REPORT ON EXAMINATION

OF

METROMILE INSURANCE COMPANY

AS OF

DECEMBER 31, 2017

Trinidad Navarro
Commissioner

Delaware Department of Insurance

I, Trinidad Navarro, Insurance Commissioner of the State of Delaware, do hereby certify that the attached REPORT ON EXAMINATION, made as of December 31, 2017 of

METROMILE INSURANCE COMPANY

is a true and correct copy of the document filed with this Department.

Attest By: Rufuyan Brown

Date: January 16, 2019

In Witness Whereof, I have hereunto set my hand and affixed the official seal of this Department at the City of Dover, this 22 day of January, 2019.

Trinidad Navarro
Insurance Commissioner

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Trinidad Navarro
Commissioner

Delaware Department of Insurance

REPORT ON EXAMINATION

OF

METROMILE INSURANCE COMPANY

AS OF

DECEMBER 31, 2017

The above-captioned report was completed by examiners of the Delaware Department of Insurance.

Consideration has been duly given to the comments, conclusions and recommendations of the examiners regarding the status of the company as reflected in the report.

This report is hereby accepted, adopted and filed as an official record of this Department.

Trinidad Navarro
Insurance Commissioner

Dated this 22 day of January, 2019

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SALUTATION

December 3, 2018

Honorable Trinidad Navarro
Commissioner
Delaware Department of Insurance
Rodney Building
841 Silver Lake Boulevard
Dover, Delaware 19904

Commissioner:

In compliance with instructions and pursuant to statutory provisions contained in Exam Authority No. 18.024, dated March 14, 2018, an examination has been made of the affairs, financial condition and management of

METROMILE INSURANCE COMPANY

hereinafter referred to as Company or MMIC. MMIC was incorporated under the laws of the State of Delaware as a stock company with its statutory home office located at 2711 Centerville Road, Suite 400, Wilmington, Delaware 19808. The examination was conducted at the main administrative office of the Company, located at 690 Folsom Street, Suite 200, San Francisco, CA 94107. The report of this examination is submitted herewith.

SCOPE OF EXAMINATION

We have performed our examination of MMIC. The last examination covered the period January 1, 2008 through December 31, 2012, by the Delaware Department of Insurance (Department). This examination covers the period January 1, 2013 through December 31, 2017.

We conducted our examination in accordance with the *National Association of Insurance Commissioners* (NAIC) *Financial Condition Examiners Handbook* (Handbook) and generally

accepted statutory insurance examination standards consistent with the Insurance Code and Regulations of the State of Delaware. The NAIC 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. This may include assessing significant estimates made by management and evaluating management's compliance with Statutory Accounting Principles. The examination does not attest to the fair presentation of the financial statements included herein. If, during the course of the examination an adjustment is identified, the impact of such adjustment will be documented separately following the Company's financial statements.

This examination report includes significant findings of fact, pursuant to the General Corporation Law of the State of Delaware as required by 18 *Del. C.* § 321, along with general information about the insurer and its financial condition. There may be other items identified during the examination that, due to their nature, are not included within the examination report but separately communicated to other regulators and/or the Company.

During the course of this examination, consideration was given to work performed by the Company's external accounting firm, Moss Adams LLP (Moss Adams). Certain auditor work papers of the 2017 audit of the Company have been incorporated into the work papers of the examiners and have been utilized in determining the scope, areas of emphasis in conducting the examination and in the area of risk mitigation and substantive testing.

SUMMARY OF SIGNIFICANT FINDINGS

There were no significant findings or material adjustments to the Company's financial statements.

COMPANY HISTORY

The Company was originally incorporated as Hanseco Insurance Company (Hanseco) on July 26, 1971, under the laws of the State of Delaware. As of January 1, 1987, Hanseco owned all of the outstanding shares of three insurance subsidiaries including: John Hancock Property and Casualty Company of Illinois (JHP&C-Illinois), John Hancock Indemnity Company (Indemnity) and John Hancock Reinsurance Company (JHRE).

JHP&C-Illinois's name was changed to John Hancock Property and Casualty Insurance Company (JHP&C) on July 7, 1988. Indemnity and JHRE were sold in 1996 and 1998, respectively. JHP&C's only remaining business in force as of September 8, 1999, was run-off business related to the treaty reinsurance book of business assumed from JHRE prior to its sale.

