



Janet T. Mills
Governor

STATE OF MAINE
DEPARTMENT OF PROFESSIONAL & FINANCIAL REGULATION
BUREAU OF INSURANCE

Robert L. Carey
Superintendent



Joan F. Cohen
Commissioner

June 18, 2025

Robert L. Carey, 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 the

PATRIOT INSURANCE COMPANY

as of December 31, 2023. The following report is respectfully submitted.

Office Location: 76 Northern Avenue, Gardiner, Maine 04345
Mailing Address: 34 State House Station, Augusta, Maine 04333
www.maine.gov/pfr/insurance

Phone: (207) 624-8475

TTY: Please Call Maine Relay 711

Consumer Assistance: 1-800-300-5000

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**STATE OF MAINE
BUREAU OF INSURANCE**

REPORT OF FINANCIAL EXAMINATION

**PATRIOT INSURANCE COMPANY
YARMOUTH, MAINE**

AS OF DECEMBER 31, 2023

NAIC COMPANY CODE: 32069

NAIC GROUP CODE: 1309

ACCEPTANCE OF REPORT OF EXAMINATION

WHEREAS a verified Report of Examination of Patriot Insurance Company dated June 18, 2025, was delivered to that insurer on October 20, 2025; and

WHEREAS Patriot Insurance Company and Bureau of Insurance staff have agreed to certain modifications with respect to the Report of Examination; and

WHEREAS I find such modifications proper; and

WHEREAS no hearing with respect to the Report of Examination has been requested by Patriot 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: Oct. 29, 2025

Robert Carey
Robert L. Carey, Superintendent

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SCOPE OF EXAMINATION

Patriot Insurance Company (Patriot or the “Company”) was last examined as of December 31, 2019, by the State of Maine Bureau of Insurance (MBOI). This examination covers the period from January 1, 2020, to December 31, 2023.

This examination was performed pursuant to the risk-focused approach promulgated by the National Association of Insurance Commissioners (NAIC), in conformity with the 2024 NAIC Financial Condition Examiners Handbook (“the Handbook”) and the laws, rules, and regulations prescribed or permitted by the State of Maine. The Handbook requires that we plan and perform the examination to evaluate the financial condition, assess corporate governance, identify current and prospective risks and evaluate systems controls and procedures used to mitigate those risks. 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. The external auditors’ work papers were utilized for this examination to the extent deemed appropriate to enhance the effectiveness and efficiency of this examination.

This examination was coordinated with the State of Michigan Department of Insurance and Financial Services (DIFS), which concurrently examined Patriot’s parent company, Frankenmuth Insurance Company (FIC), and Patriot’s insurance affiliates, Ansur America Insurance Company (Ansur), ASure Worldwide Insurance Company (ASure), Fortuity Insurance Company (Fortuity), and Patriot Life Insurance Company (Life), all Michigan domestic insurance companies. These companies, Patriot, and non-insurance affiliates, Frankenmuth Agency, Inc. and Frankenmuth Insurance Foundation, are members of the Frankenmuth Insurance Group. DIFS served as the lead state on the coordinated group examination. The MBOI utilized the work of DIFS to the extent deemed appropriate.

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. Comments on various financial statement items, for the purposes of this report, may be limited to examination adjustments, matters requiring 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

None noted.

CURRENT EXAMINATION

None noted.

THE COMPANY

HISTORY

Patriot was incorporated in 1966 as a subsidiary of Blue Cross and Blue Shield of Maine (BCBSME) providing products not offered by BCBSME. Patriot became fully independent in 1999 as a result of the acquisition of BCBSME by Anthem Insurance Companies, Inc.

