

TFG Indemnity Insurance Company

Issue Date: 5/16/2025

Insurer #: NA

NAIC #: 17721

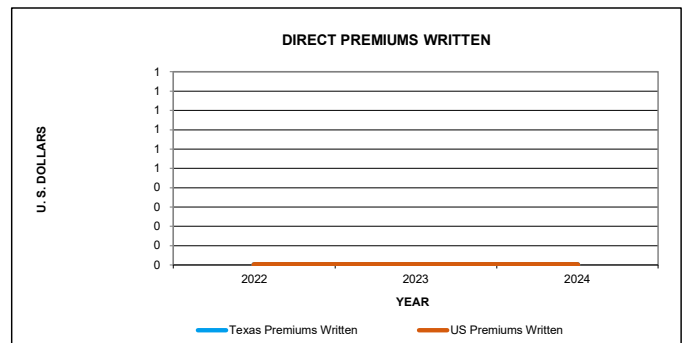
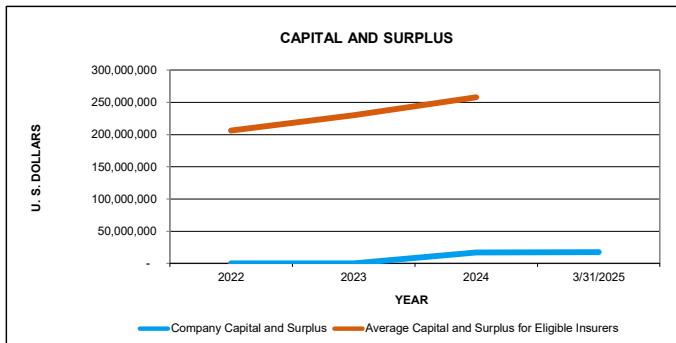
AMB #: 021914

U.S. Insurer - 2025 EVALUATION

Key Dates		Location	A.M. Best Rating	Group Information
TDI Initial Date	NA	Domicile Delaware	NR Mar-25	Insurance Group Fortegra P&C Group
Incorporation Date	12-Jun-24	Main Administrative Office 10751 Deerwood Park Blvd., Ste. 200 Jacksonville, FL, US 32256		Parent Company Tiptree Inc.
Commenced Business	9-Dec-24			Parent Domicile Maryland

	3/31/2025	2024	2023	2022
Capital & Surplus	17,115,000	16,982,000	0	0
Underwriting Gain (Loss)	0	0	0	0
Net Income After Tax	133,000	(7,000)	0	0
Cash Flow from Operations		0	0	0
Gross Premium		0	0	0
Net Premium	0	0	0	0
Direct Premium Total	0	0	0	0
Direct Premium in Texas (Schedule T)		0	0	0
% of Direct Premium in Texas		0%	0%	0%
Texas' Rank in writings (Schedule T)		-	-	-
SLTX Premium Processed		-	-	-
Rank among all Texas S/L Insurers		-	-	-
Combined Ratio		0%	0%	0%
IRIS Ratios Outside Usual Range		4	0	0

1- Gross Premium to Surplus	2- Net Premium to Surplus	3- Change in Net Premium Written (%)
0.00%	0.00%	0.00%
Usual Range: Less than 900%	Usual Range: Less than 300%	Usual Range: Between -33% and 33%
4- Surplus Aid Ratio	5- Two Year Operating Ratio	6- Investment Yield
0.00%	999.00%	0.00%
Usual Range: Less than 15%	Usual Range: Less than 100%	Usual Range: Between 2% and 5.5%
7- Gross Change in Surplus (%)	8- Net Change in Surplus (%)	9- Liabilities to Liquid Assets
999.00%	999.00%	2.00%
Usual Range: Between -10% and 50%	Usual Range: Between -10% and 25%	Usual Range: Less than 100%
10- Agents Balances to Surplus	11- One Year Development to Surplus	12- Two Year Development to Surplus
0.00%	0.00%	0.00%
Usual Range: Less than 40%	Usual Range: Less than 20%	Usual Range: Less than 20%
	13- Current Estimated Reserve Deficiency	
	0.00%	
	Usual Range: Less than 25%	



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SECTION A EVIDENCE CHECKLIST

T.I.C. Chapter 981, Subchapter B Sec. 981.051-981.063 and TAC 28 Sec. 15.8

NRRA REQUIREMENT

1. Capital and Surplus of \$15.0 million minimum

	C&S Amount	Period Ending	Meets Minimum
Filing DATE	31-Mar-25	17,115,000	31-Mar-25
NAIC I-Site	16-May-25		YD

1a. RBC Adjusted Capital & Surplus

Amount	Period Ending	PASS	FAIL
16,982,000	31-Dec-24	YD	

1b. RBC Authorized Control Level

162,000	31-Dec-24		
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1c. RBC Ratio

10483%	31-Dec-24	YD	
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2. License or Certificate of Authority (certified)

Domicile	DATE	Acceptable
Delaware	12-Jun-24	YD
Domestic S/L	Yes	

STATE OF TEXAS ADDITIONAL REQUIREMENTS

3. Annual Statement, 'Page 14' for Texas

Actuarial Opinion

Management's Discussion and Analysis (MD&A)

NAIC I-Site	DATE	Acceptable
NAIC I-Site	16-May-25	YD
NAIC I-Site	16-May-25	YD
NAIC I-Site	16-May-25	YD

4. Texas-Specific Financial Projections (minimum three years) for initial filing.

Provide changed projections for continuing eligibility.

None	YD

5. Examination Report from domicile (most current)

State / Country ->

Explanation, response, corrective actions

Exam Date	Received
14-Nov-24	10-Dec-24
Delaware	<-Most current available
	N/R

6. Quarterly Financial Statement

	31-Mar-25	30-Jun-25	30-Sep-25
C&S Amount	\$ 17,115,000	\$ -	\$ -
NAIC I-Site	16-May-25		
Physical	N/A		

SECTION B OTHER INFORMATION

Key Agent: NA

Designated

List in file

NA

NA

2024

Premium Volume

\$0

0%

Submitted By:

Company

Based on the evidence contained in this insurer's permanent file or received currently:

This insurer is in compliance with the NRRA requirements


This insurer is in substantial compliance with Texas filing requirements

DATE

16-May-25

16-May-25

Reviewed by:


Yuba Raj Dahal

Date

16-May-25

Initials

YD

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U.S. Insurer - 2025 EVALUATION

SECTION C EVALUATIONS and TESTS

1. Asset Quality:

			PASS	FAIL
a. Is the percent of invested assets in bonds, notes or evidence of indebtedness secured by a valid first lien upon any one real property in excess of 10% of capital & surplus?	\$0	0%	YD	
b. Do aggregate investments in mortgage-backed securities exceed 30% of total admitted invested assets?	-	0%	YD	
c. Have the securities and other investments been properly valued by the NAIC SVO? Class 4,5 & 6 Investments	-	0%	YD	
e. Are affiliated investments excessive in nature or amount?	\$0	0%	YD	
f. Receivable from Parent, Subsidiary or Affiliate	\$3,000	0%	YD	
Payable to Parent, Subsidiary or Affiliate	\$0	0%	YD	

2. A property and casualty insurer has premium writings which, if annualized, would be an amount more than: 300% net or 900% gross of capital & surplus. IRIS #1 & 1a, HCT #15

0% Net	YD	
0% Gross	YD	

3. An insurer's aggregate net retained risk, direct or assumed, under any one policy or certificate of insurance, is more than 10% of the insurer's capital & surplus.

\$ -	0%	YD	
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4. An insurer issues subordinate premium debentures or surplus notes. HCT #16

Adjusted capital & surplus meets minimum requirement.	\$ 16,982,000	<-Adjusted C & S	YD	
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5. An insurer's unassigned surplus has a deficit exceeding 20% of capital & surplus. HCT #5.

\$ (18,000)	0%	YD	
SURPLUS	of C&S		

6. Excluding net income and changes in paid-in capital, paid-in surplus, or contributed surplus,

the net reduction of the insurer's surplus is greater than 25% of the beginning surplus on the insurer's financial statements. HCT #7.	0%	<-Percent decrease	YD	
	\$ (11,000)			

7. Insurer has suffered a decrease in Policyholder Surplus of 25% or more during a two year period (excluding capital contributions). ART #12

\$ 16,982,000.00	100%	YD	
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8. Insurer has a net loss of more than 20% of capital & surplus

\$ (7,000)	0%	YD	
	Net Loss		

9. An insurer "overstates" surplus by 25% or more. HCT #4

\$ -	0%	YD	
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10. Production by one person of more than 20% of the gross written premium of an insurer. HCT #25

Total	0%	YD	
Texas	0%	YD	

11. Administration of an insurer's business is delegated to a person who, directly or indirectly produces more than 25% of the insurer's gross written premium. 20% or > of direct written premium. GI Pt 1 #4.1

\$ -	YD	
No	YD	

12. The insurer delegates underwriting or claims functions necessary to the insurer's survival. HCT #25

YD	
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13. Increased writings in Texas both more than 50% greater than the previous year and the increase is \$100,000 or more, or the increase brings the Texas writings over \$1,500,000. (Based on SLTX processing) ART #9

\$ -	0%	YD	
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U.S. Insurer - 2025 EVALUATION

SECTION C EVALUATIONS and TESTS (Continued)

			PASS	FAIL
a. Gross premium	\$ -	0%	YD	
b. Net premium	\$ -	0%	YD	
c. Texas direct (Sch T) premium.	\$ -	0%	YD	
d. Insurer's Texas premium is > 25% of total direct premium.	\$ -	0%	YD	
15. Reinsurers utilized by this insurer appear to be acceptable.				
a. Insurer's ceded to gross premium ratio is	0%	\$ -	YD	
b. Reinsurance receivable to Surplus (pd losses)	\$ -	0%	YD	
c. Unsecured Reinsurance Recoverable	\$ -	0%	YD	
d. Intercompany Pooling Arrangement ?	N/A			
16. An insurer's reinsurance reserve credits, recoverables, or receivables are either		%	YD	
disputed by the reinsurer, due and payable, or delinquent, and constitute more				
than 10% of an insurer's surplus. HCT #12	Disputed \$ ->	\$ -	0%	
	Overdue \$ ->	\$ -	0%	
17. An insurer's reinsurance reserve credits, recoverables, or	Amount			
receivables due from insurance companies in receivership,	\$ -			
that exceed more than 10% of surplus or more than	% of Surplus	0%	YD	
5% of admitted assets. HCT #12	% of Assets	0%	YD	
18. An insurer's reserves for losses and loss adjustment expenses are:		% C&S		
a. Discounted more than 10% of surplus. HCT #10	\$ -	0%	YD	
b. Salvage & Subrogation reserve reduction > 5% surplus	\$ -	0%	YD	
19. Adverse, qualified or unacceptable actuarial opinion. ART #3			YD	
20. Insurer consistently reports, current, one year or two year reserve deficiencies.			YD	
outside the IRIS Ratio norms.				
21. Insurer is ranked priority 1 or 2 by the SLTX Priority Algorithm. ART #4	3		YD	
22. Insurer satisfies Risk Based Capital tests.			YD	
23. Insurer fails to file financial statements within the time required by the Insurance			YD	
Code or as requested by the TDI. HCT #1.				
24. Regulatory action taken by another state or country OR an administrative or judicial order			YD	
issued against an insurer that is initiated by an insurance regulatory agency. HCT #8, #29, ART #8				
25. Insurer has three or more unusual IRIS ratios. ART #1, HCT #6	# Unusual Ratios	4		YD
26. Insurer was removed from or voluntarily withdrew from the S/L	Removed	Withdrew/Ceased	YD	
Insurer's List or voluntarily ceased underwriting. ART #2				
27. Failure of multiple Hazardous Condition Tests (28 TAC 8.3) or			YD	
Administrative Review Tests (ART)				

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U.S. Insurer - 2025 EVALUATION

SECTION D RECOMMENDATION SECTION



Signature: Yuba Raj Dahal

POSITIVE

NEGATIVE

X

Comments: Current Priority 3

Texas Operations:

TFG Indemnity Insurance Company (TFGIC or “Company”) was incorporated in June 2024 and commenced business in December 2024. The Company has no business operation in Texas to date. However, the Company’s affiliate Fortegra Specialty Insurance Company (FSIC) has been writing premiums on a non-admitted basis in Texas since October 29, 2020. In 2024, FSIC reported premium to SLTX was \$61.9 million. Based on the reported premium to SLTX in 2024, the major line of business FSIC wrote in Texas were: Fire (\$21.6 million), General Liability (\$8.9 million), and Credit (\$6.6 million). Likewise, the Company’s affiliate Lyndon Sothern Insurance Company (LSIC) has been writing premiums in Texas on an admitted basis. In 2024, LSIC wrote premium of \$66.8 million in Texas and the majority of the premium was on Inland Marine (\$22.9 million), Commercial Auto Physical Damage (\$19.3 million), and Other Liability (\$14.6 million).

As per the plan of operation, the Company will write commercial and personal lines business that does not fit the underwriting guidelines for the admitted insurers in the Fortegra Group or those risks that typically appear on state export lists.

Ownership/History:

TFGIC is a Delaware domiciled insurance Company. The Company is a wholly owned subsidiary of Life of the South Insurance Company (LSIC) and ultimately owned by Tiptree Inc. LSIC is a Georgia domiciled company whereas Tiptree Inc is a Maryland domiciled company.

The Company has Certificate of Authority in Delaware to transact Health including Credit Health, Property, Surety, and Casualty (Vehicle, Liability, Workers Comp & Employee Liability, Burglary and Theft, Personal Property Floater, Glass, Boiler and Machinery, Leakage and Fire Extinguisher Equipment, Credit, Malpractice, Elevator, Congenital Defects, Livestock, Entertainments, Miscellaneous), and Marine & Transportation.

Richard Stephen Kahlbaugh is the Director and the President of the Company who is also the Chairman, CEO, President, and Director of the Fortegra Group. He has been in insurance industry for more than 22 years. Likewise, John G. Short is the Director and the Secretary of the Company who is also the Vice President, and General Counsel of the Fortegra Group. Michael Vrbán is the Director, and Treasurer of the Company who has experience in the insurance industry for more than 41 years.

Operations:

TFGIC has obtained COA to operate as a Property and Casualty Insurance Company in the state of Delaware and is a domestic surplus lines insurer in the state.

The Company has obtained COA to write various business lines. However, the dominating class to be in Excess and Omissions (E&O), Allied Healthcare Professional Liability, and General Liability. As per the plan of operation, the Company will write commercial and personal lines business that doesn’t fit the underwriting guidelines for the admitted insurers in the Fortegra Group or those risks that typically appear on state export lists. As mentioned in the plan of operation Company’s intended product offerings are: Contractual Liability Insurance, Other Liability including General Liability and General Casualty, Employment Practices Liability and Other Professional Liability (E&O), Management Liability Insurance, Motor Truck Cargo Insurance and Commercial Auto Physical Damage. Likewise, the policies used in the surplus lines market are drafted by insurance advisory organizations such as ISO, AAIS, by the carrier, of by insurers or brokers. Limits will be managed to \$1 million or \$2 million and will seek niche business. The Underwriting, issuance of policies, endorsements and claims will primarily be handled through an Administrative Service Agreement in place between the Company and its affiliate LOTSolutions, Inc. For some programs, the Company will delegate binding authority to an MGA. However, there is no any information about MGA and any agreement with it. An affiliate Tiptree Advisors, LLC will serve as the investment manager for the Company. The investment will be directed by the Investment Committee of the Company’s Board of Directors.

Reinsurance:

As per the available documents, the Fortegra Group’s reinsurance strategy includes both quota share and excess of loss reinsurance arrangements with a diverse, highly rated, and appropriately capitalized panel of reinsurers. The Company will reinsure the business with the reinsurers who have attained an A- or better financial strength rating from AM Best. Further, those reinsurers who fall below the rating of A-, will be required to post collateral or letter of credit. Also, the Fortegra group has various quota share contracts that cover insurance programs.

Capital and Surplus/Assets:

As per the financials dated March 31, 2025, C&S of the Company is \$17.1 million. The C&S consists of Gross Paid in and Contributed Surplus (\$17.0 million), and Unassigned Fund (\$0.1 million). The major Assets of the Company consist of Cash and Cash Equivalent (\$10.0 million), and Bond (\$7.1 million). The Bonds are rated either NAIC 1 or NAIC 2 category.

Ratings/Priority:

The Stamping Office priority is Level 3 because C&S for the Company is adequate for the risks the Company intends to write. Though the Fortegra Group has extensive experience in writing business in both admitted and non-admitted basis, the Company is new to the market. Hence, Company’s underwriting performance and loss reserves should be monitored to ensure its C&S remain adequate for the risk it is going to assume and for the future operation. TFGIC has the required minimum C&S and holds a COA to write the kind and class of business it proposes to write in Texas. This is a positive recommendation for eligibility.

Capital and Surplus (C&S); Management’s Discussion and Analysis (MD&A); A. M. Best (AMB); Financial Analysis Solvency Tracking (FAST); Analyst Team System (ATS); Insurance Regulatory Information System (IRIS); Parent, Subsidiary, Affiliate (PSA); Certificate of Authority (COA); Texas Department of Insurance (TDI); Managing General Agent (MGA)

Based on the forgoing evaluation the following recommendation is made:

POSITIVE


X

NEGATIVE

CONTINUING ELIGIBILITY

INITIAL ELIGIBILITY

X



Signature: Christian Robinson

5/20/2025

Date:

