, Chair  
Lori McAllister  
Terri Miller  
Cheryl Pero

## Officers

The bylaws provide that the Board will elect the officers of the Company. The officers of the Company consist of a Chief Executive Officer, Chief Financial Officer, President, Secretary, Treasurer, one or more Vice-Presidents including Executive Vice Presidents and Senior Vice Presidents, and such Assistant Secretaries and Assistant Treasurers and other officers as may from time to time be appointed by the Board. All officers shall hold office, subject to removal at any time by the Board, until their successors are elected and qualified. Any two offices may be held by the same person, but no officer may act in more than one capacity where action of two or more officers is required.

The following individuals served as officers of the Company as of December 31, 2024:

<b>Name</b>	<b>Title</b>
Christopher Strickland	President and Chief Executive Officer
William Woodbury	Secretary
Jennifer Cunningham	Chief Financial Officer and Treasurer
Lester Aycock	Executive Vice President -Agency Services
Brian Schwarbach	Chief Underwriting Officer
Christopher Stratton	Chief Information Officer
Angela Grady	Chief Claims Officer

## CODE OF CONDUCT AND CONFLICT OF INTEREST

The Company has an established policy and procedure to identify existing or potential conflicts of interest and to report the same to the Board. Annually, the Company requires a signed statement from each director and officer disclosing any conflict of interest. A review of the signed conflict of interest statements for the examination period revealed that the Company acted in accordance with its policy and procedures for disclosure of conflicts of interest.

## CORPORATE RECORDS

We reviewed the minutes of the meetings of the Board and its committees for the period under examination. Based on our review, it appears that the minutes documented the Company's significant transactions and events and that the directors approved of these transactions and events.

The Company's articles of incorporation and bylaws were reviewed for any changes during the period under examination. On March 27, 2023, the Company amended its bylaws to allow the Chairman of the Board designee to preside at all meetings of the Board and or shareholder if necessary. On September 13, 2024, the Company amended its articles of incorporation to update the name and address of the registered agent. Based on the review, it appears that no other changes to the Company's articles of incorporation or bylaws were made during the examination period.

## STATUTORY DEPOSITS

Statutory deposits are maintained as required by insurance regulatory agencies for doing business in such jurisdictions. The Company's 2024 Annual Statement Schedule E, Part 3 contains a complete description and listing of the Company's statutory deposits by state.

## **ACCOUNTS AND RECORDS**

The Company's books and records are maintained at the main administrative office at 400 Commerce Court, Goldsboro, North Carolina, 27534. The Company utilizes information systems to gather and report financial data. Significant applications are hosted on servers at a data center located in Goldsboro, North Carolina.

## **INFORMATION TECHNOLOGY CONTROLS**

A risk-based assessment and review of the Company's Information Technology General Controls (ITGCs) was completed in accordance with the NAIC requirements as outlined in the Handbook. The guidance and direction used to perform the review of the Company were derived from Exhibit C Part 1 – Information Technology Planning Questionnaire ("ITPQ") and Exhibit C Part 2 – Information Technology Work Program (collectively, "Exhibit C"). The Company's responses to the ITPQ were evaluated, and certain controls within the IT control environment were tested to assess whether the selected controls were designed effectively and were functioning properly.

The IT review's objectives were to obtain reasonable assurance about whether:

- a. the Company had a process in place to effectively identify, mitigate and manage its IT risks;
- b. the Company's control structure, policies and procedures were suitably designed to achieve the control objectives specified in Exhibit C; and
- c. the Company was complying with those policies and procedures.

The objectives above were achieved through a combination of reviewing the Company's policies and procedures, testing key areas related to Exhibit C, interviewing the Company IT management, reviewing IT risk assessment processes, and leveraging relevant risk assessment procedures performed by Ernst & Young, LLP. Additionally, although the Company remains largely independent in terms of IT systems, Auto-Owners provides oversight of the Company's security practices and supports selected IT tools of the Company.

Based upon the risk-based assessments and reviews, the Company's ITGCs were determined to be effective.

## **FIDELITY BONDS AND OTHER INSURANCE**

The Company is a named insured under a fidelity bond issued to Auto-Owners with coverage totaling \$5,000,000 in aggregate. The coverage exceeds the minimum amount of fidelity bond coverage recommended by the Handbook for the Auto-Owners Group on a consolidated basis.

In addition, the Company is a named insured on various corporate property and liability policies such as general liability, errors and omissions liability, directors' and officers' liability and a cybersecurity policy issued to Auto-Owners, which appears to be adequate to cover risks in the normal course of business.

## **EMPLOYEE BENEFITS AND PENSION PLANS**

The Company sponsors a defined contribution 401(k) plan covering substantially all employees. The Company contributes up to 4% of the employee's salary depending on their contribution rates. The Company's share of this savings plan expense amounted to \$1,068,598 and \$886,928 for 2024 and 2023, respectively.

## **RELATED PARTY AGREEMENTS**

The Company has an Administrative Services Agreement with Auto-Owners, effective January 1, 2020, whereby Auto-Owners provides sales, advertising, marketing, underwriting, claim handling and settlement, actuarial services, accounting services for tax matters and investment management, legal services, systems and programming, human resources, real estate, and development and acquisition to the Company. Direct expenses incurred by Auto-Owners on behalf of the Company are charged directly. Any general expenses that benefit the Company are allocated to the Company based on an estimate of the percentage of time, contract value or resource allocation of Auto-Owners in service of the Company. Services related to claims handling and settlement are charged as a percentage of the Company's net paid claims, which are determined annually. Under this agreement, the Company incurred fees totaling \$1,952,793 and \$1,914,004 in 2024 and 2023, respectively.

The Company has an Administrative Services Agreement with AOSIC, effective January 2020, whereby the Company provides AOSIC with executive administration, sales, advertising, marketing, policy underwriting, claim handling and settlement, accounting, systems and programming, and purchasing supplies. Direct expenses incurred by the Company on behalf of AOSIC are charged directly. Any general expenses that benefit AOSIC are allocated to AOSIC based on an estimate of the percentage of time, contract value or resource allocation of the Company in service of AOSIC. Services related to claims handling and settlement are charged as a percentage of AOSIC's net paid claims, which is determined annually. Under this agreement, the Company charged AOSIC management fees of approximately \$241,229 and \$241,177 in 2024 and 2023, respectively.

The Company's federal income tax return is consolidated with the Company, Auto-Owners, and Auto-Owners' affiliates who have a written agreement to file a consolidated federal tax return, whereby allocation is made primarily on a separate return basis with current credit for any net operating losses or other items utilized in the consolidated tax return. The provision for current income taxes is reported in the statutory basis statement of operations, while any change in net deferred income tax assets or liabilities is credited or charged to unassigned funds. Balances due to or from Auto-Owners are settled within thirty days of month end under the terms of the various intercompany agreements. Under this agreement, the Company incurred tax expense totaling \$6,839,566 and \$10,442,936 in 2024 and 2023, respectively.

## **TERRITORY AND PLAN OF OPERATION**

The Company is primarily a surplus lines carrier underwriting commercial property and casualty coverages using general agents across the country. The Company is eligible to write on a non-admitted basis in the District of Columbia and all states except for North Carolina, where it is admitted. The Company is also an accredited reinsurer in North Dakota. The Company writes approximately 58% of its premiums in six states, which are New York, Texas, California, Florida, Louisiana and Massachusetts. The Company produces its business through wholesale agents. Commercial auto insurance written in North Carolina, on an admitted basis, is marketed through Strickland Insurance Brokers, Inc., a former affiliate.

The Company's commercial product lines include property, package, marine, other liability, auto liability, and commercial auto physical damage. The Company's marine product line was introduced in 2020.

## TRENDS OF THE COMPANY

The following data, obtained from annual statements filed with the Department, illustrates the trends of the Company for the five-year period ended December 31, 2024:

Year	Net Admitted Assets	Capital and Surplus	Gross Premiums Written	Net Earned Premiums	Net Income
2024	\$1,438,717,971	\$529,446,341	\$575,309,823	\$523,386,643	\$5,363,381
2023	\$1,207,191,287	\$515,465,666	\$509,881,172	\$449,567,393	\$26,724,748
2022	\$1,002,216,372	\$479,253,683	\$400,124,075	\$325,275,667	\$21,683,579
2021	\$677,034,103	\$265,699,540	\$320,556,293	\$256,683,368	\$40,263,808
2020	\$548,801,114	\$233,610,832	\$235,776,389	\$191,171,659	\$17,546,855

## ACTUARIAL OPINION

Every property and casualty insurance company doing business in this State, unless otherwise exempted by the Commissioner, shall annually submit the opinion of an appointed actuary and an actuarial opinion summary in accordance with GS § 58-10-150 and GS § 58-10-155.