On September 9, 1999, JHP&C was purchased by Coliseum Reinsurance Company (Coliseum) from John Hancock Property and Casualty Holding Company. Coliseum was formerly known as Gamma Reinsurance Company until August 23, 1989, AXA Reinsurance Company until September 11, 2000, and AXA Corporate Solutions Reinsurance Company until April 21, 2008.

On September 10, 1999, JHP&C's name was changed to AXA Re Property and Casualty Insurance Company. At this time, the Company's ultimate controlling party became AXA, SA (AXA).

During 2000, the Company began a new strategy to write direct personal lines and commercial lines insurance programs through select managing general agents. On November 26,

2002, the Company informed the Department of its intention to enter run-off in accordance with AXA's strategic decision to exit the United States property and casualty market. The Company implemented the exit strategy in 2003.

Effective January 1, 2004, management responsibilities of the Company were assumed by AXALM under the terms of an affiliated management services agreement.

Effective January 1, 2007, the Company and Coliseum entered into a 100% Aggregate Quota Share Assumption Agreement whereby the Company's net policy liabilities were ceded to Coliseum. The agreement was entered in contemplation of efforts to sell the Company.

Effective September 21, 2010, the Company changed its name to Mosaic Insurance Company.

On August 18, 2016, pursuant to a stock purchase agreement, Metromile, Inc. (MIC) purchased 100% of the outstanding equity interest in the Company from Coliseum. Concurrent with the purchase, the name of the Company was changed to MMIC.

Capitalization

As amended, the Certificate of Incorporation authorizes the Company to issue 50,000 shares of $115 par value common stock. As of December 31, 2017, the Company had 35,191 common shares issued and outstanding totaling $4,046,965. All shares are owned by the Company's parent, MIC.

With the purchase of the former Mosaic Insurance Company on August 18, 2016, the Company acquired insurance licenses valued at $7,089,000. Per Statutory Accounting Principles (SSAP) 20, the asset was non-admitted in the same accounting period. However, the value of the intangible assets was credited to Contributed Surplus when it should have been credited to Unassigned surplus. As a result of the 2016 annual independent financial statement audit, the

Company reclassified $7,089,000 from Contributed Surplus to Unassigned surplus. Consistent with SSAP 3, the Company was not required to refile the 2016 Annual Statement and reported the reclassification in the second quarter 2017 statement, which was the period the error was identified.

Dividends

As of December 31, 2017, the Company had paid no dividends during the examination period.

MANAGEMENT AND CONTROL

Directors

Pursuant to the General Corporation Laws of the State of Delaware, as implemented by the Company's Articles of Incorporation and Bylaws, all corporate powers are exercised by or under the direction of the Board of Directors (Board). The amended and restated Bylaws provide that the Company's business and affairs shall be managed by the Board. Subject to restrictions imposed by law, the Articles of Incorporation, or the Bylaws, the Board can exercise all of the powers of the Company. The Board shall consist of no less than three (3) or more than fifteen (15) members. The Board shall be elected at the annual meeting of stockholders and each director shall be elected to hold office until the next succeeding annual meeting and until his/her successor is elected and qualified or until his/her earlier death, resignation or removal.

As of December 31, 2017, the members of the Board, together with their principal business affiliations, were as follows:

Name and Location	Principal Occupation
Dan Richard Preston (CH) San Francisco, California	Chief Executive Officer Metromile, Inc.
Carrie Louise Dolan Orinda, California	Chief Financial Officer Metromile, Inc.

John Joseph Orta [1]	General Counsel
Piedmont, California	Metromile, Inc.

(1) Effective August 3, 2018, Mr. John Orta resigned as a Director of the Company, and General Counsel of MIC. Effective October 4, 2018, Mr. Jason Altieri was appointed as a Director of the Company.

The minutes of the meetings of the stockholders and Board, which were held during the period of examination, were read and noted. Attendance at meetings, election of directors and officers, and approval of investment transactions were also noted with minor exception.

Article IV of the amended bylaws states that the Board, by resolution adopted by a majority of the whole Board, may designate one or more committees, including an Executive and Finance Committee, each consisting of at least 3 directors. As of December 31, 2017, the Company had not established an Executive or Finance Committee.

In addition to the Executive and Finance Committee, to the extent provided by resolution of the Board, other committees shall have and may exercise any of the powers of the Board. As of December 31, 2017, the Board had not established any other committees.

