Report of Examination of

Transport Insurance Company
Cleveland, Ohio

As of December 31, 2014

Table of Contents

Subject	Page
Salutation	1
Description of Company	1
Scope of Examination	1
Management and Control:	
Board of Directors	2
Officers	3
Insurance Holding Company System	3
Territory and Plan of Operations	3
Reinsurance	3
Significant Operating Results	4
Financial Statements:	
Statement of Assets, Liabilities, Capital and Surplus	6
Statement of Income	8
Statement of Changes in the Capital and Surplus Account	9
Notes to Financial Statements:	
Investments	9
Loss and Loss Adjustment Expense Reserves	9
Conclusion	10
Subsequent Events	10
Acknowledgement	10

Columbus, Ohio
April 19, 2016

Honorable Mary Taylor
Lt. Governor/Director
State of Ohio
Department of Insurance
50 West Town Street
3rd Floor – Suite 300
Columbus, Ohio 43215

Dear Lt. Governor/Director:

In accordance with Section 3901.07 of the Ohio Revised Code ("ORC"), the Ohio Department of Insurance ("Department") conducted an examination of

Transport Insurance Company

an Ohio domiciled, stock, property and casualty insurance company, hereinafter referred to as the "Company or Transport."

Scope of Examination

The Department last examined the Company as of December 31, 2010. The Department's current examination covers the period from and including January 1, 2011 through December 31, 2014.

The Pennsylvania Insurance Department ("PID"), as the regulator of R&Q Reinsurance Company and the examination facilitator, led the multi-state coordinated examination. In addition to both the PID and the Department, the New York Department of Insurance also participated on this examination. The examination was conducted in accordance with the National Association of Insurance Commissioners ("NAIC") Financial Condition Examiners Handbook ("Handbook"). The Handbook requires that the Department plan and perform the examination to evaluate the Company's 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 Statements of Statutory Accounting Principles ("SSAP"). 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, as mentioned in the ORC Section 3901.07 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 reports but separately communicated to other regulators and/or the Company.

Management and Control

Board of Directors

Management of the Company is vested in its Board of Directors, which was comprised of the following members as of the examination date:

Name	Principal Occupation
Thomas A. Booth	Chief Financial Officer, Randall & Quilter Investment Holdings Ltd
Gerald J. Caldwell	President and Chief Executive Officer, Caring Communities Shared Services Ltd
John W. Fischer	Treasurer, The Company
William E. Lape	Managing Director, R&Q Solutions LLC
Kenneth E. Randall	Chief Executive Officer, Randall & Quilter Investment Holdings Ltd
Christopher W. Reichow	Corporate Claims Counsel, R&Q Solutions LLC
IanJames RigaudBarrett	Consultant, R&Q Insurance Services Limited
Pamela S. Sellers-Hoelsken	President, The Company

Officers

As of the examination date, the following officers were serving in the designated position:

Name	Title
Pamela S. Sellers-Hoelsken	President
John W. Fischer	Treasurer
Michael L. Glover	Secretary

Insurance Holding Company System

The Company is a member of an insurance holding company system as defined in ORC Section 3901.32. On November 30, 2004, Randall & Quilter Investment Holdings Ltd ("R&Q") purchased the Company from Great American Insurance Company ("GAIC") and assigned it to a wholly owned subsidiary company, Cavell America Inc. (now known as Randall & Quilter America Holdings, Inc.). R&Q is a Bermuda holding company, which, through its subsidiaries, is engaged in providing services and exit strategies to the insurance industry. The Parent, now known as Randall & Quilter America Holdings Inc., is a Delaware domiciled company.

Territory and Plan of Operations

The Company is licensed to operate in 32 states and the District of Columbia. The Company has not written any business on a net basis since 1998 and is currently in run-off. Previously, the Company wrote personal automobile business on a direct basis in California, which is ceded 100% to Leader Insurance Company, a former affiliate and now known as Infinity Auto Insurance Company. The Company has outstanding reserves from workers' compensation, commercial auto liability, other liability, and reinsurance assumed lines of business. The other liability and reinsurance assumed liabilities primarily consist of asbestos and environmental claims.

Reinsurance

The Company's workers' compensation, other liability, private passenger auto, commercial auto and reinsurance assumed lines of business are reinsured by various reinsurance agreements with authorized and unauthorized reinsurers. Cessions to unauthorized reinsurers are requested to be collateralized with funds or letters of credit per contract terms but may not all be received.

As part of the sale of the Company from GAIC to R&Q, an aggregate reinsurance agreement was entered into between the Company and National Indemnity Company for a premium of $93 million. This reinsurance agreement protects the Company from losses, loss adjustment expenses ("LAE"), and unrecoverable amounts from other insurers incurred after the purchase date, up to a maximum of $120 million. Specifically, this contract includes coverage from losses and Defense and Cost Containment LAE

but excludes Adjusting and Other Expenses. This contract does not cover the non-standard auto policies and does not apply to certain insureds as per the terms of the reinsurance agreement.

Significant Operating Results

The Company reported the following net underwriting results during the examination period, reported in thousands.

	2014	2013	2012	2011
Premiums earned	$ 0	$ 0	$ 0	$ 0
Losses incurred	22	4,517	(3,439)	(5,760)
Loss adjustment expenses incurred	702	1,643	3,865	13,611
Underwriting expenses incurred	3,035	2,099	2,915	1,374
Total underwriting deductions	3,759	8,259	3,341	9,225
Net underwriting loss	$ (3,759)	$ (8,259)	$ (3,341)	$ (9,225)

Financial Statements

The financial condition and the results of its operations for the period under examination as reported and filed by the Company with the Department and audited by the Company's external auditors, are reflected in the following:

Statement of Assets, Liabilities, Capital and Surplus

Statement of Income

Statement of Changes in the Capital and Surplus Account

Statement of Assets, Liabilities, Capital and Surplus
December 31, 2014

Bonds	$ 10,834,046
Common stocks	4,584,240
Cash, cash equivalents, and short term investments	2,047,516
Subtotal, cash and invested assets	17,465,802
Investment income due and accrued	97,690
Amounts recoverable from reinsurers	16,226,106
Funds held by or deposited with reinsured companies	22,114
Total admitted assets	$ 33,811,712

Statement of Assets, Liabilities, Capital and Surplus
December 31, 2014

Losses	$ 32,434,702
Reinsurance payable on paid losses and loss adjustment expenses	(244)
Loss adjustment expenses	4,073,672
Other expenses	233,681
Current federal and foreign income taxes	3,655,394
Ceded reinsurance premiums payable	(14)
Funds held by company under reinsurance treaties	117,969
Amounts withheld or retained by company for accounts of others	15,726
Remittances and items not allocated	12,189
Provision for reinsurance	3,613,880
Payable to parent, subsidiaries and affiliates	70,123
Retroactive reinsurance ceded	(20,612,759)
Miscellaneous payable	12,488
Total liabilities	23,626,807
Retroactive reinsurance	6,840,138
Common capital stock	3,526,000
Gross paid in and contributed surplus	149,063,863
Unassigned funds (surplus)	(149,245,096)
Total capital and surplus	10,184,905
Total liabilities, capital and surplus	$ 33,811,712

Statement of Income
As of December 31, 2014

Premiums earned	$ 0
Losses incurred	21,788
Loss adjustment expenses incurred	701,451
Other underwriting expenses incurred	3,035,285
Total underwriting deductions	3,758,524
Net underwriting loss	(3,758,524)
Net investment income earned	150,592
Net realized capital gains	139,820
Net investment gain	290,412
Retroactive reinsurance ceded	1,849,399
Total other income	1,849,399
Net loss before federal income taxes	(1,618,713)
Federal income taxes incurred	0
Net loss	$ (1,618,713)

Statement of Changes in the Capital and Surplus Account
(in thousands)

	2014	2013	2012	2011
Capital and surplus, beginning of the year	$ 10,852	$ 12,113	$ 8,711	$ 14,933
Net loss	(1,619)	(182)	(2,655)	(15,262)
Change in net unrealized cap. Gains (Losses)	293	(910)	642	-
Change in non-admitted assets	(536)	(407)	(377)	(14)
Change in provision for reinsurance	630	(175)	270	2,884
Surplus adjustments	-	-	4,558	-
Dividends to stockholders	-	-	-	-
Aggregate write-ins for losses	-	-	-	-
Other gains to surplus	565	413	964	6,170
Change in surplus for the year	(667)	(1,261)	3,402	(6,222)
Capital and surplus, end of the year	$ 10,185	$ 10,852	$ 12,113	$ 8,711

Notes to Financial Statements

Investments

The Company's investments were in compliance with ORC Section 3925.08 and valued in accordance with the relevant SSAP and the NAIC Securities Valuation Office.

On May 31, 2012, Randall and Quilter America Holdings, Inc. transferred 100% of GoldStreet Insurance Company ("GoldStreet") issued and outstanding shares to the Company. As a result the investment in common stock and the gross paid-in and contributed surplus increased by $4.6 million, representing GoldStreet's surplus at the date of transfer.

Loss and Loss Adjustment Expense Reserves

The Company's Board of Directors appointed Christina L. Gwilliam, FCAS, MAAA, of Towers Watson, to render the Company's Statement of Actuarial Opinion ("Opinion"). Ms. Gwilliam prepared an Actuarial Report supporting the Opinion in connection with the preparation of the Company's December 31, 2014 Annual Statement. For each year in the examination period, the actuary concluded that the Company's loss and loss adjustment expense reserves reported in the Annual Statement "make a reasonable provision for the Company's loss obligations."

As part of this coordinated examination, the PID engaged the services of Risk & Regulatory Consulting, LLC ("RRC") to perform a review of the loss and loss adjustment expense liabilities of the Company as of December 31, 2014. RRC reviewed the actuarial reserve opinions and supporting actuarial reports created by the Company and Towers Watson.

RRC observed that the Towers Watson actuarial analysis appeared to be based on reasonable methodologies and assumptions. RRC also observed that the Company's net carried loss and loss adjustment expense

reserves were $3.9 million less than Towers Watson's indicated actuarial central estimate as of December 31, 2014.

RRC noted that Ms. Gwilliam believes that there are significant risks and uncertainties that could result in material adverse deviation in the Company's net loss and loss adjustment expense reserves. RRC observed that it is consistent with statutory accounting for management to determine its best estimate of reserves and then have its appointed actuary determine that the reserves are reasonable, or within a reasonable range. The Opinion estimates are prior to any application of the reinsurance agreement with National Indemnity Company.

Thomas Botsko, ACAS, MAAA, the Ohio Department's Chief Property and Casualty Actuary, reviewed the Actuarial Reports and Opinions provided by Ms. Gwilliam and the work completed by RRC.

Conclusion

The balance sheet contained in this Report of Examination reflects the financial condition of the Company as of December 31, 2014, and is summarized as follows:

Total Assets	$ 33,811,712
Liabilities	23,626,807
Capital and Surplus	10,184,905
Total Liabilities, Capital and Surplus	$ 33,811,712

Subsequent Events

On December 31, 2015, Randall & Quilter America Holdings, Transport's US parent, transferred all the shares of Armitage International Insurance Company, LTD ("Armitage") and all the shares of Berda Developments Limited ("Berda") to Transport. As of December 31, 2015, the net assets of Armitage were $6,507,687 and the net asset value of Berda was $3,457,135.

Acknowledgement

In addition to the aforementioned and undersigned, Louis Radecky, CPA (inactive), CFE, and Bradley Schroer of the Department participated in this examination.

Respectfully,

Nicholas J. Kostoff, CPA, CFE
Examiner-In-Charge
Ohio Department of Insurance

David A. Cook, CFE
Assistant Chief Examiner
Ohio Department of Insurance

Verification

As required by Section 3901.07 of the Ohio Revised Code, the undersigned hereby attest to the best of their knowledge and belief that the attached is a true Report of Examination as of December 31, 2014.

Nicholas J. Kostoff	5/19/16	D. A. Cook	5/19/16
Examiner-In-Charge	Date	Assistant Chief Examiner	Date

State of Ohio
County of Franklin

Personally appeared before me the above named Nicholas J. Kostoff personally known to me, who executed the above instrument and that the statements and answers contained therein are true and correct to the best of his/her knowledge and belief.

Subscribed and sworn to before me this 19 day of May, 2016.

Elizabeth Chase
(Notary Public)
ELIZABETH CHASE
NOTARY PUBLIC, STATE OF OHIO
MY COMMISSION EXPIRES MAY 22, 2017
My Commission Expires

Personally appeared before me the above named David A. Cook personally known to me, who executed the above instrument and that the statements and answers contained therein are true and correct to the best of his/her knowledge and belief.

Subscribed and sworn to before me this 19 day of May, 2016.

Elizabeth Chase
(Notary Public)
ELIZABETH CHASE
NOTARY PUBLIC, STATE OF OHIO
MY COMMISSION EXPIRES MAY 22, 2017
My Commission Expires