The statutory reserves and related items for 2024 were reviewed and certified by the Company's Appointed Actuary, Andrew J. Schupska, FCAS, MAAA, Actuary Manager at Auto-Owners. Actuarial opinions regarding the Company's reserves for losses and loss adjustment expenses were issued by an appointed actuary for all years in the examination period. The Appointed Actuary evaluated the data provided by the Company for reasonableness and consistency of the losses and loss adjustment expense reserves. According to the actuarial opinions, the Company's reserve on the losses and loss adjustment expenses met the requirements of the insurance laws of North Carolina; were consistent with reserves computed in accordance with accepted actuarial standards and principles; and made a reasonable provision for all unpaid losses and loss expense obligations of the Company.

## REINSURANCE PROGRAM OVERVIEW

### INTERNAL REINSURANCE

The Company has a reinsurance contract with Auto-Owners, effective January 1, 2024, whereby Auto-Owners indemnifies the Company for any loss occurrence during the term of the contract as follows:

- \$1,000,000 per risk in any one property loss occurrence, retained losses are limited to 15 maximums. Property Per Risk Coverage under this contract includes the following policies classified by the Company in its Annual Statement: Fire, Allied Lines, Automobile Physical Damage, Inland Marine, and the Property Sections of Commercial Multiple Peril and Ocean Marine.
- \$1,000,000 per risk in any one liability or fidelity loss occurrence, excluding North Carolina Auto Liability, retained losses are limited to 23 maximums. Liability Per Risk Coverage under this contract includes the following policies classified by the Company in its Annual Statement: Other Liability, Products Liability, Commercial Automobile Liability (excluding North Carolina), and the Liability Sections of Commercial Multiple Peril and Ocean Marine.
- \$2,500,000 per catastrophe property loss occurrence with a \$60,000,000 aggregate limit with one reinstatement, retained losses are limited to 5 maximums. Property Catastrophe Coverage under this

contract includes the following policies classified by the Company in its Annual Statement: Fire, Allied Lines, Automobile Physical Damage, Inland Marine, and the Property Sections of Commercial Multiple Peril and Ocean Marine.

- Certified terrorism, Equipment Breakdown, and Pollution classes of business, assumed by the Company from pools, plans and other mandatory insurance arrangements are ceded 100% to Auto-Owners.

The Company is covered under the Auto-Owners Group catastrophe reinsurance program covering all members of Auto-Owners Group. Recovery is in relation to the Company's share of its retained losses to the total of the group.

Premiums for the reinsurance coverage provided by Auto-Owners are computed by coverage and line of business at specified rates of the Company's net earned premiums, pursuant to the contract. Rates are revised annually. The Company ceded premiums totaling approximately \$23,508,000 and \$21,298,000 to Auto-Owners in 2024 and 2023, respectively.

## **EXTERNAL REINSURANCE**

The Company cedes 100% of its auto business written in North Carolina to the North Carolina Reinsurance Facility ("Facility"), and the Company remains contingently liable for its proportionate share of the Facility's unfunded losses for each policy year.

The Facility was created by the North Carolina General Assembly in 1973 and is a non-profit, unincorporated legal entity comprising all licensed insurers writing motor vehicle liability insurance (or any component thereof) in North Carolina. It was established to assure the availability of motor vehicle liability insurance to any eligible risk by accepting all placements made by members in accordance with law. The law further provides that member companies of the Facility shall, following payment of any pro-rata assessment for losses and expenses, commence recovery of that assessment by way of surcharges on motor vehicle liability insurance policies issued by the member or through the Facility. As a member of the Facility, the Company is guaranteed under the law to recover or be reimbursed for all assessments within a period not to exceed two and one-half years. The Company ceded premiums totaling approximately \$11,419,000 and \$9,904,000 to the Facility in 2024 and 2023, respectively.

Additionally, the Company is a participant to external reinsurance contracts as part of the Auto-Owners Group's catastrophe reinsurance program covering all members of the Auto-Owners Group. Below is a summary of the coverage provided by the Auto-Owners Group's reinsurance program.