Officers

Article V of the Amended and Restated Bylaws state that the Company's executive officers shall consist of a President, one or more Vice Presidents, a Secretary, and a Treasurer, and may include one or more Assistant Secretaries, and one or more Assistant Treasurers. Other officers may be appointed, all of whom shall be elected by the Board and who shall hold office until their successors are elected and qualified. The Chairman of the Board and the President shall be chosen from among the directors of the Corporation and may hold such offices so long as they continue to be directors. The President shall be the Chairman of the Board. No other officers need be a director.

As of December 31, 2017, the Company's principal officers and their respective titles were as follows:

Name	**Principal Occupation**
Dan Richard Preston	President
John Joseph Orta (1)	Secretary
Carrie Louise Dolan	Treasurer

(1) Effective August 3, 2018, Mr. John Orta resigned as Secretary of the Company. Effective October 4, 2018, Mr. Jason Altieri was appointed as Secretary of the Company.

In addition to the above, other officers were also appointed.

Changes in directors and officers occurred during the period under review. As required pursuant to 18 *Del. C.* § 4919 "Change of directors, officers; notice", proper notification was provided to the Department.

The Company maintains a formal written Code of Ethics, which sets out minimum standards of ethical conduct that applies to all employees, officers and directors. Incorporated into the Code of Ethics is a conflict of interest policy. Pursuant to the policy, conflicts of interest are to be promptly reported in writing to the General Counsel. However, there is no required annual acknowledgment or formal written survey documenting that conflicts of interest do not exist.

In accordance with the Department Examination Handbook, Section 12, a review of biographies and inquiries with Management noted that there was no indication of any criminal conviction of officers, directors or key employees of the Company.

Corporate Records

Article II of the Company's amended bylaws, states that annual meetings of the stockholders shall be held at 690 Folsom Street, San Francisco, California, or at such other place, within or without Delaware, on a day and at a place and time set by the Board, as stated in notice

of such meeting or a duly executed waiver of notice thereof. At each annual meeting, the stockholders entitled to vote shall elect a Board and they may transact such other company business as is stated in the notice of meeting or as otherwise appropriate.

Special meetings of stockholders for any purpose may be called by the Chairman of the Board, the President or by any Vice President, by a majority of the Board, or the holders of a majority of shares of the outstanding stock of the Corporation. The business transacted at any special meeting shall be limited to the purposes stated in the notice thereof.

The presence at any stockholders' meeting, in person or by proxy, of the record holders of shares aggregating a majority of the total number of shares entitled to vote at the meeting shall be necessary and sufficient to constitute a quorum for the transaction of business.

Any action required or permitted by law, the Articles of Incorporation or the bylaws to be taken at a stockholders meeting may be taken without a meeting if consent in writing is signed by all of the stockholders entitled to vote.

The recorded minutes of the sole stockholder and Board were reviewed for the period under examination. The recorded minutes of the Board adequately documented its meetings and approval of Company transactions and events, including the authorization of investments as required by 18 *Del. C.* § 1304 "Authorization; record of investments".

Holding Company System

The Company is a member of an insurance holding company system as defined in 18 *Del. C.* § 5001(6) "Insurance holding company system". The Company's Holding Company Registration Statements were timely filed with the Department for the years under examination for which the Company was a Delaware domestic. The immediate parent of the Company as of December 31, 2017 was MIC. The Company had no subsidiaries as of December 31, 2017.

A review of the Insurance Holding Company Annual Registration Statement filings (Form B and Form C) made by and on behalf of the Company for 2017 revealed that the Company had materially complied with 18 *Del. C.* § 5004 and 18 *Del. Admin. Code* ch 1801.

The following abbreviated presentation of the holding company system reflects the identities and interrelationships between the Company, its Parent, affiliated insurers and other members of the holding company system as of December 31, 2017:

Company	Domicile	% own
Metromile, Inc. (1)	Delaware	
Metromile Insurance Company	Delaware	100%
Metromile Insurance Services, LLC	California	100%

(1) Intact Venture, Inc. owns 25.34% of all voting securities. Index Ventures V (Jersey), L.P. and its affiliates own 13.54% of all voting securities. New Enterprises Associates 13, L.P. owns 16.07% of all voting securities. David Albert Friedberg owns 11.62% of all voting securities.