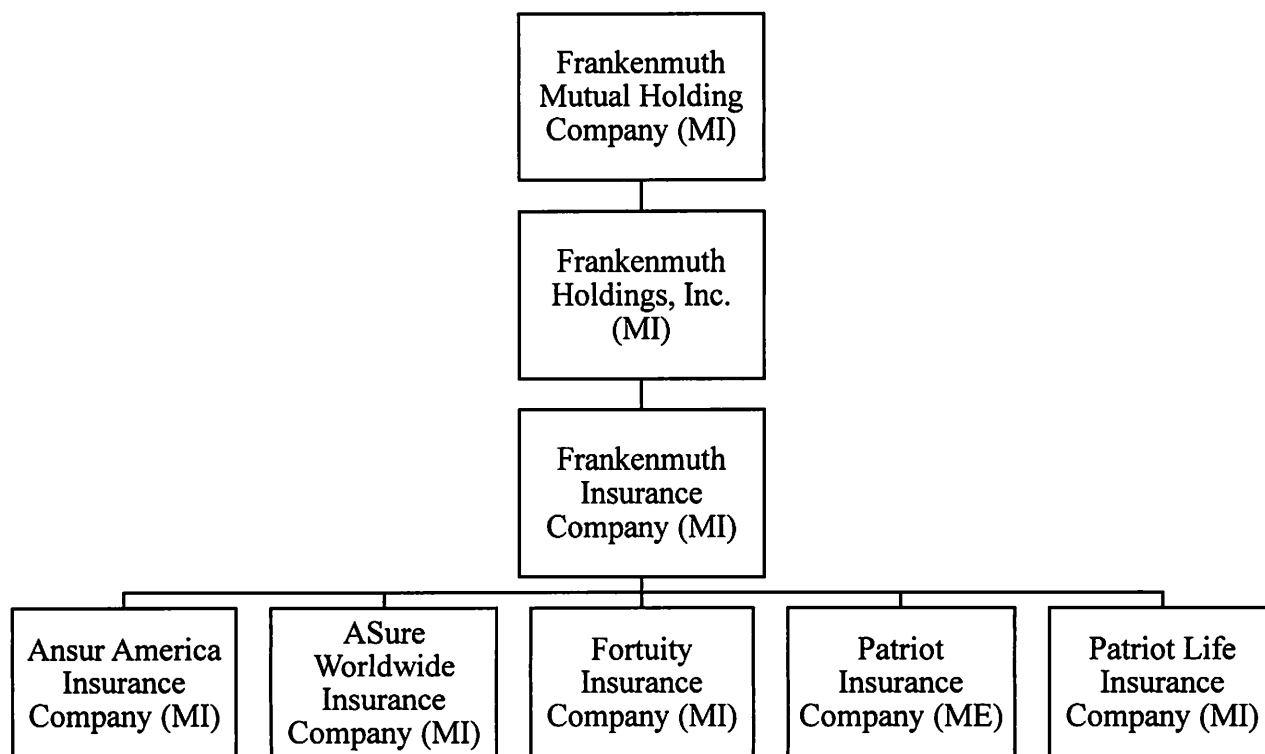
On January 1, 2002, Patriot became licensed to write property and casualty lines and contracted to acquire substantially all of the Maine, New Hampshire, and Vermont property and casualty personal lines business from Acadia Insurance Company.

Effective July 1, 2007, Patriot Mutual Holding Company, which included Patriot and Patriot's wholly owned subsidiary, Life, merged into Frankenmuth Mutual Insurance Company (FMIC), with FMIC being the surviving company, owner of Patriot, and ultimate parent of Life. Additionally, each membership interest in Patriot as of the effective date, was converted into a membership interest in FMIC by virtue of the merger and FMIC amended its articles of association accordingly. Immediately following the merger, Patriot began writing commercial lines products in Maine, followed by New Hampshire and Vermont during 2008. In 2010, Life was sold to FMIC and re-domesticated to Michigan.

Effective January 1, 2023, FMIC converted to a mutual holding company structure, whereby it became a wholly-owned stock insurance subsidiary of Frankenmuth Holdings, Inc., which is a wholly-owned subsidiary of Frankenmuth Mutual Holding Company (FMHC). Additionally, FMIC changed its name to Frankenmuth Insurance Company.

MANAGEMENT AND CONTROL

The Company is a wholly-owned subsidiary of FIC. An abbreviated corporate ownership diagram showing only insurance affiliates 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, 2023, the board of directors of the Company consisted of the following members:

<u>Name</u>	<u>Title</u>
John Stewart Benson	Chairperson
Lyle Gerald Davis, Jr.	Director
Frederick Allen Edmond, Jr.	Director
Denise Gaida Essenberg	Director
Bryan Lee Gilleland	Director
Andrew Harold Knudsen	Director
Scott Lee Mandel	Director
Mary Rose Masek	Director
Lincoln Jerry Merrill, Jr.	Director
Yanina Montau-Thatcher	Director
David Allen Pendleton	Director

As of December 31, 2023, the officers of the Company consisted of the following individuals:

<u>Name</u>	<u>Title</u>
Lincoln Jerry Merrill, Jr.	President & CEO
Andrew Harold Knudsen*	Secretary
Dawn Michele Jaffray	Senior Vice President, CFO & Treasurer
Zachary James Martin	Vice President & Assistant Secretary

* Subsequent to December 31, 2023, Kelly Rosetta Ott was appointed Vice President and Secretary on April 29, 2025.

TRANSACTIONS WITH AFFILIATES

Patriot is a party to a written Federal Tax Allocation Agreement with FMHC and affiliates, as of January 1, 2023. The agreement provides that the portion of the consolidated tax liability allocated to the Company is based on a separate tax return liability.

Patriot has a Management Services Agreement with FIC (formerly known as FMIC), effective December 13, 2018, under which FIC provides certain administrative and management services to Patriot, for which Patriot pays FIC a sum equal to the costs of the services.

As of January 1, 2010, the Company is a party to a Pooling Reinsurance Agreement with its parent, FIC, and its three property and casualty insurance affiliates, under which all property and casualty lines of business are pooled. See the Reinsurance section below for more details.

TERRITORY & PLAN OF OPERATION

Patriot is a property casualty insurer licensed to transact business in the states of Maine, Massachusetts, Michigan, New Hampshire, and Vermont. Patriot reported premiums written in Maine, New Hampshire, and Vermont. Patriot primarily writes homeowners multiple peril, commercial multiple peril, inland marine, private passenger auto liability, commercial auto liability, auto physical damage, and other liability lines of business.

REINSURANCE

Patriot, FIC, and FIC's other wholly-owned property and casualty insurance subsidiaries are party to an intercompany pooling reinsurance agreement under which all property and casualty lines of business are pooled. Under terms of the pooling agreement, the participants will cede to FIC (the "lead insurer") all of their insurance business, net of inuring reinsurance, and assume from the lead insurer an amount equal to their respective participation percentages as follows: FIC, 78%; Patriot, 8%; Ansur, 8%; ASure, 3%; and Fortuity, 3%.

Patriot is party to external reinsurance treaties that include property and casualty excess of loss, catastrophe, quota share, and facultative contracts. A summary of the coverage in place at December 31, 2023 follows:

- Property Excess - Property per risk excess of loss treaties provide three layers of protection with a total coverage of \$47,500,000 excess of a \$2,500,000 per risk retention.

- Property Catastrophe - Property catastrophe excess of loss agreements provide a three-layer, \$110,000,000 cover and an additional \$45,000,000 layer. Total coverage is \$155,000,000 excess of a \$15,000,000 retention. The Company also has a 31.6% co-participation on the first layer only.
- Casualty, Workers' Compensation and Commercial Umbrella - An excess of loss reinsurance agreement provides coverage of \$8,000,000 excess of \$2,000,000 per occurrence, and additional clash coverage provides \$5,000,000 each occurrence excess of \$10,000,000 and an additional layer of \$10,000,000 each occurrence excess of \$15,000,000.
- Workers' Compensation Catastrophe - Catastrophe excess of loss reinsurance agreement provides coverage of \$35,000,000 each occurrence excess of \$25,000,000 with a \$10,000,000 maximum for any one employee.
- Personal Umbrella Quota Share and Excess of Loss - Umbrella facultative reinsurance contract provides protection up to \$5,000,000 each occurrence with a retention of 50% of the first \$1,000,000 each occurrence.
- Employment Practices Liability - Quota share reinsurance contract with coverage provided up to \$1,000,000 aggregate for any one policy with a retention of 20%.
- Commercial Equipment Breakdown - 100% reinsured with limits up to \$50,000,000.
- Personal Equipment Breakdown - 100% reinsured with limits up to \$100,000.
- Miscellaneous Professional Liability - 100% reinsured with limits up to \$2,000,000.
- Cyber Plus Quota Share - Cyber insurance protection up to \$1,000,000 per policy with 0% retention of each occurrence.
- Surety - An excess of loss reinsurance agreement provides coverage of \$27,500,000 excess of a \$2,500,000 retention.

Patriot also assumes reinsurance through membership in voluntary and involuntary pools. The Company is a member of the Regional Reciprocal Catastrophe Pool, which is a voluntary pool. It is also a member of the National Workers' Compensation Reinsurance Pool, which is an involuntary pool.

FINANCIAL STATEMENTS

The Statement of Admitted Assets, Liabilities and Surplus, the Statement of Income, 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, 2023**

Assets

Bonds	\$ 125,121,018
Real estate: Properties occupied by the company	9,664,510
Cash and cash equivalents	3,872,241
Investment income due and accrued	942,498
Uncollected premiums and agents' balances	13,938,582
Deferred premiums, agents' balances and installments	11,993,995
Amounts recoverable from reinsurers	9,093,037
Net deferred tax asset	2,705,807
Electronic data processing equipment and software	18,588
Receivables from parent, subsidiaries and affiliates	3,186
Aggregate write-ins for other-than-invested assets	<u>102,900</u>
Total assets	<u>\$ 177,456,362</u>

Liabilities

Losses	\$ 42,867,015
Reinsurance payable	12,527,527
Loss adjustment expenses	10,495,455
Commissions payable	2,038,755
Other expenses	1,450,857
Taxes, licenses and fees	235,966
Current federal and foreign income taxes	232,000
Unearned premiums	37,772,356
Advance premium	336,476
Ceded reinsurance premiums payable	8,082,754
Amounts withheld or retained for account of others	16,502
Payable to parent, subsidiaries and affiliates	<u>697,646</u>
Total liabilities	<u>116,753,310</u>

Capital and Surplus

Common capital stock	8,750,000
Gross paid in and contributed surplus	16,250,000
Unassigned funds	<u>35,703,051</u>
Policyholders' surplus	<u>60,703,051</u>
Total Liabilities, Capital and Surplus	<u>\$ 177,456,362</u>

STATEMENT OF INCOME
YEAR ENDED DECEMBER 31, 2023

Premiums earned	\$ 72,179,522
Deductions:	
Losses incurred	45,807,869
Loss adjustment expenses incurred	6,669,611
Other underwriting expenses incurred	<u>26,336,348</u>
Total underwriting deductions	<u>78,813,828</u>
Net underwriting loss	<u>(6,634,306)</u>
Net investment income earned	3,455,418
Net realized capital losses	<u>(441,272)</u>
Net investment gain	<u>3,014,146</u>
Net loss from agents' or premiums balances charged off	(79,567)
Finance and service charges not included in premiums	(117,055)
Aggregate write-ins for miscellaneous income	<u>30,311</u>
Total other loss	<u>(166,310)</u>
Net loss before dividends to policyholders	(3,786,470)
Dividends to policyholders	<u>302,020</u>
Net loss before federal income taxes	(4,088,491)
Federal income taxes	<u>(87,000)</u>
Net loss	<u>\$ (4,001,491)</u>

**STATEMENT OF CAPITAL AND SURPLUS
YEAR ENDED DECEMBER 31, 2023**

Capital and surplus, December 31, 2022	\$ 64,118,531
Net loss	(4,001,491)
Change in net deferred income tax	772,515
Change in nonadmitted assets	<u>(186,504)</u>
Net change in surplus	<u>(3,415,480)</u>
Capital and surplus, December 31, 2023	<u>\$ 60,703,051</u>

COMMENTS ON THE FINANCIAL STATEMENTS

NOTE 1 – RESERVES

Paradigm Actuaries LLC (“consulting actuary”) was engaged to provide actuarial assistance with the financial examination of insurance subsidiaries of Frankenmuth Insurance Group, including the Company, as of December 31, 2023. The consulting actuary’s review included: participation in interviews with key personnel, including the Appointed Actuary, to gain an understanding of the corporate structure, products, services, reserving processes, and risk areas; review of controls to mitigate certain reserving risks; and review of the Appointed Actuary’s 2023 Actuarial Opinion and Memorandum. The reserves as reported by the Company were determined to be reasonable based on the review performed by the consulting actuary.

NOTE 2 – CAPITAL AND SURPLUS

The following table describes the capital and surplus changes for the four-year period since the MBOI’s last examination of the Company dated December 31, 2019:

Capital and surplus, December 31, 2019	\$ 57,570,571
Net income	1,149,416
Change in deferred tax	1,403,117
Change in nonadmitted assets	<u>579,946</u>
Net change in capital and surplus	<u>3,132,480</u>
Capital and surplus, December 31, 2023	<u>\$ 60,703,051</u>

SUBSEQUENT EVENTS

No subsequent events that merit disclosure have been identified.

SUMMARY OF RECOMMENDATIONS

There are no report level recommendations.

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

Vanessa J. Sullivan, being duly sworn according to law deposes and says that, in accordance with authority vested in her by Robert L. Carey, 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

PATRIOT INSURANCE COMPANY

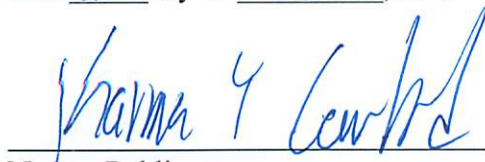
located in Yarmouth, Maine as of December 31, 2023, and that the foregoing report of examination subscribed to by her is true to the best of her knowledge and belief. The following examiners from the Bureau of Insurance assisted:

Arias Wan, CPA, CFE
Colin J. Greeley



Vanessa J. Sullivan, CFE

Subscribed and sworn to before me
This 29 day of October, 2025



Notary Public
My Commission Expires:

