



Paul R. LePage
GOVERNOR

STATE OF MAINE
DEPARTMENT OF PROFESSIONAL
AND FINANCIAL REGULATION
BUREAU OF INSURANCE
34 STATE HOUSE STATION
AUGUSTA, MAINE
04333-0034

Eric A. Cioppa
SUPERINTENDENT

August 9, 2016

Eric A. Cioppa, Superintendent
Maine Bureau of Insurance
34 State House Station
Augusta, ME 04333-0034

Dear Superintendent:

Pursuant to the provisions of 24-A M.R.S. §221 and in conformity with your instructions, a financial examination has been made of

Patrons Oxford Insurance Company

at its statutory home office in Auburn, Maine. The following report is respectfully submitted.



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REPORT OF EXAMINATION
PATRONS OXFORD INSURANCE COMPANY
AS OF
DECEMBER 31, 2014

ACCEPTANCE OF REPORT OF EXAMINATION

WHEREAS a verified Report of Examination of Patrons Oxford Insurance Company dated August 9, 2016, was delivered to that insurer on August 23, 2016, and

WHEREAS no hearing with respect to the Report of Examination has been requested by Patrons Oxford Insurance Company

NOW THEREFORE, I accept the Report of Examination and hereby order it placed on file in the Bureau of Insurance as provided for by 24-A M.R.S. §226(3).

Dated: 9/2/16

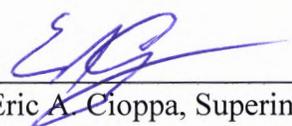

Eric A. Cioppa, Superintendent

TABLE OF CONTENTS

SCOPE OF EXAMINATION	2
SUMMARY OF SIGNIFICANT FINDINGS.....	2
PRIOR EXAMINATION COMMENTS.....	2
CURRENT EXAMINATION COMMENTS	2
THE COMPANY	3
HISTORY	3
MANAGEMENT AND CONTROL	3
CORPORATE RECORDS	3
CORPORATE GOVERNANCE	3
TRANSACTIONS WITH AFFILIATES.....	4
TERRITORY & PLAN OF OPERATION.....	4
REINSURANCE.....	4
FINANCIAL STATEMENTS.....	4
STATEMENT OF ADMITTED ASSETS, LIABILITIES, AND SURPLUS	5
STATEMENT OF OPERATIONS	6
STATEMENT OF CAPITAL AND SURPLUS.....	7
COMMENTS ON THE FINANCIAL STATEMENTS.....	8
NOTE 1 – CAPITAL AND SURPLUS	8
SUBSEQUENT EVENTS.....	8
SUMMARY OF RECOMMENDATIONS.....	8

SCOPE OF EXAMINATION

Patrons Oxford Insurance Company (“Company”) was last examined as of December 31, 2009, by the State of Maine Bureau of Insurance (“MBOI”). This examination covered the period from January 1, 2010, to December 31, 2014.

This examination was performed pursuant to the risk-focused approach promulgated by the National Association of Insurance Commissioners (“NAIC”), in conformity with statutory accounting practices, NAIC guidelines, the 2015 Financial Condition Examiners Handbook and the laws, rules, and regulations prescribed or permitted by the State of Maine. The examination consisted of a review of the Company’s operations, controls, and corporate governance, valuation of assets, and determination of liabilities at December 31, 2014. The examination also included the identification and evaluation of significant risks that could cause the Company’s surplus to be materially misstated both currently and prospectively.

This examination was a coordinated examination with the Massachusetts Department of Insurance, (“MADOI”), which concurrently examined Quincy Mutual Fire Insurance Company (“Quincy”) a Massachusetts domestic insurance company, the Company’s parent, and New England Mutual Insurance Company (“NEMIC”), a Massachusetts domestic insurance company, also a member of the Quincy Mutual Group (“QMG”) insurance holding company system. PricewaterhouseCoopers LLP, a Delaware limited liability partnership, (“PWC”) performed the 2014 external audit of Quincy and all insurance affiliates. PWC workpapers were utilized for this examination to the extent deemed appropriate. The MBOI utilized the work of MADOI’s examination of Quincy and NEMIC when appropriate in order to enhance the effectiveness and efficiency of this examination.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. The examination does not attest to the fair presentation of the financial statements included herein. Comments on various balance sheet items, for purposes of this report, may be limited to matters involving clarification, departures from laws, rules and regulations, and/or significant changes in amounts. To the extent deemed necessary, transactions occurring subsequent to the examination date were reviewed.

This examination report includes significant findings of fact, pursuant to 24-A M.R.S. §225 (1), and general information about the Company and its financial condition. There may be other items identified during the examination that, due to their nature, are not included herein, and are instead separately reported to other regulators and/or the Company.

SUMMARY OF SIGNIFICANT FINDINGS

PRIOR EXAMINATION COMMENTS

None noted.

CURRENT EXAMINATION COMMENTS

None noted.

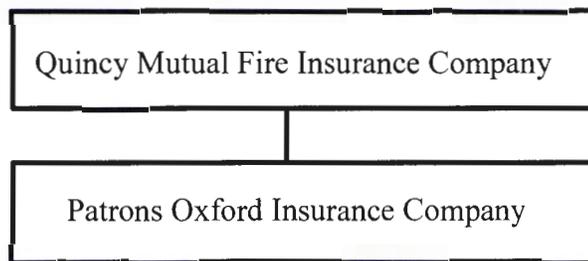
THE COMPANY

HISTORY

The Company was incorporated and licensed to transact insurance in the state of Maine in 1877. Former names include Patrons Androscoggin Mutual Fire Insurance Company, Patrons Mutual Insurance Company and Patrons-Oxford Mutual Insurance Company. On December 30, 1997, the Company demutualized and on December 31, 1997, Quincy purchased 100% of the shares of the Company.

MANAGEMENT AND CONTROL

The Company is a wholly-owned subsidiary of Quincy. An abbreviated corporate ownership diagram follows:



CORPORATE RECORDS

The Company's articles of incorporation, bylaws, and minutes of the board of directors meetings held during the period under examination were reviewed.

CORPORATE GOVERNANCE

The Company is governed and overseen by its board of directors and its management team.

As of December 31, 2014, the board of directors of the Company consisted of the following members:

<u>Name</u>	<u>Title</u>
Walter Carl Smythe	Chairman
James Dudley Asher	Director
Karl Douglas Briggs	Director
Kevin Michael Meskell	Director
Mark Alan Pettingill	Director
Robert Evan Quinton	Director
John Michael Sheskey	Director
Robert Peter Whitmore	Director

As of December 31, 2014, the officers of the Company consisted of the following individuals:

<u>Name</u>	<u>Title</u>
Mark Alan Pettingill	President & CEO
Kevin Michael Meskell	Secretary
Sharon Leslie Buckley	Treasurer
Clifford Blair Biardi	Vice President Underwriting / Marketing

TRANSACTIONS WITH AFFILIATES

The Company is a party to a written tax sharing agreement with Quincy and other affiliates. The agreement provides that the portion of the consolidated tax liability allocated to the Company is based on its separate tax return liability.

The Company has a management agreement with Quincy. Under this agreement, Quincy provides services to the Company that include data processing, administrative processing of all policies and claims, and the acquisition, maintenance and disposition of the Company's investments.

The Company participates in a 100% quota share reinsurance contract with Quincy.

TERRITORY & PLAN OF OPERATION

The Company is a multi-line property and casualty insurer writing personal and commercial coverage, and is licensed to transact business in the state of Maine only. The Company's primary lines of business are homeowners, fire, private passenger auto, and commercial multiple peril.

REINSURANCE

From January 1, 2007 until December 31, 2011, the Company was party to an inter-company pooling agreement with Quincy and another affiliate under which the Company ceded 100% of its direct business to the pool and assumed 1% of the pooled business.

On January 1, 2012, the Company entered into a personal lines quota share reinsurance contract with its parent Quincy, wherein 100% of the Company's in-force, new, and renewal personal lines business was ceded to Quincy. The quota share reinsurance contract was rewritten effective January 1, 2013, to specify that 100% of all of the Company's in-force, new, and renewal business is ceded to Quincy.

FINANCIAL STATEMENTS

The Statement of Admitted Assets, Liabilities and Surplus, the Statement of Operations, and the Statement of Capital and Surplus are as presented by management and audited by the Company's external auditors. It should be noted that these financial statements have not been audited by the MBOI and thus the MBOI does not express an opinion on the financial statements as a whole.

**STATEMENT OF ADMITTED ASSETS, LIABILITIES, AND SURPLUS
AS OF DECEMBER 31, 2014**

Assets

Bonds	\$	100,526
Real estate		660,893
Cash		2,593,028
Investment income due and accrued		21
Uncollected premiums in the course of collection		184,831
Deferred premiums, agents' balances and installments		7,880,614
Amounts recoverable from reinsurers		5,173,747
Net deferred tax asset		201,836
Electronic data processing equipment		25,300
Total assets	\$	<u>16,820,796</u>

Liabilities

Commissions payable	\$	2,067,279
Other expenses		1,098,308
Taxes, licenses and fees		254,236
Current federal and foreign income taxes		198,532
Advance premium		476,304
Ceded reinsurance premiums payable		3,819,454
Amounts withheld for account of others		1,646,772
Payable to parent, subsidiaries and affiliates		8,779
Total liabilities		<u>9,569,664</u>

Capital and Surplus

Common capital stock		2,500,000
Gross paid in and contributed surplus		2,500,000
Unassigned funds		2,251,132
Total capital and surplus		<u>7,251,132</u>
Total liabilities, capital and surplus	\$	<u>16,820,796</u>

STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2014

Premiums earned	\$	-
Total underwriting deductions		-
Total underwriting gain (loss)		-
Net investment income earned		(27,081)
Net realized capital gains net of capital gains taxes		<u>2,927</u>
Net investment loss		<u>(24,154)</u>
Net loss from premiums charged off		(18,390)
Finance and service charges		<u>406,686</u>
Total other income		<u>388,296</u>
Net income before federal income taxes		364,142
Federal income taxes incurred		<u>199,488</u>
Net income	\$	<u><u>164,654</u></u>

**STATEMENT OF CAPITAL AND SURPLUS
YEAR ENDED DECEMBER 31, 2014**

Capital and surplus, December 31, 2013	\$ 7,068,685
Net income	164,654
Change in net deferred income tax	54,115
Change in nonadmitted assets	<u>(36,323)</u>
Net change in capital and surplus	<u>182,446</u>
Capital and surplus, December 31, 2014	<u><u>\$ 7,251,131</u></u>

COMMENTS ON THE FINANCIAL STATEMENTS

NOTE 1 – CAPITAL AND SURPLUS

The following table describes the capital and surplus changes for the five year period since the MBOI's last examination of the Company, dated December 31, 2009:

Capital and surplus, December 31, 2009	\$	7,214,092
Net income		204,918
Change in net deferred income tax		185,153
Change in nonadmitted assets		(353,033)
Capital and surplus, December 31, 2014	\$	<u>7,251,131</u>

SUBSEQUENT EVENTS

Subsequent to December 31, 2014, there were no significant material items that came to our attention for inclusion in the report of examination.

SUMMARY OF RECOMMENDATIONS

There are no report level recommendations.

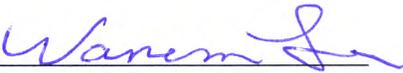
**STATE OF MAINE
COUNTY OF KENNEBEC, SS**

Vanessa J. Leon, being duly sworn according to law deposes and says that, in accordance with authority vested in her by Eric A. Cioppa, Superintendent of Insurance, pursuant to the Insurance Laws of the State of Maine, she has made an examination of the condition and affairs of the

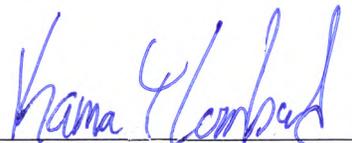
PATRONS OXFORD INSURANCE COMPANY

of Auburn, Maine as of December 31, 2014, and that the foregoing report of examination subscribed to by her is true to the best of her knowledge and belief. Examination Resources, LLC, under contract with the Maine Bureau of Insurance performed the examination. The following examiners from the Maine Bureau of Insurance assisted:

Audrey L. Wade, CFE, CISA


Vanessa J. Leon, CFE

Subscribed and sworn to before me
This 2 day of September, 2016


Notary Public
My Commission Expires:

**KARMA LOMBARD
Notary Public, Maine
My Commission Expires June 12, 2023**