Agreements with Affiliates

The Company was party to three inter-company agreements, which were disclosed in the Form B and C filings with the Department.

Affiliated agreements entered into during the period covered by this examination and remaining in effect as of December 31, 2017, are summarized as follows:

Employee Leasing Agreement

Effective October 1, 2016, the Company entered into an Employee Leasing Agreement with MIC. The Company does not have any employees to adjudicate claims. Under terms of the Agreement, MIC leases specified employees to the Company who performs the claims adjuster and other loss adjustment functions. In addition, MIC leases actuarial staff and statutory accounting and reporting employees to the Company. The Company reimburses MIC for all of the fees and compensation (salary, benefits, etc.) related to each leased employee.

Executive Management Agreement

Effective October 1, 2016, the Company entered into an Executive Management Agreement with MIC. Under terms of the Agreement, MIC provides the Company with management, legal and administration services concerning its business. MIC serves as the regulatory and rating agency liaison, the policy advisor and consultant, marketing and investment advisor, record keeper, personnel and tax advisor, as well as provider of legal advice through its attorneys. The Company may reimburse MIC for services provided for the benefit of the Company up to, but not to exceed, one percent (1.0%) of direct net written premiums.

Managing General Agency Agreement

Effective October 1, 2016, the Company entered into a Managing General Agency Agreement with Metromile Insurance Services, LLC (MMLLC). Under terms of the Agreement, MMLLC will serve as the appointed Managing General Agent for selling and servicing the Company's policies. The Company reimburses MMLLC according to a commission schedule provided in the agreement, as well as reimbursing MMLLC for directly identifiable cost and expenses, such as postage, printing and supplies, etc. MMLLC reimburses the Company certain loss adjustment and underwriting expenses. MMLLC does not provide any claims handling.

TERRITORY AND PLAN OF OPERATION

Territory

As of December 31, 2017, the Company was licensed in the District of Columbia, as well as 49 states. The Company is not licensed in Tennessee.

The Company is authorized as a stock insurer to transact the business of property and casualty as defined in 18 *Del. C.* § 904 "Property insurance" defined and 18 *Del. C.* § 906 "Casualty insurance" defined.

The principal office facilities of the Company are located in San Francisco, California.

Plan of Operation

The geographical breakdown of direct written premiums as of December 31, 2017 was: California $27,975 (53.0%); New Jersey $6,742 (12.8%); Washington $5,075 (9.6%); Oregon $4,707 (8.9%); and other jurisdictions (Illinois, Pennsylvania, Virginia) $8,281 (15.7%). In April 2018, the Company began writing business in Arizona.

The Company is engaged in the business of pay-per-mile automobile insurance, with no other lines of business currently being written.

The Company purchases reinsurance for capital management rather than risk management, as the Company takes on most of the risk. The Company retains 100% of new business and 15% of renewal business as they ceded 85% of the renewal book to two external reinsurers.

100% of the Company's business is sold through its affiliated Managing General Agent, MMLLC. Sales are either completed online or by phone. For those sales completed by phone, the Company's policies are sold by licensed agents affiliated with MMLLC. In 2016, there were 26 licensed sales agents. In 2017, there were 14 licensed sales agents. MMLLC services all policies sold through its use of licensed agents. In 2016, there were 32 licensed customer service agents servicing Company policies. In 2017, there were 26 licensed customer service agents servicing Company policies.

In addition to the individual agents enumerated above, in 2016, there were two independent agencies appointed with the Company - Compare.com and Coverhound Partnership. In 2017, those two were joined by four more – Adharmonics, QuinStreet, InsuranceZebra and Ensurify - for a total of 6 appointed independent agencies.

REINSURANCE

For 2017, the Company reported the following distribution of net premiums written:

Direct business	$	52,781,128
Reinsurance assumed (from affiliates)		-
Reinsurance assumed (from non-affiliates)		-
Total direct and assumed		52,781,128
Reinsurance ceded (to affiliates)		-
Reinsurance ceded to (non-affiliates)		19,303,210
Net premiums written	$	33,477,918

At the time of the Company's purchase (August 18, 2016), the Company had previously entered into a 100% Aggregate Quota Share Assumption Agreement with Coliseum to transfer all assets and policy liabilities related to prior direct written and assumed business within the Company to Coliseum on August 19, 2016.

The Company had the following reinsurance program and agreements in effect as of December 31, 2017:

Assumed

The Company does not assume any business.

Ceded

Effective May 1, 2017, the Company purchased two multiple year quota share reinsurance agreements for its new business consisting solely of private passenger auto and auto physical damage coverage. The two quota share reinsurance agreements cover only policies which renewed during the period May 1, 2017 through April 30, 2019. The agreements cover

those renewal policies through April 30, 2024. Reinsurers on the agreements are MAPFRE Re Compania de Reaseguros SA (MAPFRE Re), assuming 5%, and Horseshoe Re Limited (Horseshoe Re), assuming 80%. The Company retains the remaining percentage of renewal business.

Reinsurance is purchased for capital management rather than risk management, as the Company takes on most of the risk, i.e., the Company retains 100% of all new business.

There are no reinsurance agreements between the Company and affiliates.

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 ended December 31, 2017. The accompanying comments on the 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.

- Statement of Assets and Liabilities as of December 31, 2017
- Statement of Income for the Year Ended December 31, 2017
- Reconciliation of Capital and Surplus

Statement of Assets and Liabilities
As of December 31, 2017

	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	$ 4,542,242	$	$ 4,542,242
Cash, cash equivalents and short-term	19,619,902		19,619,902
Receivables for securities	1,360,000		1,360,000
Investment income due and accrued	15,532		15,532
Premiums and considerations			
Uncollected premiums and agents' balances	2,165,401		2,165,401
Deferred premiums, agents' balances and	7,102,255		7,102,255
Reinsurance:			
Amounts recoverable from reinsurers	2,926,406		2,926,406
Receivable from parent, subsidiairies and	3,666,888		3,666,888
Aggregate write-ins for other than invested	7,405,417	7,405,417	-
Total assets excluding Separate Accounts	$ 48,804,043	$ 7,405,417	$ 41,398,626
From Separate Accounts	-	-	-
Total	$ 48,804,043	$ 7,405,417	$ 41,398,626

		Note
Losses	$ 11,431,922	1
Loss adjustment expenses	2,484,013	1
Other expenses	376,525	
Taxes, licenses and fees	1,000,215	
Current federal and foreign income taxes	60,257	
Unearned premiums	3,930,848	
Ceded reinsurance premiums payable	9,004,711	
Provision for reinsurance	222,000	
Total liabilities excluding portected cell liabilities	$ 28,510,491	
Protected cell liabilities	-	
Total Liabilities	$ 28,510,491	
Common capital stock	4,046,965	
Preferred capital stock	-0-	
Aggregate write-ins for other-than-special surplus funds	-0-	
Surplus notes	-0-	
Gross paid-in and contributed surplus	144,636,367	
Unassigned funds	(135,795,197)	
Less treasury stock	-0-	
Surplus	$ 12,888,135	
Totals	$ 41,398,626	

Statement of Income
For the Year Ended December 31, 2017

Premiums earned	$ 32,540,571
Losses incurred	27,898,058
Loss adjustment expenses incurred	6,988,317
Other underwriting expenses incurred	7,076,343
TOTAL Undewrwriting Deductions	41,962,718
Net underwriting gain or (loss)	$ (9,422,147)
Net investment income earned	$ 150,570
Net realized capital gains (losses) less capital gains tax of $0	2,575
Net investment gain or (loss)	$ 153,145
Aggregate write-ins for miscellaneous income	8,961,494
TOTAL Other income	$ 8,961,494
Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	(307,508)
Dividends to policyholders	-
Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	(307,508)
Federal and foreign income taxes incurred .	-
Net income	$ (307,508)
Surplus as regards policyholders, December 31 prior year	$ 13,227,577
Net income (Loss)	(307,508)
Change in net unrealized capital gains or (losses) less capital gains tax of $0	0
Change in net unrealized foreign exchange capital gain (loss)	0
Change in net deferred income tax	0
Change in nonadmitted assets	(264,925)
Change in provision for reinsurance	(222,000)
Change in surplus notes	0
Capital changes	
Paid in	0
Surplus adjustments	
Paid in	0
Dividends to stockholders	0
Dividends to stockholders	0
Aggregate write-ins for gains and losses in surplus	454,988
Change in surplus as regards policyholders for the year	(339,445)
Change as a result of December 31, 2017 examination	0
Surplus as regards policyholders, December 31 current year	$ 12,888,132

Reconciliation of Capital and Surplus
From December 31, 2012 to December 31, 2017

Capital and Surplus, December 31, 2012		$ 19,929,790
Net income		(8,205,381)
Additions:		
Change in non-admitted assets	2,452,315	
Surplus adjustment: Paid in	7,867,360	
Aggregate write-ins for gains and losses in surplus	881,822	
Total Additions		11,201,497
Deductions		
Change in net deferred income tax	(9,815,774)	
Change in provision for reinsurance	(222,000)	
Total Deductions		(10,037,774)
Capital and Surplus, December 31, 2016		$ 12,888,132

ANALYSIS OF CHANGES IN FINANCIAL STATEMENTS RESULTING FROM THE EXAMINATION

There were no changes to the financial statements as a result of the current examination.

COMMENTS ON FINANCIAL STATEMENT ITEMS

Note 1:

Losses	$11,431,922
Loss Adjustment Expenses	$2,484,013

The examination liability for the aforementioned captioned items of $11,431,922 and $2,484,013 are the same as reported by the Company as of December 31, 2017. The examination analysis of Loss and Loss Adjustment Expense reserves was conducted in accordance with Generally Accepted Actuarial Principles and Statutory Accounting Principles,

including NAIC Accounting Practices and Procedures Manual, Statement of Statutory Accounting Principle No. 55 (SSAP No. 55).

SUBSEQUENT EVENTS

The following material subsequent events occurred, requiring disclosure in this examination report.

Reinsurance Program

Subsequent to the period under examination, the Company modified its reinsurance program as follows:

The Horseshoe Re agreement discussed previously under the Reinsurance section was subsequently amended to cover only the policies renewing during onboarding year 1, May 1, 2017 through April 30, 2018. A separate agreement, with different terms related to quota share percentage and fixed dollar amount per onboarding policy, was entered into for onboarding year 2. Onboarding year 2 reinsurance coverage is effective May 1, 2018 and continues at 85% quota share and includes policies renewing (term 2 only) during the onboarding year, May 1, 2018 through April 30, 2019. Reinsurers on the agreements are MAPFRE Re assuming 5%, Cincinnati Insurance Company (Cincinnati), effective May 1, 2018, assuming 5%, and Horseshoe Re, effective May 1, 2018, assuming 75% of onboarding year 2. The Company retains the remaining percentage of business under the contracts.

As part of the newly entered agreement with Horseshoe Re, a new Trust Agreement was established for the new Separate Account established by Horseshoe Re as part of the new reinsurance agreement effective May 1, 2018.

Intercompany Agreements

Subsequent to the period under examination, the Company entered into a Capital Maintenance Agreement (CMA) with its Parent, MIC. Under the agreement, MIC will provide the Company with a line of credit, up to a maximum amount of $25 million, to ensure that the Company is able to meet its operational cash obligations due to potential liquidity needs or cash flow problems that may occur, ensuring the Company will maintain a Risk Based Capital ratio of 300%. The Company will pay monthly interest on any outstanding principal balance at a rate equal to the applicable federal rate. The principal amount would be paid upon demand by MIC at such time as the emergency funding need has dissipated. No further funds will be allowed to be drawn after two years from the initial draw.

The CMA will terminate upon the latter of (a) the payment in full of all outstanding balances under the Line of Credit (including all applicable interest) or (b) two years from the first draw under such line. The CMA can be terminated earlier upon agreement of the parties.

COMPLIANCE WITH PRIOR EXAMINATION RECOMMENDATIONS

There were no prior examination findings requiring to be addressed as part of the current examination.

SUMMARY OF RECOMMENDATIONS

There were no examination report findings or recommendations as a result of the December 31, 2017 examination.

CONCLUSION

The assistance of the Department's consulting actuarial firm, INS Consultants, Inc. is acknowledged. In addition, the assistance and cooperation of the Company's outside audit firm, Moss Adams, and the Company's management and staff were appreciated and are acknowledged.

Respectfully submitted,

Keith E. Misenheimer, CFE, ALMI, CFE, ARM
Examiner-In-Charge
Delaware Department of Insurance

Steve Guest, CFE, CPA, ACI
Supervisory Examiner
Delaware Department of Insurance