- The Company is a participant in the Auto-Owners Group property catastrophe reinsurance program providing reinsurance coverage in five layers totaling 19.8818% of \$300 million excess of \$400 million, 100% of \$500 million excess of \$700 million, 100% of \$700 million excess of \$1.2 billion, 100% of \$250 million excess of \$1.9 billion, and 100% of \$100 million excess of \$2.15 billion.
- The Company is a participant in the Auto-Owners Group property per risk excess of loss reinsurance program composed of three layers providing reinsurance coverage totaling 100% of \$40 million excess of \$30 million, 100% of \$30 million excess of \$70 million, and 100% of \$30 million excess of \$100 million.
- The Company is a participant in the Auto-Owners Group casualty excess of loss program composed of four layers providing reinsurance coverage totaling 100% of \$10 million excess of \$10 million, 100% of \$30 million excess of \$20 million, 100% of \$30 million excess of \$50 million, and 100% of \$20 million excess of \$80 million.

- The Company is a participant in the Auto-Owners Group umbrella excess of loss coverage composed of two layers of coverage up to \$16 million in excess of \$4 million. The retention is dependent on the placements and size of the underlying policy, with a \$3 million retention if the underlying policy is placed with a company in the Auto-Owners Group and has a limit of \$2 million or higher. All other umbrella losses carry a \$4 million retention.
- The Company is a participant in the Auto-Owners Group workers' compensation excess of loss agreement composed of three layers providing reinsurance coverage totaling 100% of \$4 million in excess of \$6 million, 100% of \$5 million in excess of \$10 million, and \$15 million in excess of \$15 million.

The Company ceded premiums of approximately \$17,000 and \$0 to other external reinsurers in 2024 and 2023, respectively.

## **FINANCIAL STATEMENTS**

The following financial statements are based on the statutory financial statements filed by the Company with the Department and present the financial condition of the Company for the period ending December 31, 2024. The supporting exhibits present the information required to be included, in conformity with reporting practices prescribed by the Department. The financial statements and supporting schedules as of December 31, 2023, are unexamined and are presented for comparative purposes only.

**Atlantic Casualty Insurance Company**  
**Statutory Statement of Admitted Assets**  
**December 31, 2024**

	<b>2024</b>	<b>2023</b> <i>(unexamined)</i>
Bonds	\$1,197,076,403	\$ 992,732,410
Preferred stocks	-	265,624
Common stocks	64,038,811	56,524,279
Cash, cash equivalents and short-term investments	42,702,560	38,315,371
Other invested assets	10,593,906	9,610,640
Receivable for securities	-	7,161,510
<b>Total cash and invested assets</b>	<b>1,314,411,680</b>	<b>1,104,609,834</b>
Investment income due and accrued	10,215,499	8,584,583
Uncollected premiums and agents' balances in course of collection	49,057,251	43,933,430
Deferred premiums and agents' balances booked but deferred and not yet due	36,222,255	31,577,643
Reinsurance recoverable	6,368,428	5,631,418
Federal income tax recoverable	6,126,173	-
Net deferred tax asset	15,991,309	12,567,743
Guaranty funds receivable on deposit	10,596	9,778
Electronic software data processing equipment	175,643	169,309
Miscellaneous receivable	139,137	107,549
<b>Total admitted assets</b>	<b>\$1,438,717,971</b>	<b>\$1,207,191,287</b>

**Atlantic Casualty Insurance Company**  
**Statutory Statement of Liabilities, Capital and Surplus**  
**December 31, 2024**

	<b>2024</b>	<b>2023</b> <i>(unexamined)</i>
Losses	\$438,475,102	\$305,919,396
Loss adjustment expenses	197,623,597	142,352,894
Commissions payable, contingent commissions and other similar charges	12,009,860	8,852,346
Other expenses	8,521,478	7,597,492
Taxes, licenses, and fees	34,433	261,046
Federal income tax liability	-	558,100
Unearned premiums	247,680,209	224,168,238
Ceded reinsurance premiums payable	2,337,713	1,936,150
Provision for reinsurance	-	46,038
Payable to parent, subsidiaries and affiliates	1,109,300	33,921
Payable for securities lending	1,474,901	-
Miscellaneous liabilities	5,037	-
<b>Total liabilities</b>	<b>909,271,630</b>	<b>691,725,621</b>
Common capital stock	1,800,000	1,800,000
Gross paid in and contributed surplus	274,535,736	274,535,736
Unassigned funds	253,110,605	239,129,930
<b>Total capital and surplus</b>	<b>529,446,341</b>	<b>515,465,666</b>
<b>Total liabilities, capital and surplus</b>	<b>\$1,438,717,971</b>	<b>\$1,207,191,287</b>

**Atlantic Casualty Insurance Company**  
**Statutory Statement of Operations**  
**December 31, 2024**

	<b>2024</b>	<b>2023</b> <i>(unexamined)</i>
<b>Underwriting income</b>		
Premiums earned	\$523,386,643	\$449,567,393
<b>Deductions</b>		
Losses incurred	286,700,801	230,643,197
Loss adjustment expenses incurred	108,782,898	74,524,231
Other underwriting expenses incurred	162,993,755	143,811,677
Total underwriting deductions	<b>558,477,454</b>	<b>448,979,105</b>
Net underwriting (loss) gain	<b>(35,090,811)</b>	<b>588,288</b>
<b>Investment Income</b>		
Net investment income earned	47,300,320	36,881,970
Net realized capital (losses)	(82,459)	(266,388)
Net investment gain	<b>47,217,861</b>	<b>36,615,582</b>
<b>Other Income</b>		
Net (loss) from agents' or premium balances charged off	(3,093)	(21,102)
Miscellaneous income	100,910	55,728
<b>Total other income</b>	<b>97,817</b>	<b>34,626</b>
Federal income taxes incurred	6,861,486	10,513,748
<b>Net income</b>	<b>\$5,363,381</b>	<b>\$26,724,748</b>

**Atlantic Casualty Insurance Company**  
**Statutory Statement of Capital and Surplus**  
**December 31, 2024**

	<b>2024</b>	<b>2023</b> <i>(unexamined)</i>
<b>Capital and surplus, beginning of year</b>	\$515,465,666	\$479,253,683
Capital and surplus increases (decreases):		
Net income (loss)	5,363,381	26,724,748
Change in net unrealized capital gains	6,585,542	9,631,946
Change in net deferred income tax	5,174,152	3,332,465
Change in non-admitted assets	(3,188,438)	(3,431,190)
Change in provision for reinsurance	46,038	(45,986)
<b>Net change in capital and surplus</b>	<b>13,980,675</b>	<b>36,211,984</b>
<b>Capital and surplus, end of year</b>	<b>\$529,446,341</b>	<b>\$515,465,666</b>

**Atlantic Casualty Insurance Company**  
**Statutory Statement of Cash Flow**  
**December 31, 2024**

	2024	2023 <i>(unexamined)</i>
<b>Cash from operations</b>		
Premiums collected net of reinsurance	\$536,403,255	\$474,171,114
Net investment income	44,537,315	33,918,393
Miscellaneous income	97,816	34,625
<b>Total</b>	<b>581,038,386</b>	<b>508,124,132</b>
Benefit and loss related payments	154,882,105	133,767,228
Commissions, expenses paid and aggregate write-ins	212,651,881	185,291,133
Federal income taxes paid	13,523,840	9,078,809
<b>Total</b>	<b>381,057,826</b>	<b>328,137,170</b>
<b>Net cash from operations</b>	<b>199,980,560</b>	<b>179,986,962</b>
<b>Cash from investments</b>		
Proceeds from investments sold, matured, or repaid	73,777,292	30,106,476
Cost of investments acquired	268,353,208	175,782,386
<b>Net cash (used by) investments</b>	<b>(194,575,916)</b>	<b>(145,675,910)</b>
<b>Cash (used by) financing and miscellaneous sources</b>		
Other cash applied	(1,017,455)	(7,090,060)
<b>Net cash (used by) financing and miscellaneous sources</b>	<b>(1,017,455)</b>	<b>(7,090,060)</b>
<b>Reconciliation of cash and short-term investments</b>		
Net change in cash and short-term investments	4,387,189	27,220,992
Cash and short-term investments, beginning of year	38,315,371	11,094,379
<b>Cash and short-term investments, end of year</b>	<b>\$42,702,560</b>	<b>\$38,315,371</b>

## COMMENTS ON FINANCIAL STATEMENTS

### **Basis of Presentation and Summary of Significant Accounting Policies:**

The accompanying financial statements have been prepared on the basis of the accounting practices prescribed or permitted by the Department.

The more significant accounting policies followed by the Company are as follows:

**Bonds:** Carried at amortized cost using the scientific method. Bonds with lower credit ratings are carried at the lower of amortized cost or NAIC market value. Bonds not backed by other loans are stated at amortized cost using the scientific method.

**Loan-backed securities:** Stated at either amortized cost or the lower of amortized cost or fair market value. The retrospective adjustment method is used to value all securities.

**Common stocks:** Carried at fair value.

**Cash and short-term investments:** Carried at amortized cost (which approximates fair value) and includes money market instruments and debt securities with maturities of less than one year.

**Premiums:** Insurance premiums, net of premiums ceded to reinsurers, are earned over the terms of the policies. The portion of direct premiums written applicable to the unexpired terms of the policies is recorded as unearned premium. Premiums are earned on a pro rata basis.

**Reinsurance:** Premiums, commissions, expense reimbursements, and reserves are reported on a basis consistent with the original policies issued and the terms of the reinsurance agreements. Premiums ceded are reported as a reduction of premium income. Losses and loss adjustment expenses are reported as reductions of those items. Uncollateralized amounts from unauthorized reinsurers are deducted directly from capital and surplus through a provision for unauthorized reinsurance. Changes to the provision are credited or charged directly to surplus.

**Non-admitted assets:** Certain assets, such as premiums over 90 days past due, electronic data processing equipment and furniture, are “nonadmitted” and are charges against surplus.

**Losses and loss adjustment expense:** Includes amounts determined from individual case estimates and loss reports and amounts, based on experience, for losses incurred but not reported. Estimated amounts of salvage and subrogation and reinsurance recoverable are deducted from the reserve for losses and loss adjustment expenses.

## Analysis of Assets:

The following represents an analysis of the Company's net admitted assets at December 31, 2024:

	Assets	Assets not Admitted	Net Admitted Assets
Bonds	\$1,197,076,403	\$ -	\$1,197,076,403
Common stocks	64,038,811	-	64,038,811
Cash and short-term investments	42,702,560	-	42,702,560
Other invested assets	10,593,907	-	10,593,907
<b>Total cash and invested assets</b>	<b>1,314,411,680</b>	<b>-</b>	<b>1,314,411,680</b>
Investment income due and accrued	10,215,499	-	10,215,499
Premiums and agents' balances in course of collection	51,261,021	2,203,769	49,057,251
Premiums and agents' balances booked but not yet due	40,246,950	4,024,695	36,222,255
Reinsurance recoverable	6,368,428	-	6,368,428
Federal tax recoverable and interest thereon	6,126,173	-	6,126,173
Net deferred tax assets	15,991,309	-	15,991,309
Guaranty funds receivable or on deposit	10,595	-	10,595
Electronic data processing equipment and software	9,947,790	9,772,147	175,643
Furniture and equipment, including health care delivery assets	1,592,144	1,592,144	-
Miscellaneous receivables	139,137	-	139,137
Prepaid expenses and lease deposit	600,244	600,244	-
<b>Total admitted assets</b>	<b>\$1,456,910,969</b>	<b>\$18,192,998</b>	<b>\$1,438,717,971</b>

### **Reinsurance Activity:**

The Company has excess of loss reinsurance contracts to minimize its exposure to losses. Reinsurance contracts do not relieve the Company of its primary obligation to policyholders. Failure of the reinsurers to discharge their obligations could result in losses to the Company. The Company does not utilize a reinsurance intermediary to negotiate and obtain reinsurance contracts on its behalf for specifically identified risks.

Direct and ceded premiums written and earned are as follows:

	2024	2023
Direct written	\$575,309,823	\$509,881,172
Ceded written	34,943,716	31,201,596
<b>Net written</b>	<b>540,366,107</b>	<b>478,679,576</b>
Direct earned	557,260,308	481,874,804
Ceded earned	33,873,665	32,307,411
<b>Net earned</b>	<b>\$523,386,643</b>	<b>\$449,567,393</b>

The reinsurers share in the risks at different levels as specified in the reinsurance contracts. The types of contracts and retention limits are described under the Reinsurance Program Overview.

### **Summary of Reserves:**

The following provides a reconciliation of the Company's reserves for losses and loss adjustment expenses:

	2024	2023
<b>Reserves for losses and loss adjustment expenses, beginning of year</b>	<b>\$448,272,290</b>	<b>\$316,171,052</b>
<b>Add:</b>		
Provision for losses and loss adjustment expenses, current year	330,499,000	267,153,000
Change in estimated losses and loss adjustment expenses, prior years	64,984,699	38,014,428
<b>Total incurred</b>	<b>395,483,699</b>	<b>305,167,428</b>
<b>Deduct:</b>		
Losses and loss adjustment expenses paid, current year	67,714,000	60,199,000
Losses and loss adjustment expenses paid, prior year	139,943,290	112,867,189
<b>Total paid</b>	<b>207,657,290</b>	<b>173,066,189</b>
<b>Reserves for losses and loss adjustment expenses, end of year</b>	<b>636,098,699</b>	<b>448,272,290</b>
<b>Increase in reserves for losses and loss adjustment expenses</b>	<b>\$187,826,409</b>	<b>\$132,101,239</b>

The Company reduced reserves by anticipated salvage and subrogation of approximately \$5,917,000 and \$777,000 at December 31, 2024, and 2023, respectively.

Reserves for losses and loss adjustment expenses are reported net of the amounts that are recoverable under the Company's reinsurance contracts. At December 31, 2024, and 2023, the liability for losses and loss adjustment expenses was reduced by \$33,100,994 and \$33,265,343, respectively, for amounts to be recovered from reinsurers.

## **Capital and Surplus:**

The following, in conjunction with the Statutory Statement of Capital and Surplus, represents the changes since the Department's last examination as of December 31, 2019:

	2022	2021	2020
<b>Capital and surplus, beginning of year</b>	<b>\$265,699,540</b>	<b>\$223,610,832</b>	<b>\$198,066,957</b>
Capital and surplus increases (decreases):			
Net income	21,683,579	40,263,808	17,546,855
Change in net unrealized capital gain (loss)	(9,484,636)	1,930,087	8,681,401
Change in net deferred income tax	3,209,125	2,513,162	1,690,008
Change in nonadmitted assets	(1,980,128)	(2,677,937)	(2,628,915)
Change in provision for reinsurance	126,203	59,588	254,526
Surplus adjustments to paid-in capital	200,000,000	-	-
<b>Change in Capital and surplus as regards policyholders for the year</b>	<b>213,554,143</b>	<b>42,088,708</b>	<b>25,543,875</b>
<b>Capital and surplus, end of year</b>	<b>\$479,253,683</b>	<b>\$265,699,540</b>	<b>\$223,610,832</b>

## **Contingencies and Commitments:**

The Company leases office equipment and office space under various non-cancellable operating lease agreements. The Company's rental expense under such agreements totaled \$2,995,041 and \$2,344,285 in 2024 and 2023, respectively. Future minimum lease payments are as follows:

<u>Year</u>	<u>Amount</u>
2025	\$3,074,354
2026	3,039,289
2027	1,584,729
2028	1,161,782
2029	921,828
Thereafter	926,643
	<u>\$10,708,625</u>

## **SUBSEQUENT EVENTS**

On January 1, 2025, Stephen Westfield was appointed as a director by the Board to fill the vacancy created by the resignation of William Reynolds.

On March 27, 2025, Gregory Ricker retired as a director, and Theodore Reinhold resigned as a director.

**Atlantic Casualty Insurance Company**  
**DISTRIBUTION OF REPORT ON EXAMINATION**  
**December 31, 2024**

Brian Crown, Assistant Vice President and Auditor  
Auto-Owners Insurance Company  
6101 Anacapri Boulevard  
Lansing, Michigan 48917

## CONCLUSION

The examination procedures described herein revealed no material adverse findings or adjustments to surplus.

We conclude that the Company complies with the minimum capital and surplus requirements of GS § 58-7-75 for the kinds of insurance that the Company has been authorized to write, which is \$2,250,000.

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

Respectfully submitted,



---

Monique D. Smith, CPA, CFE, CIA  
Deputy Commissioner  
North Carolina Department of Insurance

April 29, 2026

STATE OF NORTH CAROLINA

COUNTY OF WAKE

Jeffrey Streyle, Chief Financial Examiner, with the North Carolina Department of Insurance, being first, duly sworn, deposes and says that this report on examination, subscribed by him, is true and correct to the best of his knowledge and belief.

Signature:  Date: 4/29/26

Sworn and subscribed before me this 29<sup>th</sup> day of April, 2026.

Notary Public Signature:  Notary Public Seal:

