

**Exhibits**  
**To**  
**Responses to Interrogatories and Document Requests**

**Certificate of Incorporation of Amalgamated Casualty Insurance  
Company**

AMALGAMATED CASUALTY INSURANCE COMPANY

CERTIFICATE OF INCORPORATION

WE THE UNDERSIGNED in order to form a corporation for purposes hereinafter stated under and pursuant to the provisions of an Act of Congress, Public No. 162, 67th Congress, entitled "An Act to Regulate Marine Insurance in the District of Columbia, and for other purposes", and the Acts amendatory thereto and supplementary thereto do hereby certify as follows:

First: The name of the Corporation is  
AMALGAMATED CASUALTY INSURANCE COMPANY

Second: The location of its principal office is at  
Number 16 Massachusetts Avenue N.W., Washington, D. C.

Third: The objects for which the Corporation is  
formed are as follows:

To write any and all insurance or reinsurance on property and rents and use and occupancy against loss or damage by fire, lightning, tempest, earthquake, hail, frost, snow, explosion, breakage or leakage of sprinklers, or other apparatus erected for extinguishing fires, and on such apparatus against accidental injury; and against liability of the insured for such loss or damage; and on automobiles against loss

or damage from collision or theft, and against liability of the owner or user for injury to person or property caused by his automobile; and against bodily injury or death by accident, and against disablement resulting from sickness and every insurance appertaining thereto, including quarantine and identification; and against liability of the insured for the death or disability of another; and against loss of or damage to property resulting from causes other than fires, marine and inland navigation hazards; and against liability of the insured for such loss or damage, and on motor vehicles against fire, marine and inland navigation hazards; and against person injury and death, and liability of the insured therefor from explosions of steam boilers and engines, pipes and machinery connected therewith, and breakage of flywheels or machinery; and against loss of use and occupancy from any cause; and against loss by burglary, theft, conversion, misappropriation, and forgery; and against any loss or liability arising from any other casualty or hazard not contrary to public policy.

To contract freely with any person, firm, or corporation, private or public, and to carry out and fulfill contracts of every sort and kind in connection with the purposes and business of the Corporation.

To borrow money from any person, firm or corporation; to make and issue notes, bills, bonds, debentures and other evidences of indebtednesses of all kinds and to secure the same by pledge, mortgage or otherwise, without limit as to amount, and

to provide for payment of the same by deposited cash, sinking funds or otherwise.

To have one or more offices to carry on all or any of its operations and business, and without restriction or limit as to amount; to purchase or otherwise acquire, hold, own, mortgage, sell, convey or otherwise dispose of real and personal property of every class and description in any of the States, Districts, Territories or Colonies of the United States, and in any and all foreign countries subject to the laws of such State, District, Territory, Colony or Country.

Fourth: The duration of the Corporation shall be perpetual.

Fifth: The Corporation shall be a mutual company with no capital stock.

Sixth: The Policyholders of the Corporation shall be the members thereof.

Seventh: The management of this Corporation shall be vested in a board of trustees consisting of not less than three (3) trustees who shall be Policyholders during the period of their term of office. The trustees of this Corporation shall hold office for the term of one (1) year, except that any trustee designated to fill a vacancy occurring during a term shall serve only for the unexpired period of the original term.

(As Amended, January 19, 1965)

Eighth: The policyholders, (members) individually and/or severally, shall not be held responsible as such members and policyholders for any debts, contracts, liabilities or engagements of the corporation, and shall not be liable for assessments to restore impairment in the surplus or capital of the corporation, nor shall such policyholders or members be liable to assessment for any purpose. (As amended, September 19, 1966.)

Ninth: In furtherance and not in limitation of the powers conferred by statute, the Board of Trustees is expressly authorized to make and alter the By-Laws of this Corporation, and to fix the amount of the insurance reserve fund. This Corporation may by its By-Laws confer powers upon its Trustees in addition to the foregoing, and in addition to the powers and authorities expressly conferred upon them by statutes. Both members and trustees shall have power if the By-Laws so provide, to hold their meetings and to have one or more offices within or without the District of Columbia, and to keep the books of the Corporation subject to the provisions of the statutes, outside of the District of Columbia, at such place or places as may be from time to time designated by the Board of Trustees.

Tenth: This Corporation reserves the right to amend, alter, change or repeal, any provision contained in this Certificate of Incorporation, in the manner now or hereafter prescribed by statute and all rights conferred upon members herein are granted subject to this reservation.

IN WITNESS WHEREOF we have hereunto affixed our signatures and seals this second day of August, 1938.

(Signed) \_\_\_\_\_ (SEAL)  
Jack Dolton

(Signed) \_\_\_\_\_ (SEAL)  
Sylvester Mettenburg

(Signed) \_\_\_\_\_ (SEAL)  
Frank J. O'Connor

DISTRICT OF COLUMBIA ) SS:

I, Ethel Huskey, a Notary Public, in and for the District of Columbia, DO HEREBY CERTIFY that Jack Dolton, Sylvester Mettenburg, and Frank J. O'Connor, are parties to a certain Certificate of Incorporation, bearing date on the second day of August 1938, and hereto annexed personally appeared before me in the said District the said parties being personally well known to me as the persons who executed the said Certificate of Incorporation, and acknowledged the same to be their Act and Deed.

Given under my hand and seal this second day of August, 1938.

(Signed) \_\_\_\_\_  
Ethel Huskey  
Notary Public

My commission expires

May second, 1943.

**ARTICLES OF AMENDMENT  
TO THE CERTIFICATE OF INCORPORATION OF  
AMALGAMATED CASUALTY INSURANCE COMPANY**

TO: Department of Consumer and Regulatory Affairs  
Corporation Division  
Washington, DC 20002

Pursuant to the provisions of Title 29, Chapter 3 of the Code of Laws of the District of Columbia, the undersigned corporation adopts the following Articles of Amendment to its Certificate of Incorporation.

FIRST: The name of the corporation is Amalgamated Casualty Insurance Company.

SECOND: The SEVENTH Provision of the Certificate of Incorporation shall be deleted in full and replaced by the following Amendment to the Certificate of Incorporation which was recommended by the Board of Trustees and adapted by the policyholders of the Corporation on September 16, 2011, by an affirmative vote of at least two-thirds (2/3rds) of the outstanding policyholders entitled to vote in a manner prescribed by the Code of the District of Columbia and the Corporation's Certificate of Incorporation:

**SEVENTH**

The management of this corporation shall be vested in a Board of Trustees consisting of not less than three (3) trustees. The trustees shall be divided into three (3) classes, each, as nearly as possible, consisting of one-third of the whole number of the Board of Trustees and all trustees of the corporation shall hold office until their successors are elected and qualified. At the first annual meeting held after January 26, 1999, the trustee(s) of the first class shall be elected for a term of three (3) years; the trustee(s) of the second class shall be elected for a term of two (2) years; and the trustee(s) of the third class shall be elected for one (1) year; and at each annual meeting thereafter, the successors to the class of trustee(s) whose term shall expire that year shall be elected to hold office for the term of three (3) years, so that the term of office of one class of trustee(s) shall expire in each year. A trustee designated to fill a vacancy during a term shall serve only for the unexpired period of that term.

THIRD: The manner in which such amendment effects a change in the amount of stated capital, or paid in surplus, or both, and the amount of stated capital and the amount of paid in surplus as changed by such amendment, are as follows:

**"NO CHANGE"**

Date September 23, 2011

Amalgamated Casualty Insurance Company  
(Corporate Name)

(Corporate Seal)

By   
(Its Vice President)



# **Bylaws of Amalgamated Casualty Insurance Company**

## BY-LAWS

of

## AMALGAMATED CASUALTY INSURANCE COMPANY

Article I - Policyholders Meeting

Section I: The Annual Meeting of the Policyholders of the Company shall be held at the principal office of the Company, in Washington, D.C., on the second Tuesday in March, of each year, if not a legal holiday, but if a legal holiday then on the next business day. (As amended, December 3, 1986.)

Section II: Special meetings of the Policyholders may be called at the principal office of the Company in Washington, D.C., at any time by Resolution of the Board of Directors.

Section III: Notice of the Annual Meeting and of every special meeting or adjourned meeting of the Policyholders (As Amended, September 28, 1987) shall be published in a daily newspaper in the City of Washington, not less than thirty (30) days before any such meeting and if for a special meeting such notice shall state the object or objects thereof. No failure or irregularity of notice of any annual meeting shall invalidate such meeting or any proceeding thereof. (As Amended, December 10, 1964.)

Section IV: Voting at any meeting of the Policyholders may be in person or by written proxy and in no other manner. Any person, corporation, partnership or other entity in whose or which name a policy or certificate of insurance has issued by the

Company shall be deemed a Policyholder and a member. In a policy of insurance, issued to multiple Policyholders, the name that appears first on the policy shall be the only Policyholder and member for that policy. Each member shall have only one vote, and otherwise be considered a single member for all purposes under these By-Laws, regardless of the number of policies or

certificates of insurance issued in the name of such member. (As Amended, December 10, 1996.)

Section V: A quorum at any meeting of the Policyholders shall consist of a majority of the members represented in person or by proxy. (As Amended, September 28, 1982.) When a quorum is present at any meeting, a majority of the voting members thereat shall decide any question that may come before the meeting. In the absence of a quorum, those present may adjourn the meeting to a future date, but until a quorum is secured may transact no other business.

Section VI: The presiding officer of Policyholders' meetings shall be the President when present. In his absence, the next office in due order who may be present shall preside. The due order for purposes of this Bylaw shall be President, Vice President, and Treasurer.

Section VII: The election of trustees whose terms expire that year shall be held at the Annual Meeting of the Policyholders and shall, after the first election, be conducted by two (2) inspectors of election appointed by the President for that purpose. The election shall be by ballot, and each Policyholder (member) shall be entitled to cast one (1) vote.

Section VIII: The order of business at the Annual Meeting and as far as possible at all other meetings of the Policyholders, shall be:

1. Calling of roll
2. Reading and disposal of any unapproved minutes

3. Annual reports of officers
4. Election of trustees
5. Unfinished business
6. New business
7. Adjournment

Section IX: For purposes of these By-Laws, the members of the Company shall be the Policyholders except that as provided in

Section IV of this Article, a Policyholder shall be considered as a single member regardless of the numbers of policies or certificates of insurance held by the member. (As Amended, September 28, 1982.)

#### Article II - Board of Trustees

Section I: The property, business and affairs of the Company, except as otherwise provided by the Certificate of Incorporation, shall be managed by a Board of three (3) Trustees. The number of Trustees may, however, be changed from time to time by a vote of the majority of the entire Board, but should never be less than three (3). (As Amended, December 10, 1964.) The Chairman, with advice from the majority of other members of the Board, shall, prior to each Annual Meeting, file with the Secretary a slate of candidates for election to the Board of Trustees at the ensuing Annual Meeting. Any group of one hundred or more Policyholders (members, (As Amended, September 28, 1982)) may also nominate up to the number of candidates to be voted on at the ensuing annual meeting by filing with the Secretary at least sixty (60) days before such meeting a certificate signed and acknowledged by each of such members setting forth the full names and addresses of such members and giving the names and addresses of the candidates nominated and by filing with such certificates the written acceptance of such nominations by each nominee in such certificate. No candidate not nominated by the Board or a group of members as above provided shall be voted upon except by consent of three-quarters of those personally present or represented by proxy at such meeting. The names of all candidates shall be made known by the Secretary to any member

upon written request of such member. (As Amended, April 20, 1971.)

Section II: Vacancies arising at any time through the death or resignation of trustees may be filled by the Board.

Section III: The regular meetings of the Board of Trustees shall be held in the principal office of the company in Washington, D.C., on the second Tuesday of March, of each year if not a legal holiday, but if a legal holiday then on the next business day following. (As Amended, December 3, 1986.)

Section IV: Special meetings of the Board of Trustees may be held in the principal office of the Company in Washington, D.C. at any time on call of the President, or of any three members of the Board, or may be held at any time and place without notice by unanimous written consent of all the members, or with the presence and participation of all the members at such meeting.

Any action required to be taken at a meeting of the Board of Trustees or of a committee thereof may be taken without a meeting if a consent in writing setting forth the action so taken shall be signed by all of the members of the Board or of such committee and such written consent is filed with the minutes of proceedings of the board or committee. Such consent shall have the same force and effect as a unanimous vote of the Board or the committee. (As Amended, December 3, 1986.)

Section V: Notice of both regular and special meetings, save when held by unanimous consent or participation, shall be mailed by the Secretary to each member of the Board, not less than five (5) days before any such meeting, and notices of special meetings shall state the purposes thereof. No failure or irregularity of notice of any regular meeting shall invalidate



such meeting or any proceeding thereat.

Section VI: A quorum at any meeting shall consist of a majority of the entire membership of the Board. A majority of

those in attendance in the presence of a quorum shall decide any questions that may come before the meeting.

Section VII: The Board of Trustees shall have authority to enter into and approve management, service and other contracts for the Company, and no contract of any kind shall be binding upon the Company unless it shall be approved by the Board of Trustees.

Section VIII: The order of business at any regular or special meeting of the Board of Trustees, unless otherwise prescribed for any meeting of the Board shall be as follows:

1. Reading and disposal of any unapproved minutes
2. Reports of Officers and committees
3. Unfinished business
4. New business
5. Adjournment

Article III: Officers

Section I: The officers of the Company shall be a Chairman of the Board, President, one or more Vice Presidents, Secretary and Treasurer, who shall be elected for one year and shall hold office until their successors are elected and qualify. The Board of Trustees may designate one or more Vice President as an Executive Vice President and may elect Honorary Officers who shall perform such duties and receive such compensation as the Board of Trustees shall from time to time specifically designate. (As Amended, April 17, 1979.) Any two of said offices except those of President and Vice President may at the discretion of the Board of Trustees be held by the same person. The Board of Trustees may, from time to time, appoint such other officers and agents with such powers and duties as the Board may prescribe.

Section II: The Board of Trustees may by resolution or resolutions passed by a majority of the total number of trustees, designate one or more persons as members of committees to advise the Board of Trustees in matters concerning the management of the

business and of the affairs of the Company. The members of such committees may be but need not be, members of the Board of Trustees. The Board of Trustees shall determine the length of service of members of all committees and the remuneration, if any, to be paid to such committee members. (As Amended, December 10, 1964.)

Section III: The election of officers by the Board shall take place immediately following the annual meeting of the Policyholders or on the next business day. (As Amended, December 10, 1964.) If any Office becomes vacant during the year, the Board of Trustees shall fill the same for the unexpired term. The Board of Trustees shall fix the compensation of the Officers of the Company, except as these may be fixed by the Superintendent of Insurance of the District of Columbia. (As Amended, April 17, 1979.)

Section IV: The Chairman of the Board shall preside at all meetings of the Board of Trustees and shall be the chief executive officer of the Company and shall determine the policies governing the conduct of the Company's business, affairs and property in a manner not inconsistent with such policies as may be established from time to time by the Board of Trustees. (As Amended, April 17, 1979.)

Section V: The President shall be the chief operating officer of the Company and shall be responsible for the implementation of the policies established from time to time by the Board of Trustees and the Chairman of the Board for the

general and active conduct of the Company's business. In the absence or disability of the Chairman of the Board, the President shall preside at all meetings of the Board of Trustees. (As Amended, April 17, 1979.)

Section VI: The Vice Presidents shall respectively have such

powers and perform such duties as may be assigned to them by the Board of Trustees, the Chairman of the Board, or the President.  
(As Amended, April 17, 1979.)

Section VII: The Secretary shall issue notices for all meetings of Policyholders and Trustees; shall keep their Minutes; shall have charge of the Seal and the Corporate Books; shall sign with the President instruments requiring such signature and shall make such reports and perform such other duties as are incident to his office, or are properly required by him by the Board of Trustees.

Section VIII: The Treasurer shall have the custody of all moneys and securities of the Company and shall cause to be kept regular books of account and balance the same each month. He shall sign or countersign such instruments as require his signature; shall perform all duties incident to his office, or that are properly required of him by the Board and shall give bond for the faithful performance of his duties in such sum and with such sureties as may be required by the Board of Trustees.

Article IV. Dividends and Finance

Section I: Dividends to Policyholders may be declared proportionately among Policyholders, or according to their prior year premium payments and classes of insurance risks, or otherwise, from the surplus of the Company at such times as the Board of Trustees shall direct, subject to such laws and regulations in force relating to insurance companies in the District of Columbia. Only Policyholders with one or more

policies in force at the time of the declaration of dividends shall be entitled to share in said dividends. Dividends may be declared in cash or by credit against renewal of future premiums, as the Board of Trustees shall determine. (As Amended, April 21, 1970.)

Section II: The moneys of the Company shall be deposited to the name of the Company in such banks or trust companies as the Board of Trustees shall designate, and shall be drawn out by those officers so authorized by the Board of Trustees.

Section III: Every instrument of the funds of the Company or extension of the credit of the Company shall be made only in accordance with the law and after a vote of a majority of the Board of Trustees.

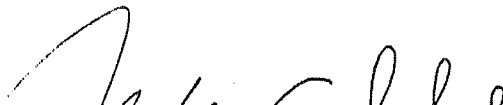
Section IV: The Board of Trustees shall have authority to determine who shall be authorized on behalf of the Company to sign bills, notes, receipts, acceptances, endorsements, checks, contracts and documents of all kinds.

Section I: The Board of Trustees shall provide (with one or more duplicates) a suitable seal containing the name of the corporation, which seal shall be in charge of the Secretary.

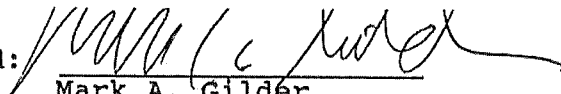
Article V - Seal

Section I: The Board of Trustees or Policyholders may amend the By-Laws at any regular or special meeting.

I, Mark A. Gilder, Secretary of Amalgamated Casualty Insurance Company, do hereby certify that the foregoing is a true and correct copy of the By-Laws of the Amalgamated Casualty Insurance Company.





Signed:   
Mark A. Gilder  
Secretary

Washington, D.C.

August 4, 1938

Retyped: April 14, 1983

Retyped: February 24, 1987

Retyped: February 24, 1997

May 19, 2021

AMALGAMATED CASUALTY INSURANCE COMPANY

**Resolutions for consideration by the Board of Trustees  
re: Bylaw Amendment**

**Approval of the Bylaw Amendment**

WHEREAS, Amalgamated Casualty Insurance Company (the "Company") is a District of Columbia mutual insurance company; and

WHEREAS, the Company desires to amend the Company's bylaws (the "Bylaws") to provide for the indemnification of the trustees and officers of the Company to the fullest extent permitted by District of Columbia law;

NOW, THEREFORE, BE IT RESOLVED, after due deliberation, that it is advisable and fair to and in the best interests of the Company for the Company to amend the Bylaws to provide for the indemnification of the officers and trustees of the Company as provided in Exhibit A attached hereto (the "Amendment");

FURTHER RESOLVED, that the Board of Trustees hereby amends the Bylaws to add a new Article VII that shall read as set forth in the Amendment and hereby adopts and approves the Amendment;

FURTHER RESOLVED, that the Chairman and Chief Executive Officer and the President of the Company, or, in their absence, any Vice President designated by the Board of Trustees (collectively, the "Authorized Officers" and each an "Authorized Officer"), are hereby authorized and directed, for and on behalf of and in the name of the Company, to submit the amendment to the Commissioner of the District of Columbia Department of Insurance, Securities and Banking (the "Commissioner"); and

FURTHER RESOLVED, that the actions heretofore taken and to be taken by any Authorized Officer to accomplish the purpose and intent of these resolutions are hereby ratified, confirmed and approved in all respects.

Exhibit A

New Article VII of Bylaws

Article VII — Indemnification and Insurance

Section I. Definitions. For purposes of this Article VII the following definitions shall apply:

(a) "expenses" include counsel fees, expert witness fees, and costs of investigation, litigation, and appeal, as well as any amounts expended in asserting a claim for indemnification;

(b) "liability" means the obligation to pay a judgment, settlement, penalty, fine, or other such obligation, including, without limitation, any excise tax assessed with respect to an employee benefit plan;

(c) "legal entity" means a corporation, partnership, limited liability company, joint venture, trust, employee benefit plan, or other enterprise;

(d) "predecessor entity" means a legal entity the existence of which ceased upon its acquisition by the Company in a merger or otherwise; and

(e) "proceeding" means any threatened, pending, or completed action, suit, proceeding, or appeal whether civil, criminal, administrative, or investigative and whether formal or informal.

Section II. Limit on Liability. In every instance in which the applicable law as it exists on the date hereof or may hereafter be amended, permits the limitation or elimination of liability of trustees or officers of the Company to the Company, the trustees and officers of the Company shall not be liable to the Company.

Section III. Indemnification of Trustees and Officers. The Company shall indemnify any individual who is, was, or is threatened to be made a party to a proceeding (including a proceeding by or in the right of the Company) because such individual is or was a trustee or officer of the Company, or because such individual is or was serving the Company or any other legal entity in any capacity at the request of the Company while a trustee or officer of the Company, against all liabilities and reasonable expenses incurred in the proceeding except such liabilities and expenses as are incurred because of such individual's willful misconduct or knowing violation of criminal law. Service as a trustee or officer of a legal entity controlled by the Company shall be deemed service at the request of the Company. The

determination that indemnification under this Article VII, Section 3 is permissible and the evaluation as to the reasonableness of expenses in a specific case shall be made, in the case of a trustee, as provided by law, and in the case of an officer, as provided in Section 4 of this Article; *provided, however*, that if a majority of the trustees of the Company has changed after the date of the alleged conduct giving rise to a claim for indemnification, such determination and evaluation shall, at the option of the person claiming indemnification, be made by special legal counsel agreed upon by the Board of Trustees and such person. Unless a determination has been made that indemnification is not permissible, the Company shall make advances and reimbursements for expenses incurred by a trustee or officer in a proceeding upon receipt of an undertaking from such trustee or officer to repay the same if it is ultimately determined that such trustee or officer is not entitled to indemnification. Such undertaking shall be an unlimited, unsecured general obligation of the trustee or officer and shall be accepted without reference to such trustee's or officer's ability to make repayment. The termination of a proceeding by judgment, order, settlement, conviction, or upon a plea of *nolo contendere* or its equivalent shall not of itself create a presumption that a trustee or officer acted in such a manner as to make such trustee or officer ineligible for indemnification. The Company is authorized to contract in advance to indemnify and make advances and reimbursements for expenses to any of its trustees or officers to the same extent provided in this Article VII, Section 3.

Section IV. Indemnification of Others. The Company may, to a lesser extent or to the same extent that it is required to provide indemnification and make advances and reimbursements for expenses to its trustees and officers pursuant to Article VII, Section 3, provide indemnification and make advances and reimbursements for expenses to its employees and agents, the trustees, officers, employees, and agents of its subsidiaries and predecessor entities, and any person serving any other legal entity in any capacity at the request of the Company, and may contract in advance to do so. The determination that indemnification under this Article VII, Section 4 is permissible, the authorization of such indemnification, and the evaluation as to the reasonableness of expenses in a specific case shall be made as authorized from time to time by general or specific action of the Board of Trustees, which action may be taken before or after a claim for indemnification is made, or as otherwise provided by law. No person's rights under Section 3 of this Article VII shall be limited by the provisions of this Article VII, Section 4.

Section V. Miscellaneous.

(a) The rights of each person entitled to indemnification under this Article shall inure to the benefit of such person's heirs, executors, and administrators.

(b) Special legal counsel selected to make determinations under this Article may be counsel for the Company.

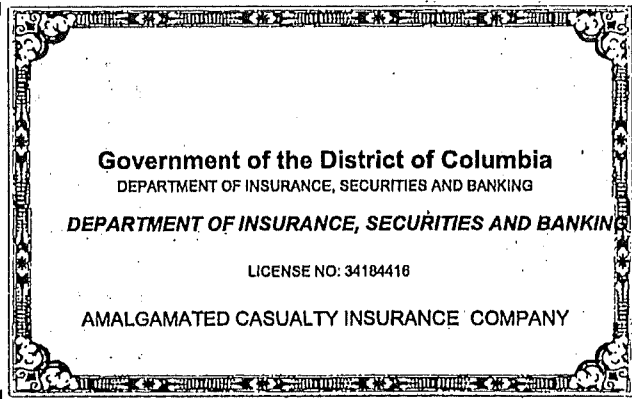
(c) Indemnification pursuant to this Article shall not be exclusive of any other right of indemnification to which any person may be entitled, including indemnification pursuant to a valid contract, indemnification by legal entities other than the Company, and indemnification under policies of insurance purchased and maintained by the Company or others. However, no person shall be entitled to indemnification by the Company to the extent he or she is indemnified by another, including an insurer.

(d) The Company is authorized to purchase and maintain insurance against any liability it may have under this Article or to protect any of the persons named above against any liability arising from their service to the Company or any other legal entity at the request of the Company regardless of the Company's power to indemnify against such liability.

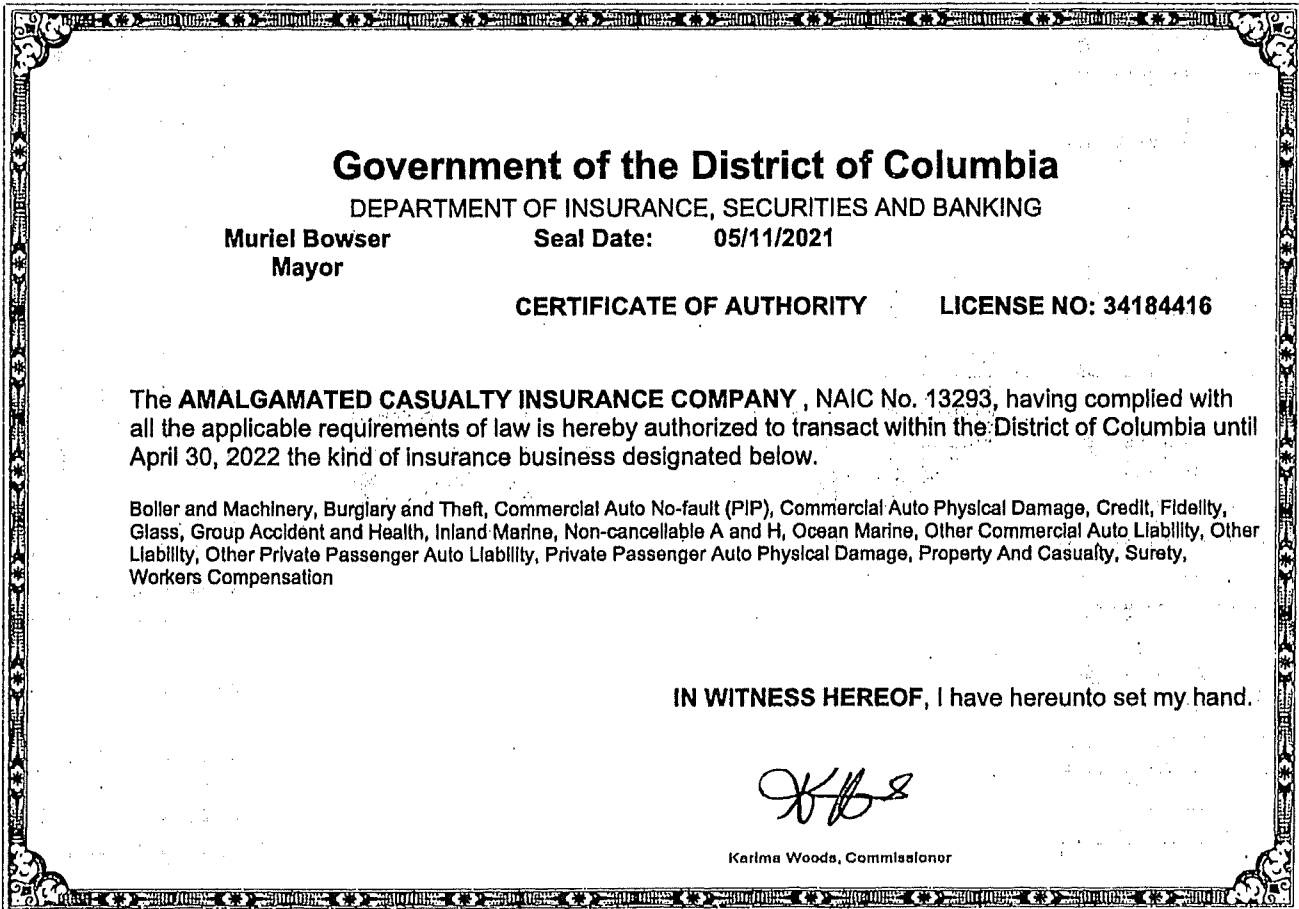
(e) The provisions of this Article shall not be deemed to preclude the Company from entering into contracts otherwise permitted by law with any individuals or legal entities, including those named above.

(f) If any provision of this Article or its application to any person or circumstance is held invalid by a court of competent jurisdiction, the invalidity shall not affect other provisions or applications of this Article, and to this end the provisions of this Article are severable.

**Certificate of Authority from DC with Issued Date April 26, 2018**



PLEASE CAREFULLY DETACH AT PERFORATION



**Government of the District of Columbia**

DEPARTMENT OF INSURANCE, SECURITIES AND BANKING

**Muriel Bowser**  
Mayor

Seal Date: 05/11/2021

**CERTIFICATE OF AUTHORITY**

**LICENSE NO: 34184416**

The **AMALGAMATED CASUALTY INSURANCE COMPANY**, NAIC No. 13293, having complied with all the applicable requirements of law is hereby authorized to transact within the District of Columbia until April 30, 2022 the kind of insurance business designated below.

Boiler and Machinery, Burglary and Theft, Commercial Auto No-fault (PIP), Commercial Auto Physical Damage, Credit, Fidelity, Glass, Group Accident and Health, Inland Marine, Non-cancellable A and H, Ocean Marine, Other Commercial Auto Liability, Other Liability, Other Private Passenger Auto Liability, Private Passenger Auto Physical Damage, Property And Casualty, Surety, Workers Compensation

IN WITNESS HEREOF, I have hereunto set my hand.

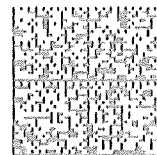
Karima Woods, Commissioner

REMOVE STUBS AT BOTH ENDS FIRST  
THEN FOLD, CREASE AND REMOVE THIS STUB AT PERFORATION

Government of the District of Columbia  
Department of Insurance, Securities and Banking  
Insurance Licensing Division  
1050 First Street, NE; Suite 801  
Washington, DC 20002

IMPORTANT INFORMATION ENCLOSED

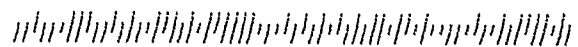
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AMALGAMATED CASUALTY INSURANCE COMPANY  
4400 MacArthur Blvd NW  
#301  
WASHINGTON DC 20007

2000782555 0025





**Report on Examination of Amalgamated Casualty Insurance  
Company as of December 31, 2018**



**Government of the District of Columbia  
Department of Insurance, Securities and Banking**

Karima Woods  
Acting Commissioner

**BEFORE THE  
INSURANCE COMMISSIONER OF  
THE DISTRICT OF COLUMBIA**

Re: Report on Examination – **Amalgamated Casualty Insurance Company** as of December 31, 2018

**ORDER**

An Examination of **Amalgamated Casualty Insurance Company** (the “Company”) as of December 31, 2018, has been conducted by the District of Columbia Department of Insurance, Securities and Banking (“the Department”).

It is hereby ordered on this 30th day of June 2020, that the attached financial condition examination report be adopted and filed as an official record of this Department.

Pursuant to Section 31-1404(d)(1) of the D.C. Official Code, this Order is considered a final administrative decision and may be appealed pursuant to Section 31-4332 of the D.C. Official Code.

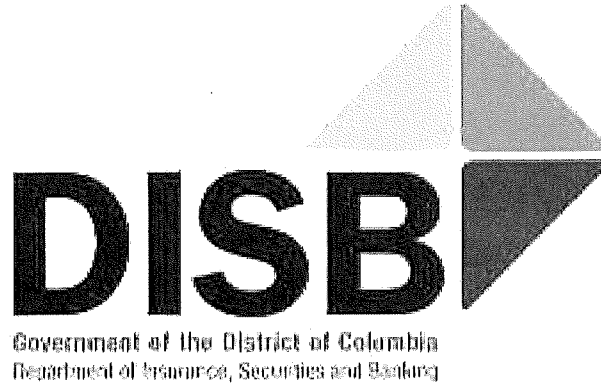
Pursuant to Section 31-1404(d)(1) of the D.C. Official Code, within 30 days of the issuance of the adopted report, the Company shall file affidavits executed by each of its directors stating under oath that they have received a copy of the adopted report and related order.

Pursuant to Section 31-1404(e)(1) of the D.C. Official Code, the Department will continue to hold the content of the report as private and confidential information for a period of 10 days from the date of this Order.

Philip Barlow  
Associate Commissioner

GOVERNMENT OF THE DISTRICT OF COLUMBIA

DEPARTMENT OF INSURANCE, SECURITIES AND BANKING



REPORT ON EXAMINATION

OF

AMALGAMATED CASUALTY INSURANCE COMPANY

AS OF

DECEMBER 31, 2018

NAIC COMPANY CODE: 13293

## TABLE OF CONTENTS

|  | <u>Page</u> |
|--|-------------|
| <b>SCOPE OF EXAMINATION</b> .....                        | 1           |
| <b>SUMMARY OF SIGNIFICANT FINDINGS</b> .....             | 2           |
| <b>COMPANY HISTORY</b> .....                             | 2           |
| General  | 2           |
| Capitalization   | 2           |
| Dividends to Policyholders                               | 2           |
| <b>MANAGEMENT AND CONTROL</b> .....                      | 3           |
| <b>Committees:</b> .....                                 | 4           |
| Conflict of Interest                                     | 5           |
| Corporate Records  | 5           |
| Pension and Other Benefit Plans                          | 5           |
| <b>HOLDING COMPANY SYSTEM</b> .....                      | 5           |
| <b>AGREEMENTS AND TRANSACTIONS WITH AFFILIATES</b> ..... | 6           |
| Non-exclusive Agency Agreement                           | 7           |
| Cost-sharing Agreement                                   | 7           |
| <b>FIDELITY BOND AND OTHER INSURANCE</b> .....           | 7           |
| <b>STATUTORY DEPOSIT</b> .....                           | 8           |
| <b>TERRITORY AND PLAN OF OPERATION</b> .....             | 8           |
| <b>REINSURANCE</b> .....                                 | 8           |
| Assumed Reinsurance                                      | 8           |
| Ceded Reinsurance  | 8           |
| <b>ACCOUNTS AND RECORDS</b> .....                        | 9           |
| <b>FINANCIAL STATEMENTS</b> .....                        | 10          |
| <b>Admitted Assets, Liabilities, Capital and Surplus</b> | 11          |
| Statement of Revenue and Expenses                        | 12          |
| Statement of Changes in Capital and Surplus Account      | 13          |
| Comparative Analysis of Changes in Capital and Surplus   | 14          |
| <b>COMMENTS ON FINANCIAL STATEMENT ITEMS</b> .....       | 14          |
| <b>NOTE TO FINANCIAL STATEMENTS</b> .....                | 14          |
| <b>SUBSEQUENT EVENTS</b> .....                           | 15          |
| <b>CONCLUSION</b> .....                                  | 17          |

Washington, D.C.  
June 29, 2020

Honorable Karima M. Woods  
Acting Insurance Commissioner  
Department of Insurance, Securities and Banking  
Government of the District of Columbia  
1050 First Street, NE, Suite 801  
Washington, D.C. 20002

Dear Acting Commissioner Woods:

In accordance with Section 31-1402 of the District of Columbia Official Code, we have examined the financial condition and activities of

**Amalgamated Casualty Insurance Company**

hereinafter referred to as the “Company” or “ACIC.” The Company was incorporated under the laws of the District of Columbia as a mutual insurance company with its registered principal place of business located at 4400 MacArthur Blvd, NW, Suite 301, Washington, D.C. 20007. The examination was conducted at the Company’s administrative offices located at 8401 Connecticut Ave, Suite 105, Chevy Chase, Maryland 20815. The following Report on Examination (“Report”) is hereby respectfully submitted.

**SCOPE OF EXAMINATION**

The District of Columbia Department of Insurance, Securities, and Banking (the “Department”) last examined the Company as of December 31, 2013. The current examination is a full-scope examination of the Company covering the period from January 1, 2014, through December 31, 2018, including any material relevant transactions and/or events occurring after the examination date, conducted by examiners representing the Department.

The examination was conducted observing the guidelines and procedures in the National Association of Insurance Commissioners (“NAIC”) *Financial Condition Examiners Handbook* (“Handbook”) and generally accepted statutory insurance examination standards consistent with the insurance laws and regulations of the Department. The Handbook requires that we plan and perform the examination to evaluate the financial condition, assess corporate governance, identify current and prospective risks that could cause the Company’s surplus to be materially misstated, and evaluate controls and procedures used to mitigate those risks. The examination also includes assessing the principles used and significant estimates made by management, as well as evaluating the Company’s compliance with Statutory Accounting Principles, Annual Statement Instructions, and all applicable state statutes. The examination, however, 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 commented upon separately following the Company’s financial statements section of this Report.

**Amalgamated Casualty Insurance Company**  
**Report on Financial Examination as of December 31, 2018**

All accounts and activities of the Company were considered in accordance with the risk-focused examination process as promulgated by the Handbook. During the course of this examination, we also reviewed and relied upon work performed by the Company's independent external auditing firm, Burdette Smith & Bish LLC, whenever possible and applicable to assist in the completion of examination procedures.

This examination report includes significant findings of fact, as mentioned in Section 31-1404 of the District of Columbia Official Code, 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 report but were separately communicated to other regulators and/or the Company.

**SUMMARY OF SIGNIFICANT FINDINGS**

The Examination did not disclose any material adverse findings or adjustments that impact the Company's reported capital and surplus.

**COMPANY HISTORY**

**General**

The Company was incorporated as a mutual insurance company with no capital stock on August 2, 1938, in the District of Columbia, as per Act of Congress, Public Law Number 162, of the 67th Congress. The purpose of the Company, as per the Certificate of Incorporation is to "write any and all insurance or reinsurance on property and rents and use and occupancy against loss or damage..." The Company is licensed to write property and casualty insurance policies in several states and territories across the nation. The period of existence of the Company is perpetual.

Until 1996, the Company was licensed in the States of Virginia, Maryland and the District of Columbia. As a result of a Board of Trustees' resolution, the Company did not renew its license in Virginia as of 1996. However, from 2014 to 2018, the Company expanded into several additional states, including reentry into Virginia.

**Capitalization**

The Company is a mutual insurance company, consequently, there is no capital stock.

**Dividends to Policyholders**

The Company did not declare or pay any dividends to policyholders during the period under examination.

**Amalgamated Casualty Insurance Company**  
**Report on Financial Examination as of December 31, 2018**

**MANAGEMENT AND CONTROL**

**Board of Trustees**

The Company's Articles of Incorporation and By-laws provide that the responsibility for the control and management of the affairs, property, and interests of the Company is vested in its Board of Trustees composed of not less than three (3) members who shall be elected annually by the policyholders. As of December 31, 2018, the Board of the Company was comprised of the following seven (7) Directors:

| <b><u>Name and address</u></b>             | <b><u>Principal Occupation</u></b>                               |
|--|--|
| Patrick J. Bracewell<br>Washington, DC     | Chairman of the Board and President<br>ACIC                      |
| Edward Arovas <sup>1</sup><br>Bethesda, MD | President and Chief Operations Officer<br>ACIC                   |
| Fred L. Brewer<br>Alexandria, VA           | Retired  |
| James C. Roumell<br>Chevy Chase, MD        | Founder and President<br>Roumell Asset Management, LLC           |
| Jason K. Wolfe<br>Cleveland Heights, OH    | Founder and Managing Member<br>Arbor Hills Asset Management, LLC |
| Joseph S. Bracewell, III<br>Washington, DC | Organizer and Chairman<br>Trustar Bank                           |
| Shaza L. Andersen<br>Great Falls, VA       | Chief Executive Officer<br>Trustar Bank                          |

The Company is in compliance with District of Columbia Code Section 31-405 and 31-706(c)(3) which states that no less than one-third of the directors of a domestic insurer and not less than one-third of the members of each committee of the board of directors of any domestic insurer shall be persons who are not officers or employees of the insurer or of any entity controlling, controlled by, or under common control with the insurer and who are not beneficial owners of a controlling interest in the voting stock of the insurer or such an entity.

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<sup>1</sup> Mr. Arovas resigned his position on the Board of Trustees of ACIC effective March 4, 2019.

**Amalgamated Casualty Insurance Company**  
**Report on Financial Examination as of December 31, 2018**

**Officers**

The By-laws provide that the officers of the Company shall consist of a Chairman of the Board, a President, one or more Vice-Presidents, a Secretary, and a Treasurer. The officers shall be elected by the Board of Trustees and shall be elected for one year and serve until his/her successor is duly elected and qualified or the officer is removed. Any two of the said offices except those of President and Vice President may, at the discretion of the Trustees, be held by the same person.

The following officers have been elected by the Board of Trustees and were serving at December 31, 2018:

| <b>Name</b>                       | <b>Title</b>  |
|-----------------------------------|---|
| Patrick Bracewell                 | Chairman of the Board                                   |
| Edward Arovas <sup>2</sup>        | President and Chief Operations Officer                  |
| Brian Mancino                     | Vice-President and Secretary                            |
| Richard Kleinschmidt <sup>3</sup> | Vice President of Business Development and Underwriting |
| Jacqueline Plenty                 | Treasurer   |

**Committees**

As of December 31, 2018, the Company's Board of Trustees had established the following standing committees:

| <b><u>Investment Committee</u></b> | <b><u>Audit Committee</u></b> |
|------------------------------------|-------------------------------|
| Patrick J. Bracewell, Chairman     | Jason K. Wolfe, Chairman      |
| Fred L. Brewer                     | Shaza L. Andersen             |
| James C. Roumell                   |                               |
| Jason K. Wolfe                     |                               |
| Joseph S. Bracewell, III           |                               |

The Company complied with the District of Columbia Official Code Section 31-706(c)(4), which requires that the Trustees establish one or more committees comprised of individuals who are not officers or employees of the Company, or of any entity controlling, controlled by or under common control with the Company. This committee or committees shall have responsibility for recommending the selection of independent certified public accountants, reviewing the Company's financial condition, nominating candidates for director, evaluating the performance of officers of the Company, and recommending to the Board the selection and compensation of principal officers. In addition, the Company complied with DC Official Code § 31-706(c)(3) which requires 1/3 of the members of each committee of the board of directors of any domestic insurer

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<sup>2</sup> Mr. Arovas resigned effective March 4, 2019 and Patrick Bracewell assumed the duties of President upon the resignation of Mr. Arovas. The company also appointed Daniel McFadden as VP – Finance and Controller and Mike McColley as VP – Claims in May 2019.

<sup>3</sup> Mr. Kleinschmidt retired from his position effective June 30, 2019.



**Amalgamated Casualty Insurance Company**  
**Report on Financial Examination as of December 31, 2018**

to be persons who are not officers or employees of the Company, or of any entity controlling, controlled by or under common control with the Company.

**Conflict of Interest**

Trustees and officers of the Company regularly respond to conflict of interest questionnaires. Our review of the responses to the questionnaires completed for the examination period did not disclose any material conflicts that would affect the Company. The Company established a Conflict of Interest Policy, which requires disclosure of any potential conflicts prior to board or committee action on a contract or transaction involving a Conflict of Interest. The Conflict of Interest Policy is acknowledged by all board of trustees, officers and key employees.

**Corporate Records:**

The Company's Article of Incorporation and By-laws were reviewed. The minutes of the policyholders and the Board of Trustees for the period under examination through the fieldwork date were also reviewed. Based on our review, it appeared that the minutes documented the Company's significant transactions and events, and that the trustees approved those transactions and events.

**Pension and Other Benefit Plans**

The Company sponsored a non-contributory defined benefit pension plan (the Plan) covering substantially all of its employees. The benefits are based on years of service and the employee's compensation. The normal retirement benefit is 2.5% of average monthly compensation multiplied by total years of service, limited to 35 years, but in no event, less than \$12.00 per month multiplied by total years of service, limited to 35 years. As of December 31, 2018, the plan is fully funded. As of June 20, 2016, the Company decided to freeze the accrual of future benefits for the Plan. There will be no future additional benefits credited to plan participants after June 20, 2006.

The Company also provides other insurance and benefits including, 401K, medical, dental, vision, short and long term disability insurance, and group life insurance to its employees.

**HOLDING COMPANY SYSTEM**

The Company is a member of an insurance holding company system as defined by section 31-705 of the District of Columbia Official Code. The Company is a mutual company with business produced by an agency, American Risk Management, Inc. (ARM), which is beneficially owned by the Chairman of the Company, thus creating an "affiliate relationship." The Company also meets the statutory definition of a 'producer controlled insurer' pursuant to Title 31, Chapter 4 of D.C. Official Code, as ARM is a controlling producer of the Company.

MCW Holdings, Inc. owns 100% of the voting securities of ARM. In July 2015, the Company sold its previous home office at a substantial gain, which was subject to tax. After exploring potential options, the management of the Company and the board of trustees determined to pursue a like-kind exchange transaction for the benefit of deferring capital gain tax. As part of the like-kind exchange, the Company acquired investment properties from the proceeds of the sale. After the

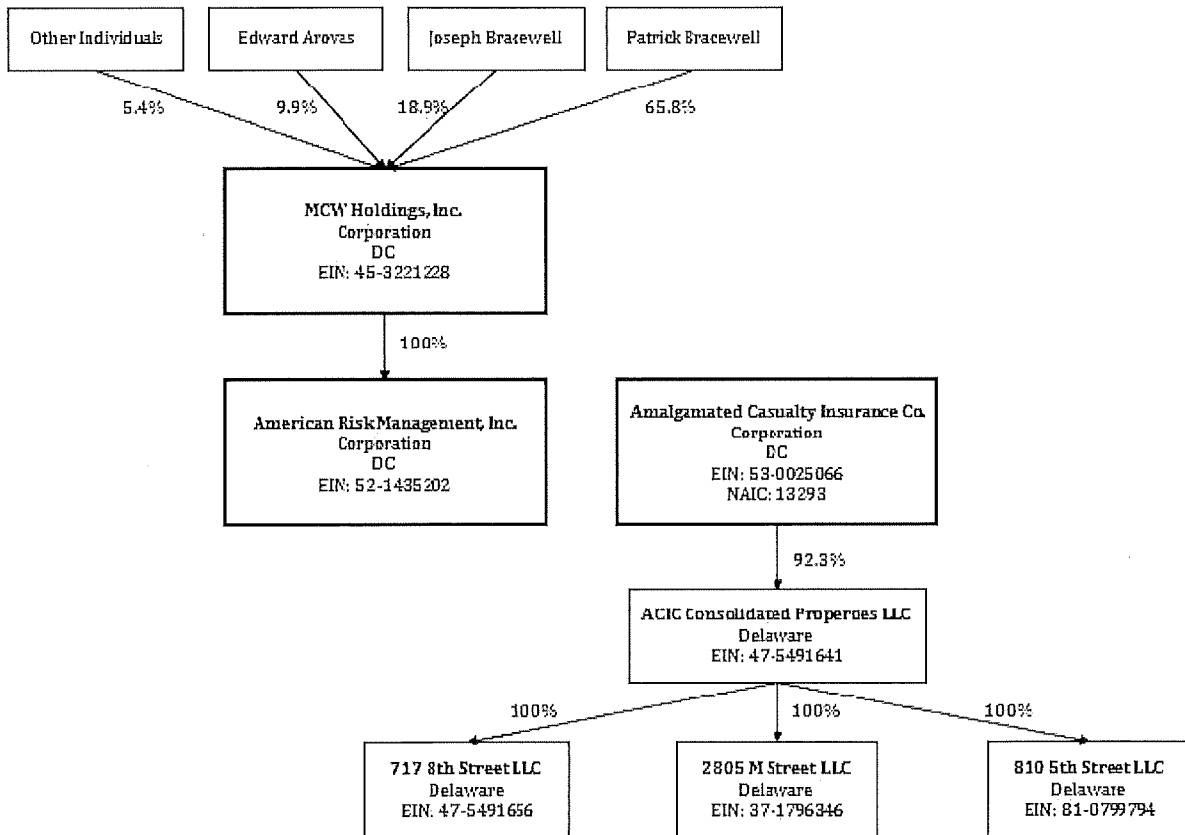
**Amalgamated Casualty Insurance Company  
Report on Financial Examination as of December 31, 2018**

purchase of investment properties, the Company formed an intermediate pass-through entity, ACIC Consolidated Properties, LLC, to manage the investment properties. As of the examination date, the Company owns 92.3% of ACIC Consolidated Properties, LLC.

As of December 31, 2018, MCW's voting securities are owned by the following<sup>4</sup>:

- Patrick Joseph Bracewell (65.8%)
- Joseph Searcy Bracewell III (18.9%)
- Edward Arovos (9.9%)
- Other individuals (5.4%)

An organizational chart as of December 31, 2018, reflecting the holding company system is shown below.



**AGREEMENTS AND TRANSACTIONS WITH AFFILIATES**

The following is a summary of each of the Intercompany Agreements between the entities within the holding company structure:

<sup>4</sup> After Edward Arovos resigned from the company in 2019, current ownership allocation is adjusted to: Patrick Bracewell (73%); Joseph Bracewell (21%); and Other Individuals (6%).

**Amalgamated Casualty Insurance Company**  
**Report on Financial Examination as of December 31, 2018**

Non-exclusive Agency Agreement:

Commencing October 1, 2011, and amended March 1, 2015, ACIC entered into a Non-Exclusive Agency Agreement with ARM. The agreement has been amended several times since then, to extend the termination date and to increase the authority of ARM. The agreement provides that ARM can solicit on behalf of and submit applications for insurance to ACIC, to issue and deliver policies, certificates, endorsements, and binders that ACIC may, from time to time, authorize to be issued and delivered. In addition, the agreement authorizes ARM to collect premiums on any policy issued by ACIC, and to cancel any of the policies placed with ACIC by or through ARM in ARM's sole discretion (where such cancellation is legally possible). Additionally, ARM is obligated to pay, within ten days after the due date, all money due to ACIC on policies placed with ACIC by ARM. The non-exclusive agency agreement describes the subject business ARM is authorized to solicit on ACIC's behalf as well as the commission payable on the subject business. During 2018, ACIC incurred net commissions pursuant to agreement totaling \$2.2 million. The agreement is effective through December 31, 2020, but shall automatically renew for successive one year terms unless either party chooses not to renew and provides notification to the other party within 120 days of the scheduled end of the term.

Cost-sharing Agreement:

On October 4, 2011, ACIC entered into a Cost-Sharing Agreement with ARM. The agreement was initially effective through December 31, 2014, but subsequently amended to a termination date of December 31, 2020. Under the terms of the agreement, ARM is to reimburse ACIC 10% of "reimbursable expenses" (janitorial fees, pest extermination fees, security, cleaning supplies, utilities, trash removal, property and liability insurance premiums for the premises, fidelity bond premiums, and the salary of one lead underwriter), plus basic rent of \$6,800 per year. As of year-end 2018, ARM paid \$6,975 reimbursable expenses to ACIC. Effective January 15, 2017, the agreement was amended to change the basic rent from \$6,800 per year to an amount specified in a schedule of rent due, which is 10% of the ACIC office lease expense. For the lease year beginning July 1, 2018, the rent paid by ARM totaled \$22, 654.

**FIDELITY BOND AND OTHER INSURANCE**

Pursuant to the Municipal Regulation 26-803.1 of the District of Columbia, as of December 31, 2018, the Company has a fidelity bond policy which provides coverages for fidelity, forgery or alteration, securities, computer fraud, destruction of data or programs by hacker or virus with a \$500,000 single loss limit of liability and single loss deductible of \$50,000 for each insuring agreement.

In addition to the coverage provided under the fidelity bond, the Company maintained coverage for workers' compensation, directors and officers, business owners, general liability, and commercial umbrella liability for the period of examination.

**Amalgamated Casualty Insurance Company**  
**Report on Financial Examination as of December 31, 2018**

**STATUTORY DEPOSIT**

As of December 31, 2018, \$2.5 million in deposits were held on behalf of policyholders in the District of Columbia, Florida, Georgia, Maryland, and Virginia. Deposits were held in the form of bonds.

**TERRITORY AND PLAN OF OPERATION**

As of December 31, 2018, ACIC was licensed in 29 states and the District of Columbia to write property and casualty insurance. Based on 2018 direct premiums written, approximately 70% of the Company's writings were concentrated in the District of Columbia, Florida, Ohio, Texas, and Virginia. The Company is predominately writing its business in commercial auto liability and physical damage coverage to taxicabs, sedans and other vehicles for hire. Based on direct premiums written by lines of business, 99% of the Company's business was written in the commercial automobile line. Business is produced through an affiliate, ARM. Under an agency agreement, ARM is paid a commission as the Company's policy writing agent.

Prior to 2015, the Company primarily wrote liability insurance on its member taxi-cab drivers in the District of Columbia and Maryland. During the exam period, production in the District of Columbia and Maryland has been declining while writing in new states such as Florida, Virginia, Texas, Ohio, and South Carolina has increased significantly, accounting for roughly 30-50% of total premiums written since 2015. During 2017, the Company entered into non-emergency medical transport (NEMT) business, and by early 2018 this block grew to greater than \$500,000 in written premiums.

To improve underwriting performance and stop continued losses from geographical and business expansion, during 2018 and 2019 Company took de-risking actions by exiting unprofitable and non-core segments. NEMT and all vehicle classes in underperforming states (Florida, Kentucky, Georgia, Mississippi) will be in run-off.

**REINSURANCE**

**Assumed Reinsurance**

The Company is not a party to any agreements for assumed reinsurance.

**Ceded Reinsurance**

Effective January 26, 2015, the Company entered into an excess of loss reinsurance contract which provides the Company with excess of loss reinsurance coverage for commercial automobile liability losses occurring on or after January 26, 2015 for 80% of losses in excess of \$200,000 up to \$1.0 million per occurrence per policy. Subject to the terms of the contract, the Company has retained, net, a 20% share of the \$800,000 liability in excess of \$200,000, which is not reinsured. Participating reinsurers and corresponding percentages are Maiden Re 35%; Aspen Re 25%; and

**Amalgamated Casualty Insurance Company**  
**Report on Financial Examination as of December 31, 2018**

Swiss RE 20%. The January 26, 2015 excess of loss reinsurance contract was terminated effective April 1, 2017.

Effective April 1, 2017, the Company entered into an excess of loss reinsurance contract with General Reinsurance Corporation which provides the Company with excess of loss reinsurance coverage for commercial automobile liability losses, including 100% of losses in excess of policy limits and 100% of extra-contractual obligations, occurring on or after April 1, 2017. Under the agreement coverage is provided for 80% of losses in excess of \$200,000 up to \$1.0 million per occurrence per policy. Subject to the terms of the contract, the Company has retained net, a 20% share of the \$800,000 liability in excess of \$200,000, which is not reinsured. The Company has purchased excess of loss coverage for commercial automobile liability losses, including 95% of losses in excess of policy limits and 95% of extra contractual obligations, occurring on or after January 1, 2017. Under the agreement, coverage is limited to \$1.0 million per policy in excess of \$1.0 million of underlying coverage, with an aggregate limit of reinsurance of \$2.0 million.

Under a separate arrangement with General Reinsurance Corporation effective April 1, 2017, when policy limits exceed \$1.0 million, the Company purchases reinsurance coverage on a facultative basis to reinsure the commercial automobile liability losses in excess of \$1.0 million not subject to underlying reinsurance coverage. The Company has purchased coverage in line with the subject policy limits of up to \$4.0 million excess of \$1.0 million per occurrence, per policy.

Due to changes in the company's book of business, in 2019, the Company engaged with a third-party reinsurance broker and replaced its current reinsurance program. The current reinsurance program is described in the subsequent event section of the Report.

### **ACCOUNTS AND RECORDS**

The Company's accounting procedures, practices, account records, and supporting data were reviewed and tested to the extent deemed necessary. A review of the Company's Information Technology General Controls (ITGC) and General Application Controls (GAC) was also performed as required by the Handbook. Based on the scope of the Information Technology (IT) examination, certain items were noted and discussed with the Company.

The Company's statutory home and main administrative office is located at 8401 Connecticut Ave, Suite 105, Chevy Chase, MD. The primary location of the Company's books and records is 4400 MacArthur Blvd, NW, Suite 301, Washington, D.C. This satisfies the requirements of Section 31-5204 of the District of Columbia Official Code, which requires that any corporation now or hereafter formed or organized under any provision of law in force and effect in the District of Columbia to engage in insurance business shall maintain its principal office within said District and shall keep its books, records, and files therein, and shall not remove from said District either its principal office or its books, records, or files without the permission of the Mayor of the District of Columbia first.

**Amalgamated Casualty Insurance Company**  
**Report on Financial Examination as of December 31, 2018**

**FINANCIAL STATEMENTS**

The examination does not attest to the fair presentation of the financial statements included herein. 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 ending December 31, 2018. All financial statements were prepared by the Company's management and are therefore the responsibility of the Company's management. The accompanying comments on financial statements reflect any examination adjustment to the amounts reported in the annual statement and should be considered an integral part of the financial statements.

**Amalgamated Casualty Insurance Company**  
**Report on Financial Examination as of December 31, 2018**

**Admitted Assets, Liabilities, Capital and Surplus**

**December 31, 2018**

|  | Per<br>Company       | Examination<br>Adjustments | Per<br>Examination   |
|--|----------------------|----------------------------|----------------------|
| <b>Admitted Assets</b>                             |                      |                            |                      |
| Bonds  | \$ 34,958,771        | \$ -                       | \$ 34,958,771        |
| Stocks   | 3,034,276            | -                          | 3,034,276            |
| Other invested assets (Schedule BA)                | 12,035,862           | -                          | 12,035,862           |
| Cash, cash equivalents and short-term investments  | 1,041,053            | -                          | 1,041,053            |
| Subtotal cash and invested assets                  | \$ 51,069,961        | \$ -                       | \$ 51,069,961        |
| Investment income due and accrued                  | 350,884              | -                          | 350,884              |
| Uncollected premiums and agents' balances          | 4,191,978            | -                          | 4,191,978            |
| Aggregate write-ins for other than invested assets | 34,128               | -                          | 34,128               |
| <b>Total admitted assets</b>                       | <b>\$ 55,646,950</b> | <b>\$ -</b>                | <b>\$ 55,646,950</b> |
| <b>Liabilities</b>                                 |                      |                            |                      |
| Losses   | \$ 9,117,494         | \$ -                       | \$ 9,117,494         |
| Loss adjustment expenses                           | 2,759,118            | -                          | 2,759,118            |
| Other expenses                                     | 392,871              | -                          | 392,871              |
| Taxes, licenses and fees                           | 41,293               | -                          | 41,293               |
| Net deferred tax liability                         | 1,878,987            | -                          | 1,878,987            |
| Unearned premiums                                  | 4,382,970            | -                          | 4,382,970            |
| Advance premium                                    | 121,402              | -                          | 121,402              |
| Ceded reinsurance premiums payable                 | 309,911              | -                          | 309,911              |
| Aggregate write-ins for liabilities                | 427,044              | -                          | 427,044              |
| <b>Total liabilities</b>                           | <b>\$ 19,431,090</b> | <b>\$ -</b>                | <b>\$ 19,431,090</b> |
| <b>Capital and Surplus</b>                         |                      |                            |                      |
| Unassigned funds (deficit)                         | \$ 36,215,860        | \$ -                       | \$ 36,215,860        |
| <b>Total capital and surplus</b>                   | <b>\$ 36,215,860</b> | <b>\$ -</b>                | <b>\$ 36,215,860</b> |
| <b>Total liabilities, capital and surplus</b>      | <b>\$ 55,646,950</b> | <b>\$ -</b>                | <b>\$ 55,646,950</b> |

**Amalgamated Casualty Insurance Company**  
**Report on Financial Examination as of December 31, 2018**

**Statement of Revenue and Expenses**

**Year Ended December 31, 2018**

Underwriting Income:

Premiums earned \$ 12,475,501

Underwriting Deductions:

|                                      |               |                       |
|--------------------------------------|---------------|-----------------------|
| Losses incurred                      | \$ 11,246,972 |                       |
| Loss adjustment expenses incurred    | 3,002,902     |                       |
| Other underwriting expenses incurred | 5,141,910     |                       |
| Total underwriting deductions        |               | <u>\$ 19,391,784</u>  |
| Net underwriting loss                |               | <u>\$ (6,916,283)</u> |

Investment Income:

|                                     |              |                     |
|-------------------------------------|--------------|---------------------|
| Net investment income earned        | \$ 1,371,270 |                     |
| Net realized capital gains (losses) | 689,915      |                     |
| Net investment gain (loss)          |              | <u>\$ 2,061,185</u> |

Other Income:

|  |           |                  |
|--|-----------|------------------|
| Finance and service charges                  | \$ 60,637 |                  |
| Aggregate write-ins for miscellaneous income | 1,347     |                  |
| Total other income                           |           | <u>\$ 61,984</u> |

|                                    |  |                              |
|------------------------------------|--|------------------------------|
| Net loss before federal income tax |  | \$ (4,793,114)               |
| Federal income tax                 |  |                              |
| Net loss                           |  | <u><u>\$ (4,793,114)</u></u> |



**Amalgamated Casualty Insurance Company**  
**Report on Financial Examination as of December 31, 2018**

**Statement of Changes in Capital and Surplus Account**

**Five Years Ended December 31, 2018**

|  |                    |
|--|--------------------|
| Capital and surplus - December 31, 2013              | \$ 38,094,593      |
| Net income 2014                                      | \$ 651,390         |
| Change in net unrealized capital gains or (losses)   | (272,394)          |
| Change in net deferred income tax                    | (15,118)           |
| Change in nonadmitted assets                         | (231,715)          |
| Net change in surplus as regards policyholders, 2014 | <u>132,163</u>     |
| Surplus as regards policyholders, December 31, 2014  | \$ 38,226,756      |
| Net income 2015                                      | \$ 1,707,960       |
| Change in net unrealized capital gains or (losses)   | 198,546            |
| Change in net deferred income tax                    | 3,122,660          |
| Change in nonadmitted assets                         | (1,210,123)        |
| Net change in surplus as regards policyholders, 2015 | <u>3,819,043</u>   |
| Surplus as regards policyholders, December 31, 2015  | \$ 42,045,799      |
| Net income 2016                                      | \$ 449,809         |
| Change in net unrealized capital gains or (losses)   | (1,141,127)        |
| Change in net deferred income tax                    | 118,866            |
| Change in nonadmitted assets                         | 1,348,124          |
| Net change in surplus as regards policyholders, 2016 | <u>775,672</u>     |
| Surplus as regards policyholders, December 31, 2016  | \$ 42,821,471      |
| Net income 2017                                      | \$ (2,708,993)     |
| Change in net unrealized capital gains or (losses)   | 1,849,465          |
| Change in net deferred income tax                    | (240,525)          |
| Change in nonadmitted assets                         | (266,315)          |
| Aggregate write-ins for gains and losses in surplus  | 1,163,183          |
| Net change in surplus as regards policyholders, 2017 | <u>(203,185)</u>   |
| Surplus as regards policyholders, December 31, 2017  | \$ 42,618,286      |
| Net income 2018                                      | \$ (4,793,114)     |
| Change in net unrealized capital gains or (losses)   | (1,687,726)        |
| Change in net deferred income tax                    | 263,726            |
| Change in nonadmitted assets                         | 415,669            |
| Aggregate write-ins for gains and losses in surplus  | (600,980)          |
| Net change in surplus as regards policyholders, 2018 | <u>(6,402,426)</u> |
| Surplus as regards policyholders, December 31, 2018  | \$ 36,215,860      |

**Amalgamated Casualty Insurance Company**  
**Report on Financial Examination as of December 31, 2018**

**Comparative Analysis of Changes in Capital and Surplus**

The following is a reconciliation of capital and surplus between that reported by the Company and as determined by the examination.

| <b>Capital and surplus, December 31, 2018 - per annual statement</b> |                        |                            | <b>\$ 36,215,860</b>  |
|--|------------------------|----------------------------|---|
|  | <b>Per<br/>Company</b> | <b>Per<br/>Examination</b> | <b>Increase<br/>(Decrease)<br/>In Capital<br/>&amp; Surplus</b> |
| Total assets   | \$ 55,646,950          | \$ 55,646,950              | \$ -  |
| Total liabilities  | \$ 19,431,090          | \$ 19,431,090              | \$ -  |
| <b>Capital and surplus, December 31, 2018 - per examination</b>      |                        |                            | <b><u>\$ 36,215,860</u></b>                                     |

**COMMENTS ON FINANCIAL STATEMENT ITEMS**

As a result of the examination, no adverse findings effecting the financial statements, or material changes to the financial statements were identified.

**NOTE TO FINANCIAL STATEMENTS**

Losses and Loss Adjustment Expenses:

The Company reported "Losses" and "Loss adjustment expenses" reserves totaling \$9,117,494 and \$2,759,118 respectively. These reserves represent management's best estimate of the amounts necessary to pay all claims and related expenses incurred but still unpaid as of December 31, 2018.

The methodologies utilized by the Company to compute reserves, and the adequacy of the loss and loss adjustment expense reserves as of December 31, 2018, were reviewed as part of our examination. As part of our review, we relied on the Company's independent actuary, who concluded that the methodologies and reserves appeared to be sufficient. In addition, the methodologies utilized by the Company to compute these reserves, and the adequacy of the loss reserves and loss adjustment expense reserves were reviewed by an independent actuary from the Department as part of our examination. The Department actuary also concluded that the methodologies and reserves appeared to be sufficient.

**Amalgamated Casualty Insurance Company**  
**Report on Financial Examination as of December 31, 2018**

**SUBSEQUENT EVENTS**

During the course of fieldwork and subsequent to the examination date, December 31, 2018, the following significant subsequent events were noted:

- Effective June 1, 2019, ACI entered into a new reinsurance program through Guy Carpenter. This program provides excess of loss and Extra Contractual Obligations/Loss in Excess of Policy Limits coverage. This treaty provides coverage of \$1.6 million in excess of an ACI's retention of \$400,000 per occurrence. Based on guidance from Guy Carpenter's reinsurance optimization analysis, and taking into account certain underwriting actions taken by the company (e.g. exit of Florida and non-emergency medical transportation business – both of which had been the major drivers of loss severity), the company determined that increasing its net retention from \$200,000 to \$400,000 was beneficial. The Guy Carpenter program provides coverage in two layers: (1) \$600,000 per occurrence in excess of ACI's \$400,000 retention with a \$6.0 million aggregate limit and (2) \$1 million per occurrence in excess of \$1 million underlying coverage with a \$2, million aggregate limit. The participation of reinsurers shown below is the same for both layers of the program:
  - Swiss Re - 60%
  - Odyssey Re - 20%
  - Renaissance Re - 20%

The Guy Carpenter program has an annual minimum premium of \$470,000 for the policy year ended May 31, 2020 and \$243,000 for the policy year beginning June 1, 2020. Facultative reinsurance was/is purchased for limited risks above the former and current treaty limits.

- During March of 2020, SARS-CoV-2 or the coronavirus disease 2019 (collectively, "COVID-19") evolved into a pandemic scale. In response to the evolving COVID-19 pandemic, many state jurisdictions issued "Stay at Home" orders in which all non-essential business and operations must cease. Business can continue with employees working from home. The District of Columbia and states that the Company has key operations also issued similar lockdown orders. It is anticipated that the Company will be impacted both operationally and financially by this pandemic. The examination team discussed pandemic related matters with the Company's management throughout the exam, and noted the following:
  - The Company transitioned to fully remote operations by March 2020 and continued to operate in this manner through the date of this Report. Company anticipates being able to provide continuous service to policyholders and maintain critical operations for an extended period with employees working remotely until the health crisis is resolved. A limited number of employees will staff the retail office when appropriate. The Company maintains a relationship with a claim service provider providing capacity if certain employees are unavailable for a period of time.
  - As a result of Coronavirus, ACIC's in-force premium has declined from approximately \$11.9 mm as of March 15, 2020 to approximately \$7.52 mm at May 31, 2020. During the same period, the Company has also experienced a decline in the number of insured vehicles from 4,085 to 2,766. Under worst-case stressed scenarios, the Company is

**Amalgamated Casualty Insurance Company**  
**Report on Financial Examination as of December 31, 2018**

projecting a modest pre-tax operating loss as compared to a projected pre-tax gain as of year-end 2020.

- A significant portion of the Company's investment portfolio is invested in high quality investment grade corporate and municipal securities. Lower interest rates may result in the calling of securities before maturity. Funds will be reinvested at lower interest rates. The magnitude impact will be determined by the ultimate timing and strength of the recovery.
- The Company intends to take a paycheck Protection Program loan to reduce the pressure to make workforce reductions.
- The Company expects that even after stay-at-home orders are lifted, the level of activity (namely, the movement of people to and from locations, which drives the demand for taxis and sedans) will remain significantly below February 2020 levels. Even as the economy is "reopened", the Company believes that its business (which is focused on taxis and sedans) will continue to be impacted as long as air travel and transportation activity remains at below pre-Coronavirus levels.

**Amalgamated Casualty Insurance Company**  
**Report on Financial Examination as of December 31, 2018**

**CONCLUSION**

The insurance examination practices and procedures as promulgated by the NAIC have been followed in ascertaining the financial condition of Amalgamated Casualty Insurance Company, consistent with the insurance laws of the District of Columbia.

Chapter 34A (“RISK-BASED CAPITAL”) of Title 31 of the D.C. Official Code requires the Company to maintain statutory capital and surplus levels as determined in accordance with the applicable risk-based capital formulas. At December 31, 2018, the Company’s capital and surplus was \$36,215,860, and the Company complied with the minimum capital and surplus requirement.

In addition to the undersigned, Junjie Pan, CFE and Kyra Brown, of Baker Tilly, also participated in the examination. The Information Technology review portion of this examination was completed by and under the supervision of Damion Rhudd, CISA of Baker Tilly. The actuarial portion of this examination was completed under the supervision of David A. Christhilf, ACAS, MAAA, of DISB.

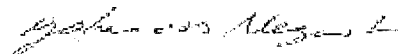
Respectfully submitted,



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Lester C. Schott, CFE  
Examiner-in-Charge  
Baker Tilly Virchow Krause, LLP  
Representing the District of Columbia  
Department of Insurance, Securities and Banking

Under the Supervision of



---

Yohannes Negash, CFE  
Examination Manager  
District of Columbia Department of Insurance,  
Securities and Banking

**Form B Filings by MCW on Behalf of Amalgamated for 2017  
through 2020**

**FORM B**

**INSURANCE HOLDING COMPANY SYSTEM ANNUAL REGISTRATION  
STATEMENT**

**Filed with:**

District of Columbia Department of Insurance, Securities and Banking

**By:**

MCW Holdings, Inc.

**On behalf of the following insurance company:**

Amalgamated Casualty Insurance Company  
8401 Connecticut Ave., Suite 300  
Chevy Chase, MD 20815

**Date filed:**

April 28, 2021

**Name, title, address and telephone number of individual to whom notices and  
correspondence concerning this statement should be addressed:**

Thorn L. Pozen  
Goldblatt Martin Pozen LLP  
1432 K Street, NW, Suite 400  
Washington, DC 20005  
Telephone: (202) 795-9105  
Email: [tpozen@gmpllp.com](mailto:tpozen@gmpllp.com)

**Table of Contents**

|   |           |
|---|-----------|
| <b>ITEM 1. IDENTITY AND CONTROL OF REGISTRANT</b> .....   | <b>3</b>  |
| <b>ITEM 2. ORGANIZATIONAL CHART</b> .....   | <b>4</b>  |
| <b>ITEM 3. THE ULTIMATE CONTROLLING PERSON</b> .....  | <b>5</b>  |
| <b>ITEM 4. BIOGRAPHICAL INFORMATION</b> .....   | <b>7</b>  |
| <b>ITEM 5. TRANSACTIONS AND AGREEMENTS</b> .....  | <b>10</b> |
| <b>ITEM 6. LITIGATION OR ADMINISTRATIVE PROCEEDINGS</b> .....   | <b>12</b> |
| <b>ITEM 7. STATEMENT REGARDING PLAN OR SERIES OF TRANSACTIONS</b><br>.....  | <b>13</b> |
| <b>ITEM 8. FINANCIAL STATEMENTS AND EXHIBITS</b> .....  | <b>14</b> |
| <b>ITEM 9. FORM C REQUIRED</b> .....  | <b>15</b> |
| <b>ITEM 11. SIGNATURE AND CERTIFICATION</b> .....   | <b>17</b> |
| <b>APPENDIX ITEM 1: DRAFT MCW HOLDINGS, INC. FINANCIAL</b><br><b>STATEMENTS (JANUARY 1, 2020 – DECEMBER 31, 2020)</b> ..... | <b>18</b> |



## ITEM 1. IDENTITY AND CONTROL OF REGISTRANT

- a) **Furnish the exact name of each insurer registering or being registered (hereinafter called "the Registrant"), the home office address and principal executive offices of each:**

Amalgamated Casualty Insurance Company

**Home office and principal executive office address:**

4400 MacArthur Blvd., NW, Suite 301 (Statutory home office)  
Washington, DC 20007

8401 Connecticut Ave., Suite 300 (Principal executive office)  
Chevy Chase, MD 20814

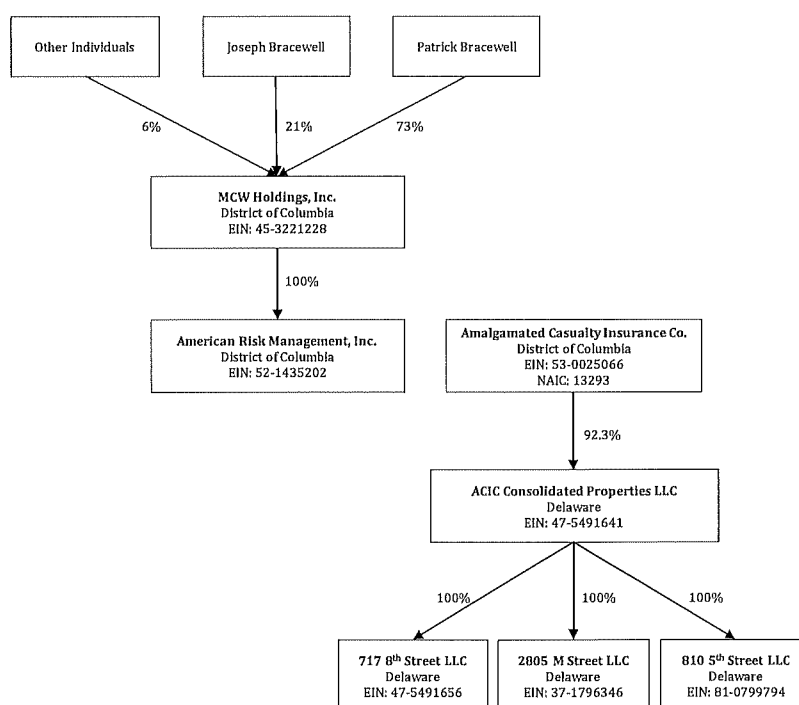
- b) **Furnish the date on which each Registrant became part of the insurance holding company system and the method(s) by which control of each Registrant was acquired and is maintained.**

In its Report on Examination dated June 29, 2010 ("Examination Report"), the DISB determined that Amalgamated Casualty Insurance Company ("ACI") is part of a holding company system along with its affiliated insurance agency, American Risk Management, Inc. ("ARM"). On October 5, 2011, after receiving approval from the DISB, MCW Holdings, Inc. ("MCW") acquired 100% of the voting securities of ARM.

## ITEM 2. ORGANIZATIONAL CHART

- a) Furnish a chart or listing clearly presenting the identities of any interrelationships among all affiliated persons within the insurance holding company system. No affiliate need be shown if its total assets are equal to less than 1/2 of 1% of the total assets of the ultimate controlling person within insurance holding company system unless it has assets of valued at or exceeding (insert amount). The chart or listing should show the percentage of each class of voting securities of each affiliate which is owned, directly or indirectly, by another affiliate. If control of any person within the system is maintained other than by the ownership or control of voting securities, indicate the basis of such control. As to each person specified in such chart or listing indicate the type of organization (e.g., - corporation, trust, partnership) and the state or other jurisdiction of domicile.

MCW owns 100% of the voting securities of ARM. MCW's voting securities are owned by the following: Patrick Bracewell (73%), Joseph Bracewell (21%), and other members of Bracewell's family (6%).



### ITEM 3. THE ULTIMATE CONTROLLING PERSON

As to the ultimate controlling person in the insurance holding company system furnish the following information:

**a) Name**

MCW Holdings, Inc. (100% owner of ARM)

**b) Home office address**

8401 Connecticut Ave., Suite 300  
Chevy Chase, MD 20815

**c) Principal executive office address**

8401 Connecticut Ave., Suite 300  
Chevy Chase, MD 20815

**d) The organizational structure of the person, i.e., corporation, partnership, individual, trust, etc.**

Corporation (District of Columbia)

**e) The principal business of the person**

MCW was formed for the principal purpose of acquiring ARM and it is contemplated that its principal activity will be the ownership of the voting securities of ARM. MCW may make additional investments in operating businesses (public or private) and real estate. ARM is a licensed insurance producer that principally focuses on the commercial auto segment, primarily taxicabs and black car sedans. During 2020, ARM transacted business in sixteen (16) states and the District of Columbia.

**f) The name and address of any person who holds or owns 10% or more of any class of voting security, the class of such security, the number of shares held of record or known to be beneficially owned, and the percentage of class so held or owned**

Patrick Bracewell

- Majority owner of MCW (73% of MCW's voting securities)
- President, Secretary, and Chairman of the Board of MCW

Address:

8401 Connecticut Ave., Suite 300  
Chevy Chase, MD 20815

Joseph Bracewell

- Minority owner of MCW (21% of MCW's voting securities)
- Director of MCW

Address:

4718 Foxhall Crescents, NW  
Washington, DC 20007

- g) If court proceedings involving a reorganization or liquidation are pending, indicate the title and location of the court, the nature of proceedings and the date when commenced**

The ultimate controlling person is not involved in any court proceedings.

#### ITEM 4. BIOGRAPHICAL INFORMATION

Furnish the following information for the directors and executive officers of the ultimate controlling person: (a) the individual's name, (b) address, (c) principal occupation and all offices and positions held during the past five years, (d) any conviction of crimes other than minor traffic violations during the past ten years.

Patrick Bracewell

8401 Connecticut Ave., Suite 300  
Chevy Chase, MD 20815

**Organization:** MCW Holdings, Inc.  
**Position:** President, Secretary, and Chairman of the Board  
**Start and end dates:** July 2011 – Present  
**Principal business:** investment holding company  
**Address:** 8401 Connecticut Ave., Suite 300, Chevy Chase, MD 20815

**Organization:** Amalgamated Specialty Group Holdings, Inc.  
**Position:** Chairman of the Board and President  
**Start and end dates:** February 2021 – Present  
**Principal business:** holding company  
**Address:** 8401 Connecticut Ave., Suite 300, Chevy Chase, MD 20815

**Organization:** Amalgamated Casualty Insurance Company  
**Position:** Chairman of the Board and Chief Executive Officer  
**Start and end dates:** October 2011 – Present  
**Principal business:** insurance carrier  
**Address:** 8401 Connecticut Ave., Suite 300, Chevy Chase, MD 20815

**Organization:** American Risk Management, Inc.  
**Position:** President and Chairman of the Board  
**Start and end dates:** October 2011 – Present  
**Principal business:** insurance producer  
**Address:** 8401 Connecticut Ave., Suite 300, Chevy Chase, MD 20815

**Organization:** MCW Investment Holdings, LLC  
**Position:** Managing Member  
**Start and end dates:** January 2018 – Present  
**Principal business:** investment firm  
**Address:** 8401 Connecticut Ave., Suite 300, Chevy Chase, MD 20815

**Organization:** Bracewell Asset Management, LLC  
**Position:** Managing Member  
**Start and end dates:** May 2011 – December 2017  
**Principal business:** investment firm

**Address:** 3224 45<sup>th</sup> Street, NW, Washington, DC 20016

Patrick Bracewell has not been convicted of any crimes other than minor traffic violations during the past ten years.

Joseph Bracewell

4718 Foxhall Crescents, NW  
Washington, DC 20007

**Organization:** MCW Holdings, Inc.

**Position:** Director

**Start and end dates:** July 2011 – Present

**Principal business:** investment holding company

**Address:** 8401 Connecticut Ave., Suite 300, Chevy Chase, MD 20815

**Organization:** Amalgamated Specialty Group Holdings, Inc.

**Position:** Director

**Start and end dates:** February 2021 – Present

**Principal business:** holding company

**Address:** 8401 Connecticut Ave., Suite 300, Chevy Chase, MD 20815

**Organization:** Amalgamated Casualty Insurance Company

**Position:** Trustee

**Start and end dates:** March 2013 – Present

**Principal business:** insurance carrier

**Address:** 8401 Connecticut Ave., Suite 300, Chevy Chase, MD 20815

**Organization:** Trustar Bank

**Position:** Chairman

**Start and end dates:** January 2019 – Present

**Principal business:** commercial bank

**Address:** 774A Walker Road, Suite 220, Great Falls, VA 22066

**Organization:** Sandy Spring Bancorp, Inc.

**Position:** Director

**Start and end dates:** January 2018 – November 2018

**Principal business:** commercial bank

**Address:** 17801 Georgia Avenue, Olney, Maryland 20832

**Organization:** Bracewell Asset Management, LLC

**Position:** Managing Member

**Start and end dates:** December 2007 – December 2017

**Principal business:** investment firm

**Address:** 4718 Foxhall Crescents, NW, Washington, DC 20007

**Organization:** WashingtonFirst Bankshares, Inc.  
**Position:** Chairman of the Board  
**Start and end dates:** April 2004 – December 2017  
**Principal business:** commercial bank  
**Address:** 11921 Freedom Drive, Suite 250, Reston, VA 20190

**Organization:** Bingham McCutchen LLP (previously McKee Nelson LLP)  
**Position:** Partner, Of Counsel  
**Start and end dates:** January 2002 – December 2013  
**Principal business:** law firm  
**Address:** 2020 K Street, NW, Washington, DC 20006

Joseph Bracewell has not been convicted of any crimes other than minor traffic violations during the past ten years.

## ITEM 5. TRANSACTIONS AND AGREEMENTS

**Briefly describe the following agreements in force, and transactions currently outstanding or which have occurred during the last calendar year between the Registrant and its affiliates:**

During 2020, there were 2 agreements in force between the Registrant and its affiliates:

1. Non-exclusive agency agreement: The in-force non-exclusive agency agreement, as amended, entered into by ACI and ARM, has been effective since October 1, 2011 and was approved by DISB on September 27, 2011 as part of a Form D filing made on September 23, 2011. The non-exclusive agency agreement authorizes ARM to solicit business on behalf of ACI and sets forth various other terms of the business relationship between ACI and ARM. This agreement was not amended in 2020.
2. Cost sharing agreement: The in-force cost sharing agreement, as amended, entered into by ACI and ARM, has been effective since October 1, 2011 and was approved by DISB on September 27, 2011 as part of a Form D application filed on September 23, 2011. The cost sharing agreement sets forth the terms by which ARM reimburses ACI for certain shared resources, including office space, office expenses, shared personnel, and other reimbursable expenses as detailed in the cost sharing agreement (“reimbursable expenses”). On March 18, 2020, the parties submitted a Form D filing pursuant to the proposed “Amendment No. 3” to the cost-sharing agreement which extends the term of the agreement until December 31, 2020 and then provides for automatic annual renewals under the same terms and conditions unless either party desires not to renew the agreement by providing prior written notice to the other party. “Amendment No. 3” to the cost-sharing agreement was approved by DISB on April 20, 2020.

Subsequent to year-end 2020, the following agreement was entered into by the Registrant and its affiliates:

3. Demutualization and concurrent agency acquisition: As described in the Application for Approval of Plan of Conversion (Demutualization) (the “Application”) submitted to DISB on February 12, 2021, ACI intends to convert from mutual to stock form pursuant to a Plan of Conversion which was adopted unanimously by the ACI Board of Trustees on February 3, 2021 (the “Plan”). Under the Plan, ACI has formed Amalgamated Specialty Group Holdings, Inc. (“HoldCo”) to act as the new stock holding company for ACI. HoldCo is a Pennsylvania business corporation. HoldCo will own 100% of the stock of ACI. HoldCo will offer its common stock to ACI’s members and other investors in the conversion offering (the “Offering”). In connection with the demutualization of ACI, HoldCo has entered into a stock purchase agreement (the “Purchase Agreement”) with MCW, pursuant to which HoldCo will acquire from MCW all of the outstanding capital stock of ARM concurrently with the completion of the



Offering. Pursuant to the Purchase Agreement, HoldCo will issue to MCW 550,000 shares of its Series A 8.5% cumulative convertible preferred stock, having a stated value of \$10 per share, or a total stated value of \$5,500,000 ("Series A Preferred Stock"). The result of this acquisition will be that ACI and ARM will both be wholly owned by HoldCo and will operate as affiliates of a common holding company. As described in the Application, this will align the ownership structure of HoldCo with the current regulatory holding company structure.

## ITEM 6. LITIGATION OR ADMINISTRATIVE PROCEEDINGS

A brief description of any litigation or administrative proceedings of the following types, either then pending or concluded within the preceding fiscal year, to which the ultimate controlling person or any of its directors or executive officers was a party or of which the property of any such person is or was the subject; give the names of the parties and the court or agency in which such litigation or proceeding is or was pending:

- (a) **Criminal prosecutions or administrative proceedings by any government agency or authority which may be relevant to the trustworthiness of any party thereto; and**

Neither the ultimate controlling person, nor any of its directors or executive officers, have been involved in any criminal prosecutions or administrative proceedings by any government agency or authority.

- (b) **Proceedings which may have a material effect upon the solvency or capital structure of the ultimate holding company including, but not necessarily limited to bankruptcy, receivership or other corporate reorganizations.**

There are no proceedings which may have a material effect upon the solvency or capital structure of the ultimate holding company.

#### **ITEM 7. STATEMENT REGARDING PLAN OR SERIES OF TRANSACTIONS**

**The insurer shall furnish a statement that describes transactions entered into since the filing of the prior year's annual registration statement are not part of a plan or series of like transactions, the purpose of which is to avoid statutory threshold amounts and the review that might otherwise occur.**

There Registrant has not entered into any such transactions since the filing of the prior year's annual registration statement.

## ITEM 8. FINANCIAL STATEMENTS AND EXHIBITS

**(a) Financial statements and exhibits should be attached to this statement as an appendix, but list under this item the financial statements and exhibits so attached.**

1. MCW Holdings, Inc. financial statements (January 1, 2020 – December 31, 2020)

Copies of the following items have not been included as they have already been filed with the DISB. Additional copies are available upon request.

2. Non-exclusive agency agreement, as amended
3. Cost sharing agreement, as amended

**(b) The financial statements shall include the annual financial statements of the ultimate controlling person in the insurance holding company system as of the end of the person's latest fiscal year.**

Please see “Appendix.” The financial statements prepared are for the period from January 1, 2020 through December 31, 2020. Currently, MCW’s accountants have prepared draft financial statements as they are waiting on a handful of items in order to complete them, which have been delayed due to COVID-19. Final financial statements for MCW will be submitted when they are available, but they should not deviate materially from the draft financials that are being included herein.

**(c) Exhibits shall include copies of the latest annual reports to shareholders of the ultimate controlling person and proxy material used by the ultimate controlling person; and any additional documents or papers required by Form B or District Regulations.**

Other than financial statements (See “Appendix”), MCW does not prepare any annual reports.

**ITEM 9. FORM C REQUIRED**

**A FORM C, Summary of Registration Statement, must be prepared and filed with this Form B.**

Form C is being filed concurrently with this Form B.

## **ITEM 10. CORPORATE GOVERNANCE AND INTERNAL CONTROLS**

The insurer hereby certifies that (a) the board of directors of the insurer oversees the corporate governance and internal controls over the insurer, and (b) the insurer's officers and senior management have approved, implemented and will continue to maintain and monitor corporate governance and internal control procedures on behalf of the insurer.

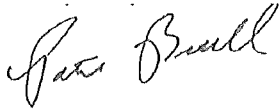
**ITEM 11. SIGNATURE AND CERTIFICATION**

Signature and certification required as follows:

**SIGNATURE**

Pursuant to the requirements of Section 6 of the Act, the Registrant has caused this annual statement to be duly signed on its behalf in the City of Washington and District of Columbia on the 28<sup>th</sup> day of April 2021.

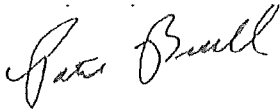
MCW Holdings, Inc.



BY: \_\_\_\_\_  
Patrick Bracewell (President, Secretary and Chairman of the Board)

**CERTIFICATION**

The undersigned deposes and says that he duly executed the attached annual registration statement dated April 28, 2021, for and on behalf of MCW Holdings, Inc.; that he is the President, Secretary, and Chairman of the Board of such company and that he is authorized to executed and file such instrument. Deponent further says that he is familiar with such instrument and the contents thereof, and that the facts therein set forth are true to the best of his knowledge, information and belief.



\_\_\_\_\_  
Patrick Bracewell

**APPENDIX ITEM 1: DRAFT MCW HOLDINGS, INC. FINANCIAL  
STATEMENTS (JANUARY 1, 2020 – DECEMBER 31, 2020)**



**MCW Holdings, Inc. and Subsidiary**  
**Consolidated Financial Statements**  
**(Contractual Basis)**

Years Ended December 31, 2020 and 2019

DRAFT - 04-28-21

**To the Stockholders**  
**MCW Holdings, Inc. and Subsidiary**  
Chevy Chase, MD

Management is responsible for the accompanying consolidated financial statements of MCW Holdings, Inc. (an S Corporation), which comprise the consolidated statements of assets and liabilities (contractual basis) as of December 31, 2020 and 2019, and the related consolidated statements of revenue and expense (contractual basis), consolidated statements of stockholders' equity (contractual basis), and consolidated statements of cash flows (contractual basis), for the years then ended. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements, nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

The consolidated financial statements are prepared in accordance with the contractual basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The contractual basis of accounting follows the cash basis of accounting with the exception of the inclusion of prepaid expense, certain accounts payable and accrued expenses as defined by management.

Management has elected to omit substantially all of the disclosures ordinarily included in the financial statements prepared in accordance with the contractual basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's assets, liabilities, equity, revenues and expenses, and cash flows. Accordingly, the consolidated financial statements are not designed for those who are not informed about such matters.

The accompanying consolidated schedules of operating expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management. The supplementary information was subject to our compilation engagement. We have not audited or reviewed the supplementary information and do not express an opinion, a conclusion, nor provide any assurance on such information.

SNYDER COHN, PC  
North Bethesda, Maryland  
DATE

MCW Holdings, Inc. and Subsidiary

Consolidated Statements of Assets and Liabilities  
(Contractual Basis)

| December 31               | 2020                | 2019<br>(Restated)  |
|---------------------------|---------------------|---------------------|
| <b>Assets</b>             |                     |                     |
| <b>Current assets:</b>    |                     |                     |
| Cash and cash equivalents | \$ 742,527          | \$ 235,640          |
| Restricted cash           | 509,974             | 881,799             |
| Prepaid expenses          | 4,230               | 4,637               |
| Due from stockholder      | 130,012             | 130,012             |
| Due from related party    | 12,129              | -                   |
| Other current assets      | 10,368              | 48,826              |
| Total current assets      | 1,409,240           | 1,300,914           |
| <b>Other assets:</b>      |                     |                     |
| Note receivable           | -                   | 35,000              |
| Investments               | 18,332              | 18,332              |
| Goodwill                  | 4,609,664           | 4,609,664           |
| Total other assets        | 4,627,996           | 4,662,996           |
| <b>Total assets</b>       | <b>\$ 6,037,236</b> | <b>\$ 5,963,910</b> |

MCW Holdings, Inc. and Subsidiary

Consolidated Statements of Assets and Liabilities  
(Contractual Basis)

| December 31   | 2020                | 2019<br>(Restated)  |
|---|---------------------|---------------------|
| <b>Liabilities and stockholders' equity</b>   |                     |                     |
| <b>Current liabilities:</b>   |                     |                     |
| Accounts payable  | \$ 44,334           | \$ 82,577           |
| Accrued occupancy payable   | 26,012              | 30,106              |
| Accrued interest  | -                   | 4,810               |
| Premiums collected and payable  | 509,974             | 881,799             |
| PPP loan payable  | 39,600              | -                   |
| Other current liabilities   | 1,468               | -                   |
| Note payable, current portion   | -                   | 135,114             |
| Total current liabilities   | 621,388             | 1,134,406           |
| <b>Long-term liabilities:</b>   |                     |                     |
| Note payable, net of current portion  | 1,492,255           | 1,047,787           |
| Note payable, stockholder   | 425,000             | 425,000             |
| Total long-term liabilities   | 1,917,255           | 1,472,787           |
| Total liabilities   | 2,538,643           | 2,607,193           |
| <b>Commitments</b>  |                     |                     |
| <b>Stockholders' equity:</b>  |                     |                     |
| Common stock - \$.01 par value, 10,000 shares<br>authorized, 1,000 and 1,110 shares issued and<br>outstanding | 10                  | 10                  |
| Paid-in capital   | 1,349,997           | 1,349,997           |
| Retained earnings   | 2,148,586           | 2,006,710           |
| Total stockholders' equity  | 3,498,593           | 3,356,717           |
| <b>Total liabilities and stockholders' equity</b>   | <b>\$ 6,037,236</b> | <b>\$ 5,963,910</b> |

MCW Holdings, Inc. and Subsidiary

Consolidated Statements of Revenue and Expenses  
(Contractual Basis)

| For the years ended December 31    | 2020              |             | 2019<br>(Restated) |             |
|------------------------------------|-------------------|-------------|--------------------|-------------|
|                                    |                   | %           |                    | %           |
| Revenue                            | 1,417,155         | 100.0       | \$ 2,304,349       | 100.0       |
| Operating expenses                 | 873,353           | 61.8        | 1,371,464          | 59.5        |
| Income from operations             | 543,802           | 38.2        | 932,885            | 40.5        |
| <b>Other income (expense):</b>     |                   |             |                    |             |
| Net income (loss) from investments | (37,000)          | (2.6)       | 31,088             | 1.3         |
| Interest income                    | 12                | -           | 1,354              | 0.1         |
| Interest expense                   | (94,154)          | (6.6)       | (85,669)           | (3.7)       |
| Total other income (expense)       | (131,142)         | (9.2)       | (53,227)           | (2.3)       |
| <b>Net income</b>                  | <b>\$ 412,660</b> | <b>29.0</b> | <b>\$ 879,658</b>  | <b>38.2</b> |

**MCW Holdings, Inc. and Subsidiary**  
**Consolidated Statements of Stockholders' Equity**  
**(Contractual Basis)**

**For the years ended December 31, 2020 and 2019**

|   | Number of<br>Outstanding<br>Shares<br>Common<br>Stock | Common<br>Stock | Paid-in<br>Capital  | Retained<br>Earnings | Total               |
|---|---|-----------------|---------------------|----------------------|---------------------|
| <b>Balance - January 1, 2019</b>                | 1,110   | \$ 11           | 1,448,170           | \$ 1,975,195         | \$ 3,423,376        |
| Redemption of common stock                      | (110)   | (1)             | (98,173)            | (326,826)            | (425,000)           |
| Distributions (restated)                        | -   | -               | -                   | (521,317)            | (521,317)           |
| Net income (restated)                           | -   | -               | -                   | 879,658              | 879,658             |
| <b>Balance - December 31, 2019, as restated</b> | 1,000   | 10              | 1,349,997           | 2,006,710            | 3,356,717           |
| Distributions                                   | -   | -               | -                   | (270,784)            | (270,784)           |
| Net income                                      | -   | -               | -                   | 412,660              | 412,660             |
| <b>Balance - December 31, 2020</b>              | <u>1,000</u>  | <u>\$ 10</u>    | <u>\$ 1,349,997</u> | <u>\$ 2,148,586</u>  | <u>\$ 3,498,593</u> |

**MCW Holdings, Inc. and Subsidiary**

**Consolidated Statements of Cash Flows  
(Contractual Basis)**

| <b>For the years ended December 31</b>   | <b>2020</b>         | <b>2019</b>         |
|--|---------------------|---------------------|
| <b>Cash flows from operating activities:</b>   |                     |                     |
| Net income   | \$ 412,660          | \$ 879,658          |
| Adjustments to reconcile net income to net cash provided by operating activities:                    |                     |                     |
| Loss (gain) from investments   | 37,000              | (31,088)            |
| (Increase) decrease in:  |                     |                     |
| Prepaid expenses   | 407                 | 460                 |
| Due from stockholder   | -                   | (130,012)           |
| Due from related party   | (12,129)            | -                   |
| Other current assets   | 38,458              | (42,487)            |
| Increase (decrease) in:  |                     |                     |
| Accounts payable   | (38,243)            | 17,264              |
| Accrued occupancy payable  | (4,094)             | 246                 |
| Accrued interest   | (4,810)             | (522)               |
| Due to stockholder   | -                   | (630)               |
| Premiums collected and payable   | (371,825)           | 47,965              |
| Other current liabilities  | 1,467               | -                   |
| <b>Net cash provided by operating activities</b>   | <b>58,891</b>       | <b>740,854</b>      |
| <b>Cash flows from investing activities:</b>   |                     |                     |
| Loans made for note receivable   | (2,000)             | (5,000)             |
| <b>Cash flows from financing activities:</b>   |                     |                     |
| Proceeds from note payable, stockholder  | -                   | 425,000             |
| Payments made on note payable  | (126,051)           | (126,783)           |
| Proceeds from note payable   | 475,005             | -                   |
| Redemption of common stock   | -                   | (425,000)           |
| Distributions to stockholders  | (270,783)           | (521,317)           |
| <b>Net cash provided by (used in) financing activities</b>   | <b>78,171</b>       | <b>(648,100)</b>    |
| Net increase (decrease) in cash, cash equivalents, and restricted cash                               | 135,062             | 87,754              |
| Cash, cash equivalents, and restricted cash - beginning  | 1,117,439           | 1,029,685           |
| <b>Cash, cash equivalents, and restricted cash - ending</b>  | <b>\$ 1,252,501</b> | <b>\$ 1,117,439</b> |
| <b>Reconciliation of cash, cash equivalents, and restricted cash reported on the balance sheets:</b> |                     |                     |
| Cash and cash equivalents  | \$ 742,527          | \$ 235,640          |
| Restricted cash  | 509,974             | 881,799             |
| <b>Total cash, cash equivalents and restricted cash - ending</b>                                     | <b>\$ 1,252,501</b> | <b>\$ 1,117,439</b> |

**MCW Holdings, Inc. and Subsidiary**  
**Consolidated Statements of Cash Flows**  
**(Contractual Basis)**

| For the years ended December 31 | 2020 | 2019 |
|---------------------------------|------|------|
|---------------------------------|------|------|

**Supplemental disclosure of cash flow information:**

Cash paid during the year for:

|              |            |           |
|--------------|------------|-----------|
| Interest     | \$ 104,589 | \$ 88,315 |
| Income taxes | -          | -         |

**Supplemental schedule of noncash investing  
and financing activities:**

In 2020, the Company refinanced its note payable. During the refinancing, \$1,056,850 of the new loan proceeds were used to payoff the old loan as a noncash transaction.



**SUPPLEMENTARY  
INFORMATION**

DRAFT - 04-28-21

MCW Holdings, Inc. and Subsidiary

Consolidated Schedules of Operating Expenses  
(Supplementary Information)  
(Contractual Basis)

| For the years ended December 31 | 2020              |             | 2019<br>(Restated)  |             |
|---------------------------------|-------------------|-------------|---------------------|-------------|
|                                 | \$                | %           | \$                  | %           |
| Advertising                     | \$ -              | -           | \$ 240              | -           |
| Bank charges                    | 2,518             | 0.2         | 2,315               | 0.1         |
| Commissions                     | 599,336           | 42.3        | 999,100             | 43.4        |
| Credit card fees                | 13,592            | 1.0         | 18,764              | 0.8         |
| Dues and subscriptions          | 1,527             | 0.1         | 357                 | -           |
| Insurance                       | 9,219             | 0.7         | 8,623               | 0.4         |
| Licenses                        | 5,129             | 0.4         | 8,187               | 0.4         |
| Meals and entertainment         | 25                | -           | 225                 | -           |
| Occupancy                       | 26,012            | 1.8         | 30,106              | 1.3         |
| Office expense                  | 2,529             | 0.2         | 3,432               | 0.1         |
| Officer salary                  | 65,167            | 4.6         | 120,000             | 5.2         |
| Payroll fees                    | 1,389             | 0.1         | 1,185               | 0.1         |
| Payroll taxes                   | 8,882             | 0.6         | 17,010              | 0.7         |
| Other taxes                     | 1,382             | 0.1         | 4,099               | 0.2         |
| Professional fees               | 86,418            | 6.1         | 64,949              | 2.8         |
| Staff salaries                  | 46,271            | 3.3         | 90,375              | 3.9         |
| Telecommunications              | 988               | 0.1         | -                   | -           |
| Travel                          | 682               | -           | 2,088               | 0.1         |
| Utilities                       | 1,183             | 0.1         | -                   | -           |
| Website expense                 | 1,104             | 0.1         | 409                 | -           |
|                                 | <u>\$ 873,353</u> | <u>61.8</u> | <u>\$ 1,371,464</u> | <u>59.5</u> |

**FORM B**

**INSURANCE HOLDING COMPANY SYSTEM ANNUAL REGISTRATION  
STATEMENT**

**Filed with:**

District of Columbia Department of Insurance, Securities and Banking

**By:**

MCW Holdings, Inc.

**On behalf of the following insurance company:**

Amalgamated Casualty Insurance Company  
8401 Connecticut Ave., Suite 105  
Chevy Chase, MD 20815

**Date filed:**

April 28, 2020

**Name, title, address and telephone number of individual to whom notices and  
correspondence concerning this statement should be addressed:**

Scott H. Spencer  
Stevens & Lee, P.C.  
17 North Second Street, 16<sup>th</sup> Floor  
Harrisburg, PA 17101  
Telephone: (717) 399-6634  
Email: [shs@stevenslee.com](mailto:shs@stevenslee.com)

**Table of Contents**

|  |           |
|--|-----------|
| <b>ITEM 1. IDENTITY AND CONTROL OF REGISTRANT.....</b>   | <b>3</b>  |
| <b>ITEM 2. ORGANIZATIONAL CHART.....</b>   | <b>4</b>  |
| <b>ITEM 3. THE ULTIMATE CONTROLLING PERSON.....</b>  | <b>5</b>  |
| <b>ITEM 4. BIOGRAPHICAL INFORMATION.....</b>   | <b>7</b>  |
| <b>ITEM 5. TRANSACTIONS AND AGREEMENTS.....</b>  | <b>10</b> |
| <b>ITEM 6. LITIGATION OR ADMINISTRATIVE PROCEEDINGS.....</b>   | <b>11</b> |
| <b>ITEM 7. STATEMENT REGARDING PLAN OR SERIES OF TRANSACTIONS<br/>.....</b>                                    | <b>12</b> |
| <b>ITEM 8. FINANCIAL STATEMENTS AND EXHIBITS.....</b>  | <b>13</b> |
| <b>ITEM 9. FORM C REQUIRED.....</b>  | <b>14</b> |
| <b>ITEM 11. SIGNATURE AND CERTIFICATION.....</b>   | <b>16</b> |
| <b>APPENDIX ITEM 1: MCW HOLDINGS, INC. FINANCIAL STATEMENTS<br/>(JANUARY 1, 2019 – DECEMBER 31, 2019).....</b> | <b>17</b> |

## ITEM 1. IDENTITY AND CONTROL OF REGISTRANT

- a) **Furnish the exact name of each insurer registering or being registered (hereinafter called "the Registrant"), the home office address and principal executive offices of each:**

Amalgamated Casualty Insurance Company

**Home office and principal executive office address:**

4400 MacArthur Blvd., NW, Suite 301 (Statutory home office)  
Washington, DC 20007

8401 Connecticut Ave., Suite 300 (Principal executive office)  
Chevy Chase, MD 20814

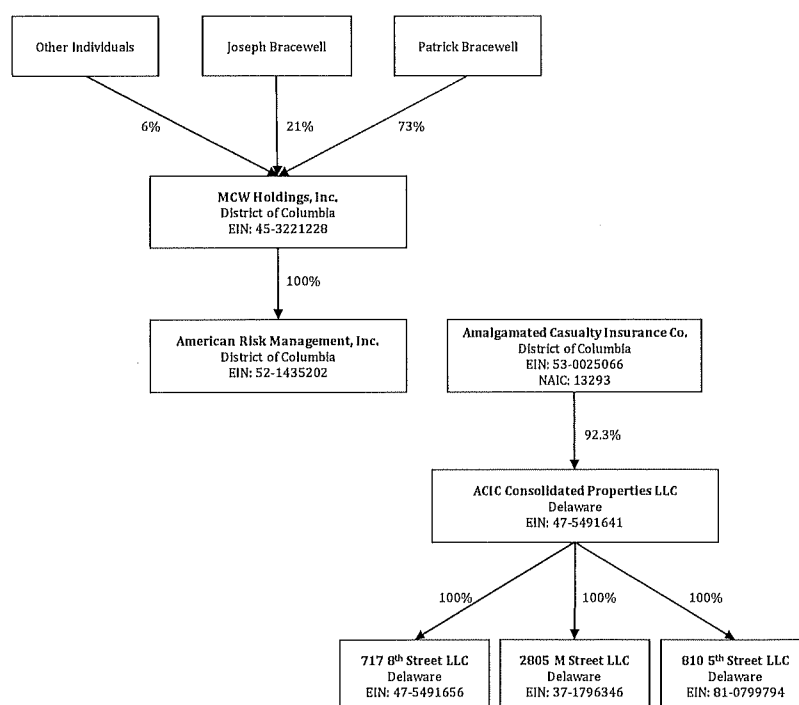
- b) **Furnish the date on which each Registrant became part of the insurance holding company system and the method(s) by which control of each Registrant was acquired and is maintained.**

In its Report on Examination dated June 29, 2010 ("Examination Report"), the DISB determined that Amalgamated Casualty Insurance Company ("ACI") is part of a holding company system along with its affiliated insurance agency, American Risk Management, Inc. ("ARM"). On October 5, 2011, after receiving approval from the DISB, MCW Holdings, Inc. ("MCW") acquired 100% of the voting securities of ARM.

## ITEM 2. ORGANIZATIONAL CHART

- a) Furnish a chart or listing clearly presenting the identities of any interrelationships among all affiliated persons within the insurance holding company system. No affiliate need be shown if its total assets are equal to less than 1/2 of 1% of the total assets of the ultimate controlling person within insurance holding company system unless it has assets of valued at or exceeding (insert amount). The chart or listing should show the percentage of each class of voting securities of each affiliate which is owned, directly or indirectly, by another affiliate. If control of any person within the system is maintained other than by the ownership or control of voting securities, indicate the basis of such control. As to each person specified in such chart or listing indicate the type of organization (e.g., - corporation, trust, partnership) and the state or other jurisdiction of domicile.

MCW owns 100% of the voting securities of ARM. MCW's voting securities are owned by the following: Patrick Bracewell (73%), Joseph Bracewell (21%), and other members of Bracewell's family (6%).



### ITEM 3. THE ULTIMATE CONTROLLING PERSON

As to the ultimate controlling person in the insurance holding company system furnish the following information:

**a) Name**

MCW Holdings, Inc. (100% owner of ARM)

**b) Home office address**

8401 Connecticut Ave., Suite 300  
Chevy Chase, MD 20815

**c) Principal executive office address**

8401 Connecticut Ave., Suite 300  
Chevy Chase, MD 20815

**d) The organizational structure of the person, i.e., corporation, partnership, individual, trust, etc.**

Corporation (District of Columbia)

**e) The principal business of the person**

MCW was formed for the principal purpose of acquiring ARM and it is contemplated that its principal activity will be the ownership of the voting securities of ARM. MCW may make additional investments in operating businesses (public or private) and real estate. ARM is a licensed insurance producer that principally focuses on the commercial auto segment, primarily taxicabs and black car sedans. ARM currently transacts business in fourteen (14) states and the District of Columbia.

**f) The name and address of any person who holds or owns 10% or more of any class of voting security, the class of such security, the number of shares held of record or known to be beneficially owned, and the percentage of class so held or owned**

Patrick Bracewell

- Majority owner of MCW (73% of MCW's voting securities)
- President, Secretary, and Chairman of the Board of MCW

Address:

8401 Connecticut Ave., Suite 300  
Chevy Chase, MD 20815

Joseph Bracewell

- Minority owner of MCW (21% of MCW's voting securities)
- Director of MCW

Address:

4718 Foxhall Crescents, NW  
Washington, DC 20007

- g) If court proceedings involving a reorganization or liquidation are pending, indicate the title and location of the court, the nature of proceedings and the date when commenced**

The ultimate controlling person is not involved in any court proceedings.



#### ITEM 4. BIOGRAPHICAL INFORMATION

Furnish the following information for the directors and executive officers of the ultimate controlling person: (a) the individual's name, (b) address, (c) principal occupation and all offices and positions held during the past five years, (d) any conviction of crimes other than minor traffic violations during the past ten years.

Patrick Bracewell

8401 Connecticut Ave., Suite 300  
Chevy Chase, MD 20815

**Organization:** MCW Holdings, Inc.  
**Position:** President, Secretary, and Chairman of the Board  
**Start and end dates:** July 2011 – Present  
**Principal business:** investment holding company  
**Address:** 8401 Connecticut Ave., Suite 300, Chevy Chase, MD 20815

**Organization:** Amalgamated Casualty Insurance Company  
**Position:** President and Chairman of the Board  
**Start and end dates:** October 2011 – Present  
**Principal business:** insurance carrier  
**Address:** 8401 Connecticut Ave., Suite 300, Chevy Chase, MD 20815

**Organization:** American Risk Management, Inc.  
**Position:** President and Chairman of the Board  
**Start and end dates:** October 2011 – Present  
**Principal business:** insurance producer  
**Address:** 8401 Connecticut Ave., Suite 300, Chevy Chase, MD 20815

**Organization:** MCW Investment Holdings, LLC  
**Position:** Managing Member  
**Start and end dates:** January 2018 – Present  
**Principal business:** investment firm  
**Address:** 8401 Connecticut Ave., Suite 300, Chevy Chase, MD 20815

**Organization:** Bracewell Asset Management, LLC  
**Position:** Managing Member  
**Start and end dates:** May 2011 – December 2017  
**Principal business:** investment firm  
**Address:** 3224 45<sup>th</sup> Street, NW, Washington, DC 20016

Patrick Bracewell has not been convicted of any crimes other than minor traffic violations during the past ten years.

Joseph Bracewell

4718 Foxhall Crescents, NW  
Washington, DC 20007

**Organization:** MCW Holdings, Inc.  
**Position:** Director  
**Start and end dates:** July 2011 – Present  
**Principal business:** investment holding company  
**Address:** 8401 Connecticut Ave., Suite 300, Chevy Chase, MD 20815

**Organization:** Amalgamated Casualty Insurance Company  
**Position:** Trustee  
**Start and end dates:** March 2013 – Present  
**Principal business:** insurance carrier  
**Address:** 8401 Connecticut Ave., Suite 300, Chevy Chase, MD 20815

**Organization:** Trustar Bank  
**Position:** Chairman  
**Start and end dates:** January 2019 – Present  
**Principal business:** commercial bank  
**Address:** 774A Walker Road, Suite 220, Great Falls, VA 22066

**Organization:** Sandy Spring Bancorp, Inc.  
**Position:** Director  
**Start and end dates:** January 2018 – November 2018  
**Principal business:** commercial bank  
**Address:** 17801 Georgia Avenue, Olney, Maryland 20832

**Organization:** Bracewell Asset Management, LLC  
**Position:** Managing Member  
**Start and end dates:** December 2007 – December 2017  
**Principal business:** investment firm  
**Address:** 4718 Foxhall Crescents, NW, Washington, DC 20007

**Organization:** WashingtonFirst Bankshares, Inc.  
**Position:** Chairman of the Board  
**Start and end dates:** April 2004 – December 2017  
**Principal business:** commercial bank  
**Address:** 11921 Freedom Drive, Suite 250, Reston, VA 20190

**Organization:** Bingham McCutchen LLP (previously McKee Nelson LLP)  
**Position:** Partner, Of Counsel  
**Start and end dates:** January 2002 – December 2013  
**Principal business:** law firm  
**Address:** 2020 K Street, NW, Washington, DC 20006

Joseph Bracewell has not been convicted of any crimes other than minor traffic violations during the past ten years.

## ITEM 5. TRANSACTIONS AND AGREEMENTS

**Briefly describe the following agreements in force, and transactions currently outstanding or which have occurred during the last calendar year between the Registrant and its affiliates:**

There are currently 2 agreements in force between the Registrant and its affiliates:

1. Non-exclusive agency agreement: The in-force non-exclusive agency agreement, as amended, entered into by ACI and ARM, has been effective since October 1, 2011 and was approved by DISB on September 27, 2011 as part of a Form D filing made on September 23, 2011. The non-exclusive agency agreement authorizes ARM to solicit business on behalf of ACI and sets forth various other terms of the business relationship between ACI and ARM. Since its inception, this agreement has been amended to address various matters, including Amendment No. 6 in 2018. The District of Columbia Department of Insurance, Securities and Banking had no objection to any of the prior amendments.
2. Cost sharing agreement: The in-force cost sharing agreement, as amended, entered into by ACI and ARM, has been effective since October 1, 2011 and was approved by DISB on September 27, 2011 as part of a Form D application filed on September 23, 2011. The cost sharing agreement sets forth the terms by which ARM reimburses ACI for certain shared resources, including office space, office expenses, shared personnel, and other reimbursable expenses as detailed in the cost sharing agreement (“reimbursable expenses”). The agreement was originally structured with a three-year term ending December 31, 2014. The parties previously amended the agreement to extend the expiration date to December 31, 2017. In 2017, the parties overlooked the technical expiration of the agreement and continued the payments and arrangements under the agreement throughout 2018 and 2019. On March 18, 2020, the parties submitted a Form D filing pursuant to the proposed “Amendment No. 3” to the cost-sharing agreement which first extends the term of the agreement until December 31, 2020, and then provides for automatic annual renewals under the same terms and conditions unless either party desires not to renew the agreement by providing prior written notice to the other party. By letter dated April 20, 2020, the District of Columbia Department of Insurance, Securities and Banking stated that it had no objection to the Amendment No. 3.

## ITEM 6. LITIGATION OR ADMINISTRATIVE PROCEEDINGS

A brief description of any litigation or administrative proceedings of the following types, either then pending or concluded within the preceding fiscal year, to which the ultimate controlling person or any of its directors or executive officers was a party or of which the property of any such person is or was the subject; give the names of the parties and the court or agency in which such litigation or proceeding is or was pending:

- (a) **Criminal prosecutions or administrative proceedings by any government agency or authority which may be relevant to the trustworthiness of any party thereto; and**

Neither the ultimate controlling person, nor any of its directors or executive officers, have been involved in any criminal prosecutions or administrative proceedings by any government agency or authority.

- (b) **Proceedings which may have a material effect upon the solvency or capital structure of the ultimate holding company including, but not necessarily limited to bankruptcy, receivership or other corporate reorganizations.**

There are no proceedings which may have a material effect upon the solvency or capital structure of the ultimate holding company.

**ITEM 7. STATEMENT REGARDING PLAN OR SERIES OF TRANSACTIONS**

**The insurer shall furnish a statement that describes transactions entered into since the filing of the prior year's annual registration statement are not part of a plan or series of like transactions, the purpose of which is to avoid statutory threshold amounts and the review that might otherwise occur.**

There Registrant has not entered into any such transactions since the filing of the prior year's annual registration statement.

## ITEM 8. FINANCIAL STATEMENTS AND EXHIBITS

(a) **Financial statements and exhibits should be attached to this statement as an appendix, but list under this item the financial statements and exhibits so attached.**

1. MCW Holdings, Inc. financial statements (January 1, 2019 – December 31, 2019)

Copies of the following items have not been included as they have already been filed with the DISB. Additional copies are available upon request.

2. Non-exclusive agency agreement, as amended
3. Cost sharing agreement, as amended

(b) **The financial statements shall include the annual financial statements of the ultimate controlling person in the insurance holding company system as of the end of the person's latest fiscal year.**

(c) Please see "Appendix." The financial statements prepared are for the period from January 1, 2019 through December 31, 2019. **Exhibits shall include copies of the latest annual reports to shareholders of the ultimate controlling person and proxy material used by the ultimate controlling person; and any additional documents or papers required by Form B or District Regulations.**

Other than financial statements (See "Appendix"), MCW does not prepare any annual reports.

**ITEM 9. FORM C REQUIRED**

**A FORM C, Summary of Registration Statement, must be prepared and filed with this Form B.**

Form C is being filed concurrently with this Form B.



## **ITEM 10. CORPORATE GOVERNANCE AND INTERNAL CONTROLS**

The insurer hereby certifies that (a) the board of directors of the insurer oversees the corporate governance and internal controls over the insurer, and (b) the insurer's officers and senior management have approved, implemented and will continue to maintain and monitor corporate governance and internal control procedures on behalf of the insurer.

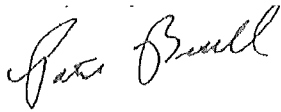
**ITEM 11. SIGNATURE AND CERTIFICATION**

Signature and certification required as follows:

**SIGNATURE**

Pursuant to the requirements of Section 6 of the Act, the Registrant has caused this annual statement to be duly signed on its behalf in the City of Washington and District of Columbia on the 28<sup>th</sup> day of April 2020.

MCW Holdings, Inc.

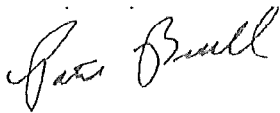


BY: \_\_\_\_\_

Patrick Bracewell (President, Secretary and Chairman of the Board)

**CERTIFICATION**

The undersigned deposes and says that he duly executed the attached annual registration statement dated April 28, 2020, for and on behalf of MCW Holdings, Inc.; that he is the President, Secretary, and Chairman of the Board of such company and that he is authorized to executed and file such instrument. Deponent further says that he is familiar with such instrument and the contents thereof, and that the facts therein set forth are true to the best of his knowledge, information and belief.



\_\_\_\_\_  
Patrick Bracewell

**APPENDIX ITEM 1: MCW HOLDINGS, INC. FINANCIAL STATEMENTS  
(JANUARY 1, 2019 – DECEMBER 31, 2019)**

# SNYDERCOHN

CPAs and Trusted Advisors

**MCW Holdings, Inc. and Subsidiary**

**Consolidated Financial Statements**

Years Ended December 31, 2019 and 2018

# SNYDER COHN

CPAs and Trusted Advisors

**To the Stockholders**  
**MCW Holdings, Inc. and Subsidiary**  
Chevy Chase, MD

Management is responsible for the accompanying consolidated financial statements of MCW Holdings, Inc. (an S Corporation), which comprise the consolidated balance sheets as of December 31, 2019 and 2018, and the related consolidated statements of operations, consolidated statements of stockholders' equity and consolidated statements of cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Management has elected to omit substantially all of the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's financial position, results of operations, and cash flows. Accordingly, the consolidated financial statements are not designed for those who are not informed about such matters.

The accompanying consolidated schedules of operating expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management. The supplementary information was subject to our compilation engagement. We have not audited or reviewed the supplementary information and do not express an opinion, a conclusion, nor provide any assurance on such information.



SNYDER COHN, PC  
North Bethesda, Maryland  
April 21, 2020

**MCW Holdings, Inc. and Subsidiary**

**Consolidated Balance Sheets**

| <u>December 31</u>                  | <u>2019</u>                | <u>2018</u>                |
|-------------------------------------|----------------------------|----------------------------|
| <b>Assets</b>                       |                            |                            |
| <b>Current assets:</b>              |                            |                            |
| Cash and cash equivalents           | \$ 235,640                 | \$ 195,851                 |
| Restricted cash                     | 881,799                    | 833,834                    |
| Prepaid expenses                    | 4,637                      | 5,097                      |
| Due from stockholder                | 12                         | -                          |
| Other current assets                | 48,826                     | 6,339                      |
| Total current assets                | <u>1,170,914</u>           | <u>1,041,121</u>           |
| <b>Other assets:</b>                |                            |                            |
| Note receivable                     | 35,000                     | 30,000                     |
| Investments (loss from investments) | (12,196)                   | (12,756)                   |
| Goodwill                            | 4,609,664                  | 4,609,664                  |
| Total other assets                  | <u>4,632,468</u>           | <u>4,626,908</u>           |
| <b>Total assets</b>                 | <u><u>\$ 5,803,382</u></u> | <u><u>\$ 5,668,029</u></u> |

**MCW Holdings, Inc. and Subsidiary**

**Consolidated Balance Sheets**

| <b>December 31</b>  | <b>2019</b>                | <b>2018</b>                |
|---|----------------------------|----------------------------|
| <b>Liabilities and stockholders' equity</b>   |                            |                            |
| <b>Current liabilities:</b>   |                            |                            |
| Accounts payable  | \$ 82,577                  | \$ 65,313                  |
| Accrued occupancy payable   | 30,106                     | 29,860                     |
| Accrued interest  | 4,810                      | 5,332                      |
| Due to stockholder  | -                          | 630                        |
| Premiums collected and payable  | 881,799                    | 833,834                    |
| Note payable, current portion   | 135,114                    | 128,834                    |
| Total current liabilities   | <u>1,134,406</u>           | <u>1,063,803</u>           |
| <b>Long-term liabilities:</b>   |                            |                            |
| Note payable, net of current portion  | 1,047,787                  | 1,180,850                  |
| Note payable, stockholder   | 425,000                    | -                          |
| Total long-term liabilities   | <u>1,472,787</u>           | <u>1,180,850</u>           |
| Total liabilities   | <u>2,607,193</u>           | <u>2,244,653</u>           |
| <b>Commitments</b>  |                            |                            |
| <b>Stockholders' equity:</b>  |                            |                            |
| Common stock - \$.01 par value, 10,000 shares authorized, 1,000 and 1,110 shares issued and outstanding | 10                         | 11                         |
| Paid-in capital   | 1,349,997                  | 1,448,170                  |
| Retained earnings   | 1,846,182                  | 1,975,195                  |
| Total stockholders' equity  | <u>3,196,189</u>           | <u>3,423,376</u>           |
| <b>Total liabilities and stockholders' equity</b>   | <u><u>\$ 5,803,382</u></u> | <u><u>\$ 5,668,029</u></u> |

**MCW Holdings, Inc. and Subsidiary**  
**Consolidated Statements of Operations**

| For the years ended December 31     | 2019              |              | 2018              |              |
|-------------------------------------|-------------------|--------------|-------------------|--------------|
|                                     |                   | %            |                   | %            |
| <b>Revenue</b>                      | \$ 2,304,349      | 100.0        | \$ 2,431,389      | 100.0        |
| <b>Operating expenses</b>           | <u>1,371,464</u>  | <u>59.5</u>  | <u>1,365,370</u>  | <u>56.2</u>  |
| <b>Income from operations</b>       | <u>932,885</u>    | <u>40.5</u>  | <u>1,066,019</u>  | <u>43.8</u>  |
| <b>Other income (expense):</b>      |                   |              |                   |              |
| Net income (loss) from investments  | 560               | -            | (54,126)          | (2.2)        |
| Interest income                     | 1,354             | 0.1          | 1,515             | 0.1          |
| Interest expense                    | <u>(85,669)</u>   | <u>(3.7)</u> | <u>(67,611)</u>   | <u>(2.8)</u> |
| <b>Total other income (expense)</b> | <u>(83,755)</u>   | <u>(3.6)</u> | <u>(120,222)</u>  | <u>(4.9)</u> |
| <b>Net income</b>                   | <u>\$ 849,130</u> | <u>36.9</u>  | <u>\$ 945,797</u> | <u>38.9</u>  |



**MCW Holdings, Inc. and Subsidiary**  
**Consolidated Statements of Stockholders' Equity**

| <u>For the years ended December 31, 2019 and 2018</u> |   |                 |                     |                      |                     |
|---|---|-----------------|---------------------|----------------------|---------------------|
|   | Number of<br>Outstanding<br>Shares<br>Common<br>Stock | Common<br>Stock | Paid-in<br>Capital  | Retained<br>Earnings | Total               |
| <b>Balance - January 1, 2018</b>                      | 1,110   | \$ 11           | \$ 1,448,170        | \$ 1,911,484         | \$ 3,359,665        |
| Distributions   | -   | -               | -                   | (882,086)            | (882,086)           |
| Net income  | -   | -               | -                   | 945,797              | 945,797             |
| <b>Balance - December 31, 2018</b>                    | 1,110   | 11              | 1,448,170           | 1,975,195            | 3,423,376           |
| Redemption of common stock                            | (110)   | (1)             | (98,173)            | (326,826)            | (425,000)           |
| Distributions   | -   | -               | -                   | (651,317)            | (651,317)           |
| Net income  | -   | -               | -                   | 849,130              | 849,130             |
| <b>Balance - December 31, 2019</b>                    | <u>1,000</u>  | <u>\$ 10</u>    | <u>\$ 1,349,997</u> | <u>\$ 1,846,182</u>  | <u>\$ 3,196,189</u> |

**MCW Holdings, Inc. and Subsidiary**  
**Consolidated Statements of Cash Flows**

| For the years ended December 31  | 2019                | 2018                |
|--|---------------------|---------------------|
| <b>Cash flows from operating activities:</b>   |                     |                     |
| Net income   | \$ 849,130          | \$ 945,797          |
| Adjustments to reconcile net income to net cash provided by operating activities:                    |                     |                     |
| Loss (gain) from investments   | (560)               | 54,126              |
| (Increase) decrease in:  |                     |                     |
| Prepaid expenses   | 460                 | (4,008)             |
| Due from stockholder   | (12)                | 1,595               |
| Other current assets   | (42,487)            | (146)               |
| Increase (decrease) in:  |                     |                     |
| Accounts payable   | 17,264              | (8,920)             |
| Accrued occupancy payable  | 246                 | 586                 |
| Accrued interest   | (522)               | (497)               |
| Due to stockholder   | (630)               | 630                 |
| Premiums collected and payable   | 47,965              | (44,398)            |
| <b>Net cash provided by operating activities</b>   | <u>870,854</u>      | <u>944,765</u>      |
| <b>Cash flows from investing activities:</b>   |                     |                     |
| Proceeds from investments  | -                   | 1,077               |
| Loans made for note receivable   | (5,000)             | (30,000)            |
| <b>Net cash used in investing activities</b>   | <u>(5,000)</u>      | <u>(28,923)</u>     |
| <b>Cash flows from financing activities:</b>   |                     |                     |
| Proceeds from note payable, stockholder  | 425,000             | -                   |
| Payments made on note payable  | (126,783)           | (120,797)           |
| Redemption of common stock   | (425,000)           | -                   |
| Distributions to stockholders  | (651,317)           | (882,086)           |
| <b>Net cash used in financing activities</b>   | <u>(778,100)</u>    | <u>(1,002,883)</u>  |
| Net increase (decrease) in cash, cash equivalents, and restricted cash                               | 87,754              | (87,041)            |
| Cash, cash equivalents, and restricted cash - beginning  | 1,029,685           | 1,116,726           |
| <b>Cash, cash equivalents, and restricted cash - ending</b>  | <u>\$ 1,117,439</u> | <u>\$ 1,029,685</u> |
| <b>Reconciliation of cash, cash equivalents, and restricted cash reported on the balance sheets:</b> |                     |                     |
| Cash and cash equivalents  | \$ 235,640          | \$ 195,851          |
| Restricted cash  | 881,799             | 833,834             |
| <b>Total cash, cash equivalents and restricted cash - ending</b>                                     | <u>\$ 1,117,439</u> | <u>\$ 1,029,685</u> |

**MCW Holdings, Inc. and Subsidiary**  
**Consolidated Statements of Cash Flows**

| For the years ended December 31 | 2019 | 2018 |
|---------------------------------|------|------|
|---------------------------------|------|------|

**Supplemental disclosure of cash flow information:**

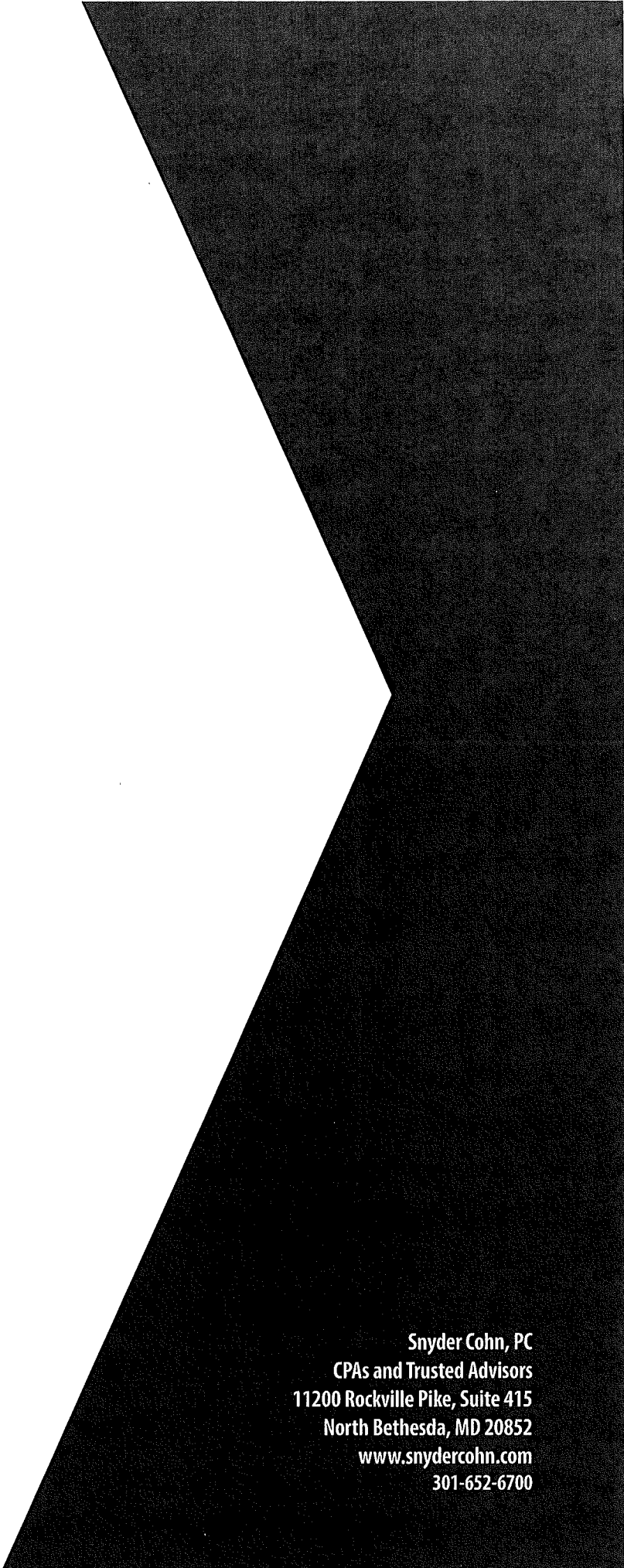
|                                |    |        |           |
|--------------------------------|----|--------|-----------|
| Cash paid during the year for: |    |        |           |
| Interest                       | \$ | 88,315 | \$ 70,232 |
| Income taxes                   |    | -      | -         |

**SUPPLEMENTARY  
INFORMATION**

**MCW Holdings, Inc. and Subsidiary**

**Consolidated Schedules of Operating Expenses  
(Supplementary Information)**

| For the years ended December 31 | 2019                |             | 2018                |             |
|---------------------------------|---------------------|-------------|---------------------|-------------|
|                                 |                     | %           |                     | %           |
| Advertising                     | \$ 240              | -           | \$ 180              | -           |
| Bank charges                    | 2,315               | 0.1         | 1,896               | 0.1         |
| Charitable contributions        | -                   | -           | 500                 | -           |
| Commissions                     | 999,100             | 43.4        | 916,411             | 37.7        |
| Credit card fees                | 18,764              | 0.8         | 26,428              | 1.1         |
| Dues and subscriptions          | 357                 | -           | 351                 | -           |
| Insurance                       | 8,623               | 0.4         | 4,102               | 0.2         |
| Licenses                        | 8,187               | 0.4         | 9,387               | 0.4         |
| Meals and entertainment         | 225                 | -           | 246                 | -           |
| Occupancy                       | 30,106              | 1.3         | 29,860              | 1.2         |
| Office expense                  | 3,432               | 0.1         | 5,102               | 0.2         |
| Officer salary                  | 120,000             | 5.2         | 120,000             | 4.9         |
| Payroll fees                    | 1,185               | 0.1         | 1,554               | 0.1         |
| Payroll taxes                   | 17,010              | 0.7         | 21,555              | 0.9         |
| Other taxes                     | 4,099               | 0.2         | 5,035               | 0.2         |
| Professional fees               | 64,949              | 2.8         | 79,915              | 3.3         |
| Staff salaries                  | 90,375              | 3.9         | 142,500             | 5.9         |
| Travel                          | 2,088               | 0.1         | -                   | -           |
| Website expense                 | 409                 | -           | 348                 | -           |
|                                 | <u>\$ 1,371,464</u> | <u>59.5</u> | <u>\$ 1,365,370</u> | <u>56.2</u> |



Snyder Cohn, PC  
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North Bethesda, MD 20852  
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301-652-6700

**FORM B**

**INSURANCE HOLDING COMPANY SYSTEM ANNUAL REGISTRATION  
STATEMENT**

**Filed with:**

District of Columbia Department of Insurance, Securities and Banking

**By:**

MCW Holdings, Inc.

**On behalf of the following insurance company:**

Amalgamated Casualty Insurance Company  
8401 Connecticut Ave., Suite 105  
Chevy Chase, MD 20815

**Date filed:**

April 22, 2019

**Name, title, address and telephone number of individual to whom notices and  
correspondence concerning this statement should be addressed:**

Scott H. Spencer  
Stevens & Lee, P.C.  
17 North Second Street, 16<sup>th</sup> Floor  
Harrisburg, PA 17101  
Telephone: (717) 399-6634  
Email: [shs@stevenslee.com](mailto:shs@stevenslee.com)

**Table of Contents**

|   |           |
|---|-----------|
| <b>ITEM 1. IDENTITY AND CONTROL OF REGISTRANT .....</b>   | <b>3</b>  |
| <b>ITEM 2. ORGANIZATIONAL CHART .....</b>   | <b>4</b>  |
| <b>ITEM 3. THE ULTIMATE CONTROLLING PERSON .....</b>  | <b>6</b>  |
| <b>ITEM 4. BIOGRAPHICAL INFORMATION .....</b>   | <b>8</b>  |
| <b>ITEM 5. TRANSACTIONS AND AGREEMENTS .....</b>  | <b>11</b> |
| <b>ITEM 6. LITIGATION OR ADMINISTRATIVE PROCEEDINGS.....</b>  | <b>12</b> |
| <b>ITEM 7. STATEMENT REGARDING PLAN OR SERIES OF TRANSACTIONS<br/>.....</b>                                     | <b>13</b> |
| <b>ITEM 8. FINANCIAL STATEMENTS AND EXHIBITS .....</b>  | <b>14</b> |
| <b>ITEM 9. FORM C REQUIRED .....</b>  | <b>15</b> |
| <b>ITEM 11. SIGNATURE AND CERTIFICATION.....</b>  | <b>17</b> |
| <b>APPENDIX ITEM 1: MCW HOLDINGS, INC. FINANCIAL STATEMENTS<br/>(JANUARY 1, 2018 – DECEMBER 31, 2018) .....</b> | <b>18</b> |



## ITEM 1. IDENTITY AND CONTROL OF REGISTRANT

- a) **Furnish the exact name of each insurer registering or being registered (hereinafter called "the Registrant"), the home office address and principal executive offices of each:**

Amalgamated Casualty Insurance Company

**Home office and principal executive office address:**

4400 MacArthur Blvd., NW, Suite 301 (Statutory home office)  
Washington, DC 20007

8401 Connecticut Ave., Suite 105 (Principal executive office)  
Chevy Chase, MD 20814

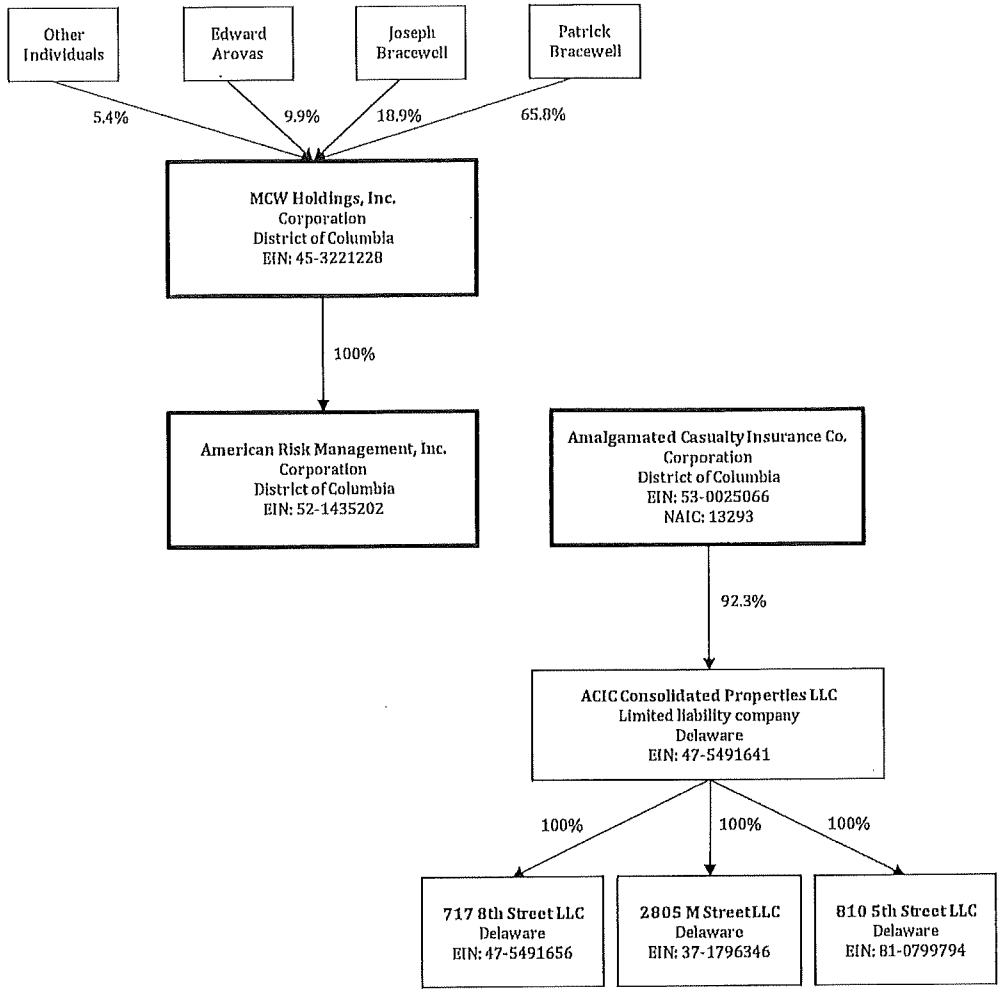
- b) **Furnish the date on which each Registrant became part of the insurance holding company system and the method(s) by which control of each Registrant was acquired and is maintained.**

In its Report on Examination dated June 29, 2010 ("Examination Report"), the DISB determined that Amalgamated Casualty Insurance Company ("ACI") is part of a holding company system along with its affiliated insurance agency, American Risk Management, Inc. ("ARM"). On October 5, 2011, after receiving approval from the DISB, MCW Holdings, Inc. ("MCW") acquired 100% of the voting securities of ARM.

## ITEM 2. ORGANIZATIONAL CHART

- a) Furnish a chart or listing clearly presenting the identities of any interrelationships among all affiliated persons within the insurance holding company system. No affiliate need be shown if its total assets are equal to less than 1/2 of 1% of the total assets of the ultimate controlling person within insurance holding company system unless it has assets of valued at or exceeding (insert amount). The chart or listing should show the percentage of each class of voting securities of each affiliate which is owned, directly or indirectly, by another affiliate. If control of any person within the system is maintained other than by the ownership or control of voting securities, indicate the basis of such control. As to each person specified in such chart or listing indicate the type of organization (e.g., - corporation, trust, partnership) and the state or other jurisdiction of domicile.

MCW owns 100% of the voting securities of ARM. MCW's voting securities are owned by the following: Patrick Bracewell (65.8%), Joseph Bracewell (18.9%), Edward Arovas (9.9%), and other members of Bracewell's family (5.4%).



### ITEM 3. THE ULTIMATE CONTROLLING PERSON

As to the ultimate controlling person in the insurance holding company system furnish the following information:

**a) Name**

MCW Holdings, Inc. (100% owner of ARM)

**b) Home office address**

8401 Connecticut Ave., Suite 105  
Chevy Chase, MD 20815

**c) Principal executive office address**

8401 Connecticut Ave., Suite 105  
Chevy Chase, MD 20815

**d) The organizational structure of the person, i.e., corporation, partnership, individual, trust, etc.**

Corporation (District of Columbia)

**e) The principal business of the person**

MCW was formed for the principal purpose of acquiring ARM and it is contemplated that its principal activity will be the ownership of the voting securities of ARM. MCW may make additional investments in operating businesses (public or private) and real estate. ARM is a licensed insurance producer that focuses on the commercial auto segment, primarily taxicabs, black car sedans, and non-emergency medical transportation vehicles. ARM currently transacts business in fifteen (16) states, including the District of Columbia.

**f) The name and address of any person who holds or owns 10% or more of any class of voting security, the class of such security, the number of shares held of record or known to be beneficially owned, and the percentage of class so held or owned**

Patrick Bracewell

- Majority owner of MCW (65.8% of MCW's voting securities)
- President, Secretary, and Chairman of the Board of MCW

Address:

8401 Connecticut Ave., Suite 105  
Chevy Chase, MD 20815

Joseph Bracewell

- Minority owner of MCW (18.9% of MCW's voting securities)
- Director of MCW

Address:

4718 Foxhall Crescents, NW  
Washington, DC 20007

- g) If court proceedings involving a reorganization or liquidation are pending, indicate the title and location of the court, the nature of proceedings and the date when commenced**

The ultimate controlling person is not involved in any court proceedings.

#### ITEM 4. BIOGRAPHICAL INFORMATION

Furnish the following information for the directors and executive officers of the ultimate controlling person: (a) the individual's name, (b) address, (c) principal occupation and all offices and positions held during the past five years, (d) any conviction of crimes other than minor traffic violations during the past ten years.

Patrick Bracewell

8401 Connecticut Ave., Suite 105  
Chevy Chase, MD 20815

**Organization:** MCW Holdings, Inc.  
**Position:** President, Secretary, and Chairman of the Board  
**Start and end dates:** July 2011 – Present  
**Principal business:** investment holding company  
**Address:** 8401 Connecticut Ave., Suite 105, Chevy Chase, MD 20815

**Organization:** Amalgamated Casualty Insurance Company  
**Position:** Chairman of the Board  
**Start and end dates:** October 2011 – Present  
**Principal business:** insurance carrier  
**Address:** 8401 Connecticut Ave., Suite 105, Chevy Chase, MD 20815

**Organization:** American Risk Management, Inc.  
**Position:** President and Chairman of the Board  
**Start and end dates:** October 2011 – Present  
**Principal business:** insurance producer  
**Address:** 8401 Connecticut Ave., Suite 105, Chevy Chase, MD 20815

**Organization:** MCW Investment Holdings, LLC  
**Position:** Managing Member  
**Start and end dates:** January 2018 – Present  
**Principal business:** investment firm  
**Address:** 8401 Connecticut Ave., Suite 300, Chevy Chase, MD 20815

**Organization:** Bracewell Asset Management, LLC  
**Position:** Managing Member  
**Start and end dates:** May 2011 – December 2017  
**Principal business:** investment firm  
**Address:** 3224 45<sup>th</sup> Street, NW, Washington, DC 20016

Patrick Bracewell has not been convicted of any crimes other than minor traffic violations during the past ten years.

Joseph Bracewell

4718 Foxhall Crescents, NW  
Washington, DC 20007

**Organization:** MCW Holdings, Inc.

**Position:** Director

**Start and end dates:** July 2011 – Present

**Principal business:** investment holding company

**Address:** 8401 Connecticut Ave., Suite 105, Chevy Chase, MD 20815

**Organization:** Amalgamated Casualty Insurance Company

**Position:** Trustee

**Start and end dates:** March 2013 – Present

**Principal business:** insurance carrier

**Address:** 8401 Connecticut Ave., Suite 105, Chevy Chase, MD 20815

**Organization:** Trustar Bank

**Position:** Chairman

**Start and end dates:** January 2019 – Present

**Principal business:** commercial bank (in organization)

**Address:** 774A Walker Road, Suite 220, Great Falls, VA 22066

**Organization:** Sandy Spring Bancorp, Inc.

**Position:** Director

**Start and end dates:** January 2018 – November 2018

**Principal business:** commercial bank

**Address:** 17801 Georgia Avenue, Olney, Maryland 20832

**Organization:** Bracewell Asset Management, LLC

**Position:** Managing Member

**Start and end dates:** December 2007 – December 2017

**Principal business:** investment firm

**Address:** 4718 Foxhall Crescents, NW, Washington, DC 20007

**Organization:** WashingtonFirst Bankshares, Inc.

**Position:** Chairman of the Board

**Start and end dates:** April 2004 – December 2017

**Principal business:** commercial bank

**Address:** 11921 Freedom Drive, Suite 250, Reston, VA 20190

**Organization:** Bingham McCutchen LLP (previously McKee Nelson LLP)

**Position:** Partner, Of Counsel

**Start and end dates:** January 2002 – December 2013

**Principal business:** law firm

**Address:** 2020 K Street, NW, Washington, DC 20006

Joseph Bracewell has not been convicted of any crimes other than minor traffic violations during the past ten years.



## ITEM 5. TRANSACTIONS AND AGREEMENTS

Briefly describe the following agreements in force, and transactions currently outstanding or which have occurred during the last calendar year between the Registrant and its affiliates:

There are currently 2 agreements in force between the Registrant and its affiliates:

1. Non-exclusive agency agreement: The in-force non-exclusive agency agreement, as amended, entered into by ACI and ARM, has been effective since October 1, 2011 and was approved by DISB on September 27, 2011 as part of a Form D filing made on September 23, 2011. The non-exclusive agency agreement authorizes ARM to solicit business on behalf of ACI and sets forth various other terms of the business relationship between ACI and ARM. During 2018, the following amendments were made to the agreement: (1) effective July 1, 2018, the agreement was amended to contemplate the solicitation of contractual liability insurance business on behalf of ACI pursuant to a program with a hole-in-one prize administrator and (2) effective August 15, 2018, the agreement was amended such that the term of the agreement is for three years with automatic renewals thereafter.
2. Cost sharing agreement: The in-force cost sharing agreement, as amended, entered into by ACI and ARM, has been effective since October 1, 2011 and was approved by DISB on September 27, 2011 as part of a Form D application filed on September 23, 2011. The cost sharing agreement sets forth the terms by which ARM reimburses ACI for certain shared resources, including office space, office expenses, shared personnel, and other reimbursable expenses as detailed in the cost sharing agreement (“reimbursable expenses”). This agreement was not amended in 2018.

## ITEM 6. LITIGATION OR ADMINISTRATIVE PROCEEDINGS

A brief description of any litigation or administrative proceedings of the following types, either then pending or concluded within the preceding fiscal year, to which the ultimate controlling person or any of its directors or executive officers was a party or of which the property of any such person is or was the subject; give the names of the parties and the court or agency in which such litigation or proceeding is or was pending:

- (a) Criminal prosecutions or administrative proceedings by any government agency or authority which may be relevant to the trustworthiness of any party thereto; and

Neither the ultimate controlling person, nor any of its directors or executive officers, have been involved in any criminal prosecutions or administrative proceedings by any government agency or authority.

- (b) Proceedings which may have a material effect upon the solvency or capital structure of the ultimate holding company including, but not necessarily limited to bankruptcy, receivership or other corporate reorganizations.

There are no proceedings which may have a material effect upon the solvency or capital structure of the ultimate holding company.

**ITEM 7. STATEMENT REGARDING PLAN OR SERIES OF TRANSACTIONS**

**The insurer shall furnish a statement that describes transactions entered into since the filing of the prior year's annual registration statement are not part of a plan or series of like transactions, the purpose of which is to avoid statutory threshold amounts and the review that might otherwise occur.**

There Registrant has not entered into any such transactions since the filing of the prior year's annual registration statement.

## ITEM 8. FINANCIAL STATEMENTS AND EXHIBITS

**(a) Financial statements and exhibits should be attached to this statement as an appendix, but list under this item the financial statements and exhibits so attached.**

1. MCW Holdings, Inc. financial statements (January 1, 2018 – December 31, 2018)

Copies of the following items have not been included as they have already been filed with the DISB. Additional copies are available upon request.

2. Non-exclusive agency agreement, as amended
3. Cost sharing agreement, as amended

**(b) The financial statements shall include the annual financial statements of the ultimate controlling person in the insurance holding company system as of the end of the person's latest fiscal year.**

Please see "Appendix." The financial statements prepared are for the period from January 1, 2018 through December 31, 2018.

**(c) Exhibits shall include copies of the latest annual reports to shareholders of the ultimate controlling person and proxy material used by the ultimate controlling person; and any additional documents or papers required by Form B or District Regulations.**

Other than financial statements (See "Appendix"), MCW does not prepare any annual reports.

**ITEM 9. FORM C REQUIRED**

**A FORM C, Summary of Registration Statement, must be prepared and filed with this Form B.**

Form C is being filed concurrently with this Form B.

## **ITEM 10. CORPORATE GOVERNANCE AND INTERNAL CONTROLS**

The insurer hereby certifies that (a) the board of directors of the insurer oversees the corporate governance and internal controls over the insurer, and (b) the insurer's officers and senior management have approved, implemented and will continue to maintain and monitor corporate governance and internal control procedures on behalf of the insurer.

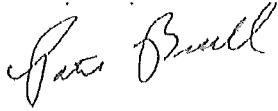
**ITEM 11. SIGNATURE AND CERTIFICATION**

Signature and certification required as follows:

**SIGNATURE**

Pursuant to the requirements of Section 6 of the Act, the Registrant has caused this annual statement to be duly signed on its behalf in the City of Washington and District of Columbia on the 22nd day of April 2019.

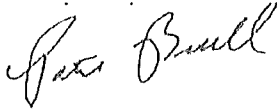
MCW Holdings, Inc.



BY: \_\_\_\_\_  
Patrick Bracewell (President, Secretary and Chairman of the Board)

**CERTIFICATION**

The undersigned deposes and says that he duly executed the attached annual registration statement dated April 22, 2019, for and on behalf of MCW Holdings, Inc.; that he is the President, Secretary, and Chairman of the Board of such company and that he is authorized to execute and file such instrument. Deponent further says that he is familiar with such instrument and the contents thereof, and that the facts therein set forth are true to the best of his knowledge, information and belief.



\_\_\_\_\_  
Patrick Bracewell

**APPENDIX ITEM 1: MCW HOLDINGS, INC. FINANCIAL STATEMENTS  
(JANUARY 1, 2018 – DECEMBER 31, 2018)**



# SNYDERCOHN

CPAs and Trusted Advisors

**MCW Holdings, Inc. and Subsidiary**

**Consolidated Financial Statements**

Years Ended December 31, 2018 and 2017

# SNYDER COHN

CPAs and Trusted Advisors

**To the Stockholders**  
**MCW Holdings, Inc. and Subsidiary**  
Chevy Chase, MD

Management is responsible for the accompanying consolidated financial statements of MCW Holdings, Inc. (an S Corporation), which comprise the consolidated balance sheets as of December 31, 2018 and 2017, and the related consolidated statements of operations, consolidated stockholders' equity and consolidated cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Management has elected to omit substantially all of the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's financial position, results of operations, and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

The accompanying consolidated schedules of operating expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management. The supplementary information was subject to our compilation engagement. We have not audited or reviewed the supplementary information and do not express an opinion, a conclusion, nor provide any assurance on such information.

*Snyder Cohn, PC*

SNYDER COHN, PC  
North Bethesda, Maryland  
April 15, 2019

11200 Rockville Pike, Suite 415, North Bethesda, MD 20852 • Phone 301-652-6700 • Fax 301-986-1028 • [www.snydercohn.com](http://www.snydercohn.com)

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INTERNATIONAL



MCW Holdings, Inc. and Subsidiary

Consolidated Balance Sheets

| December 31                         | 2018                | 2017                |
|-------------------------------------|---------------------|---------------------|
| <b>Assets</b>                       |                     |                     |
| <b>Current assets:</b>              |                     |                     |
| Cash and cash equivalents           | \$ 195,851          | \$ 238,494          |
| Restricted cash                     | 833,834             | 878,232             |
| Prepaid expenses                    | 5,097               | 1,089               |
| Due from stockholder                | -                   | 1,595               |
| Other current assets                | 6,339               | 6,193               |
| Total current assets                | 1,041,121           | 1,125,603           |
| <b>Other assets:</b>                |                     |                     |
| Note receivable                     | 30,000              | -                   |
| Investments (loss from investments) | (12,756)            | 42,447              |
| Goodwill                            | 4,609,664           | 4,609,664           |
| Total other assets                  | 4,626,908           | 4,652,111           |
| <b>Total assets</b>                 | <b>\$ 5,668,029</b> | <b>\$ 5,777,714</b> |

**MCW Holdings, Inc. and Subsidiary**

**Consolidated Balance Sheets**

| December 31   | 2018                       | 2017                       |
|---|----------------------------|----------------------------|
| <b>Liabilities and stockholders' equity</b>   |                            |                            |
| <b>Current liabilities:</b>   |                            |                            |
| Accounts payable  | \$ 65,313                  | \$ 74,233                  |
| Accrued occupancy payable   | 29,860                     | 29,274                     |
| Accrued interest  | 5,332                      | 5,829                      |
| Due to stockholder  | 630                        | -                          |
| Premiums collected and payable  | 833,834                    | 878,232                    |
| Notes payable, current portion  | <u>128,834</u>             | <u>122,846</u>             |
| Total current liabilities   | 1,063,803                  | 1,110,414                  |
| <b>Long-term liabilities:</b>   |                            |                            |
| Notes payable, net of current portion   | <u>1,180,850</u>           | <u>1,307,635</u>           |
| Total liabilities   | <u>2,244,653</u>           | <u>2,418,049</u>           |
| <b>Commitments</b>  |                            |                            |
| <b>Stockholders' equity:</b>  |                            |                            |
| Common stock - \$.01 par value, 10,000 shares authorized, 1,110 shares issued and outstanding | 11                         | 11                         |
| Paid-in capital   | 1,448,170                  | 1,448,170                  |
| Retained earnings   | <u>1,975,195</u>           | <u>1,911,484</u>           |
| Total stockholders' equity  | <u>3,423,376</u>           | <u>3,359,665</u>           |
| <b>Total liabilities and stockholders' equity</b>   | <u><u>\$ 5,668,029</u></u> | <u><u>\$ 5,777,714</u></u> |

**MCW Holdings, Inc. and Subsidiary**  
**Consolidated Statements of Operations**

| For the years ended December 31     | 2018              |              | 2017              |              |
|-------------------------------------|-------------------|--------------|-------------------|--------------|
|                                     |                   | %            |                   | %            |
| <b>Revenue</b>                      | \$ 2,431,389      | 100.0        | \$ 2,329,899      | 100.0        |
| <b>Operating expenses</b>           | <u>1,365,370</u>  | <u>56.2</u>  | <u>1,317,596</u>  | <u>56.8</u>  |
| <b>Income from operations</b>       | <u>1,066,019</u>  | <u>43.8</u>  | <u>1,012,303</u>  | <u>43.2</u>  |
| <b>Other income (expense):</b>      |                   |              |                   |              |
| Net loss from investments           | (54,126)          | (2.2)        | (26,284)          | (1.1)        |
| Interest income                     | 1,515             | 0.1          | 1,129             | -            |
| Interest expense                    | <u>(67,611)</u>   | <u>(2.8)</u> | <u>(137,513)</u>  | <u>(5.9)</u> |
| <b>Total other income (expense)</b> | <u>(120,222)</u>  | <u>(4.9)</u> | <u>(162,668)</u>  | <u>(7.0)</u> |
| <b>Net income</b>                   | <u>\$ 945,797</u> | <u>38.9</u>  | <u>\$ 849,635</u> | <u>36.2</u>  |

**MCW Holdings, Inc. and Subsidiary**

**Consolidated Statements of Stockholders' Equity**

| <u>For the years ended December 31, 2018 and 2017</u> |   |                 |                     |                      |                     |  |
|---|---|-----------------|---------------------|----------------------|---------------------|--|
|   | Number of<br>Outstanding<br>Shares<br>Common<br>Stock | Common<br>Stock | Paid-in<br>Capital  | Retained<br>Earnings | Total               |  |
| <b>Balance - January 1, 2017</b>                      | 840   | \$ 8            | \$ 98,173           | \$ 1,818,104         | \$ 1,916,285        |  |
| Issuance of common stock                              | 270   |                 | 1,349,997           | -                    | 1,350,000           |  |
| Distributions   | -   |                 | -                   | (756,255)            | (756,255)           |  |
| Net income  | -   |                 | -                   | 849,635              | 849,635             |  |
| <b>Balance - December 31, 2017</b>                    | <b>1,110</b>  |                 | <b>1,448,170</b>    | <b>1,911,484</b>     | <b>3,359,665</b>    |  |
| Distributions   | -   |                 | -                   | (882,086)            | (882,086)           |  |
| Net income  | -   |                 | -                   | 945,797              | 945,797             |  |
| <b>Balance - December 31, 2018</b>                    | <b>1,110</b>  | <b>\$</b>       | <b>\$ 1,448,170</b> | <b>\$ 1,975,195</b>  | <b>\$ 3,423,376</b> |  |

**MCW Holdings, Inc. and Subsidiary**  
**Consolidated Statements of Cash Flows**

| For the years ended December 31   | 2018               | 2017              |
|---|--------------------|-------------------|
| <b>Cash flows from operating activities:</b>                                      |                    |                   |
| Net Income  | \$ 945,797         | \$ 849,635        |
| Adjustments to reconcile net income to net cash provided by operating activities: |                    |                   |
| Loss from investments   | 54,126             | 26,284            |
| (Increase) decrease in:   |                    |                   |
| Restricted cash   | 44,398             | 37,883            |
| Prepaid expenses  | (4,008)            | 22,112            |
| Due from stockholder  | 1,595              | 36,243            |
| Other current assets  | (146)              | (5,492)           |
| Increase (decrease) in:   |                    |                   |
| Accounts payable  | (8,920)            | 14,927            |
| Accrued occupancy payable   | 586                | 5,019             |
| Accrued interest  | (497)              | (100)             |
| Due to stockholder  | 630                | -                 |
| Premiums collected and payable  | (44,398)           | (37,883)          |
| <b>Net cash provided by operating activities</b>                                  | <u>989,163</u>     | <u>948,628</u>    |
| <b>Cash flows from investing activities:</b>                                      |                    |                   |
| Purchase of investment  | -                  | (54,192)          |
| Proceeds from investments   | 1,077              | -                 |
| Loans made for note receivable  | (30,000)           | -                 |
| <b>Net cash used in investing activities</b>                                      | <u>(28,923)</u>    | <u>(54,192)</u>   |
| <b>Cash flows from financing activities:</b>                                      |                    |                   |
| Proceeds from notes payable   | -                  | 82,081            |
| Payments made on notes payable  | (120,797)          | (209,412)         |
| Distributions to stockholders   | (882,086)          | (756,255)         |
| <b>Net cash used in financing activities</b>                                      | <u>(1,002,883)</u> | <u>(883,586)</u>  |
| Net increase (decrease) in cash and cash equivalents                              | (42,643)           | 10,850            |
| Cash and cash equivalents - beginning   | 238,494            | 227,644           |
| <b>Cash and cash equivalents - ending</b>   | <u>\$ 195,851</u>  | <u>\$ 238,494</u> |

**MCW Holdings, Inc. and Subsidiary**  
**Consolidated Statements of Cash Flows**

| <b>For the years ended December 31</b>                                      | <b>2018</b> | <b>2017</b>  |
|---|-------------|--------------|
| <b>Supplemental disclosure of cash flow information:</b>                    |             |              |
| Cash paid during the year for:  |             |              |
| Interest  | \$ 70,232   | \$ 139,465   |
| Income taxes  | -           | -            |
| <b>Supplemental schedule of noncash investing and financing activities:</b> |             |              |
| Conversion of notes payable to common stock                                 | \$ -        | \$ 1,350,000 |



**SUPPLEMENTARY  
INFORMATION**

MCW Holdings, Inc. and Subsidiary

Consolidated Schedules of Operating Expenses  
(Supplementary Information)

| For the years ended December 31 | 2018                |             | 2017                |             |
|---------------------------------|---------------------|-------------|---------------------|-------------|
|                                 |                     | %           |                     | %           |
| Advertising                     | \$ 180              | -           | \$ 1,787            | 0.1         |
| Bank charges                    | 1,896               | 0.1         | 2,197               | 0.1         |
| Charitable contributions        | 500                 | -           | -                   | -           |
| Commissions                     | 916,411             | 37.7        | 828,553             | 35.6        |
| Credit card fees                | 26,428              | 1.1         | 39,778              | 1.7         |
| Dues and subscriptions          | 351                 | -           | -                   | -           |
| Insurance                       | 4,102               | 0.2         | 8,770               | 0.4         |
| Licenses                        | 9,387               | 0.4         | 16,902              | 0.7         |
| Meals and entertainment         | 246                 | -           | 1,186               | 0.1         |
| Occupancy                       | 29,860              | 1.2         | 29,275              | 1.3         |
| Office expense                  | 5,102               | 0.2         | 7,077               | 0.3         |
| Officer salary                  | 120,000             | 4.9         | 120,000             | 5.2         |
| Payroll fees                    | 1,554               | 0.1         | 1,412               | 0.1         |
| Payroll taxes                   | 21,555              | 0.9         | 24,732              | 1.1         |
| Other taxes                     | 5,035               | 0.2         | 1,375               | 0.1         |
| Professional fees               | 79,915              | 3.3         | 47,214              | 2.0         |
| Staff salaries                  | 142,500             | 5.9         | 184,937             | 7.9         |
| Travel                          | -                   | -           | 2,180               | 0.1         |
| Website expense                 | 348                 | -           | 221                 | -           |
|                                 | <u>\$ 1,365,370</u> | <u>56.2</u> | <u>\$ 1,317,596</u> | <u>56.8</u> |



Snyder Cohn, PC  
CPAs and Trusted Advisors  
11200 Rockville Pike, Suite 415  
North Bethesda, MD 20852  
[www.snydercohn.com](http://www.snydercohn.com)  
301-652-6700

**FORM B**

**INSURANCE HOLDING COMPANY SYSTEM ANNUAL REGISTRATION  
STATEMENT**

**Filed with:**

District of Columbia Department of Insurance, Securities and Banking

**By:**

MCW Holdings, Inc.

**On behalf of the following insurance company:**

Amalgamated Casualty Insurance Company  
8401 Connecticut Ave., Suite 105  
Chevy Chase, MD 20815

**Date filed:**

April 6, 2018

**Name, title, address and telephone number of individual to whom notices and  
correspondence concerning this statement should be addressed:**

Scott H. Spencer  
Stevens & Lee, P.C.  
17 North Second Street, 16<sup>th</sup> Floor  
Harrisburg, PA 17101  
Telephone: (717) 399-6634  
Email: [shs@stevenslee.com](mailto:shs@stevenslee.com)

**Table of Contents**

|   |           |
|---|-----------|
| <b>ITEM 1. IDENTITY AND CONTROL OF REGISTRANT</b> .....   | <b>3</b>  |
| <b>ITEM 2. ORGANIZATIONAL CHART</b> .....   | <b>4</b>  |
| <b>ITEM 3. THE ULTIMATE CONTROLLING PERSON</b> .....  | <b>6</b>  |
| <b>ITEM 4. BIOGRAPHICAL INFORMATION</b> .....   | <b>8</b>  |
| <b>ITEM 5. TRANSACTIONS AND AGREEMENTS</b> .....  | <b>10</b> |
| <b>ITEM 6. LITIGATION OR ADMINISTRATIVE PROCEEDINGS</b> .....   | <b>11</b> |
| <b>ITEM 7. STATEMENT REGARDING PLAN OR SERIES OF TRANSACTIONS</b><br>.....  | <b>12</b> |
| <b>ITEM 8. FINANCIAL STATEMENTS AND EXHIBITS</b> .....  | <b>13</b> |
| <b>ITEM 9. FORM C REQUIRED</b> .....  | <b>14</b> |
| <b>ITEM 10. SIGNATURE AND CERTIFICATION</b> .....   | <b>16</b> |
| <b>APPENDIX ITEM 1: MCW HOLDINGS, INC. FINANCIAL STATEMENTS</b><br><b>(JANUARY 1, 2017 – DECEMBER 31, 2017)</b> ..... | <b>17</b> |

## ITEM 1. IDENTITY AND CONTROL OF REGISTRANT

- a) **Furnish the exact name of each insurer registering or being registered (hereinafter called "the Registrant"), the home office address and principal executive offices of each:**

Amalgamated Casualty Insurance Company

**Home office and principal executive office address:**

4400 MacArthur Blvd., NW, Suite 301 (Statutory home office)

Washington, DC 20007

8401 Connecticut Ave., Suite 105 (Principal executive office)

Chevy Chase, MD 20814

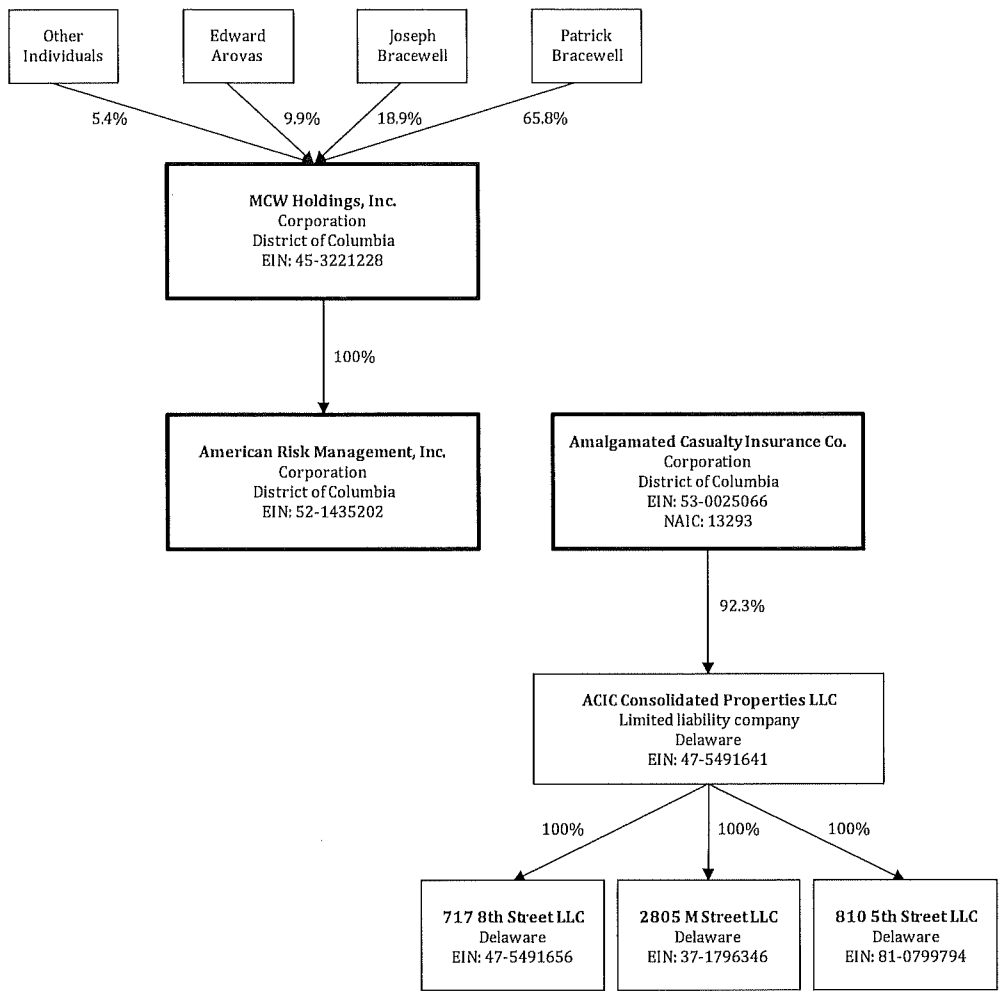
- b) **Furnish the date on which each Registrant became part of the insurance holding company system and the method(s) by which control of each Registrant was acquired and is maintained.**

In its Report on Examination dated June 29, 2010 ("Examination Report"), the DISB determined that Amalgamated Casualty Insurance Company ("ACI") is part of a holding company system along with its affiliated insurance agency, American Risk Management, Inc. ("ARM"). On October 5, 2011, after receiving approval from the DISB, MCW Holdings, Inc. ("MCW") acquired 100% of the voting securities of ARM.

## ITEM 2. ORGANIZATIONAL CHART

- a) Furnish a chart or listing clearly presenting the identities of any interrelationships among all affiliated persons within the insurance holding company system. No affiliate need be shown if its total assets are equal to less than 1/2 of 1% of the total assets of the ultimate controlling person within insurance holding company system unless it has assets of valued at or exceeding (insert amount). The chart or listing should show the percentage of each class of voting securities of each affiliate which is owned, directly or indirectly, by another affiliate. If control of any person within the system is maintained other than by the ownership or control of voting securities, indicate the basis of such control. As to each person specified in such chart or listing indicate the type of organization (e.g., - corporation, trust, partnership) and the state or other jurisdiction of domicile.

MCW owns 100% of the voting securities of ARM. MCW's voting securities are owned by the following: Patrick Bracewell (65.8%), Joseph Bracewell (18.9%), Edward Arovas (9.9%), and other members of Bracewell's family (5.4%).





### ITEM 3. THE ULTIMATE CONTROLLING PERSON

As to the ultimate controlling person in the insurance holding company system furnish the following information:

**a) Name**

MCW Holdings, Inc. (100% owner of ARM)

**b) Home office address**

8401 Connecticut Ave., Suite 105  
Chevy Chase, MD 20814

**c) Principal executive office address**

8401 Connecticut Ave., Suite 105  
Chevy Chase, MD 20814

**d) The organizational structure of the person, i.e., corporation, partnership, individual, trust, etc.**

Corporation (District of Columbia)

**e) The principal business of the person**

MCW was formed for the principal purpose of acquiring ARM and it is contemplated that its principal activity will be the ownership of the voting securities of ARM. MCW may make additional investments in operating businesses (public or private) and real estate. ARM is a licensed insurance producer that focuses on the commercial auto segment, primarily taxicabs, black car sedans, and non-emergency medical transportation vehicles. ARM currently transacts business in fifteen (15) states, including the District of Columbia.

**f) The name and address of any person who holds or owns 10% or more of any class of voting security, the class of such security, the number of shares held of record or known to be beneficially owned, and the percentage of class so held or owned**

Patrick Bracewell

- Majority owner of MCW (65.8% of MCW's voting securities)
- President, Secretary, and Chairman of the Board of MCW

Address:

8401 Connecticut Ave., Suite 105  
Chevy Chase, MD 20814

Joseph Bracewell

- Minority owner of MCW (18.9% of MCW's voting securities)
- Director of MCW

Address:

4718 Foxhall Crescents, NW  
Washington, DC 20007

- g) If court proceedings involving a reorganization or liquidation are pending, indicate the title and location of the court, the nature of proceedings and the date when commenced**

The ultimate controlling person is not involved in any court proceedings.

#### ITEM 4. BIOGRAPHICAL INFORMATION

Furnish the following information for the directors and executive officers of the ultimate controlling person: (a) the individual's name, (b) address, (c) principal occupation and all offices and positions held during the past five years, (d) any conviction of crimes other than minor traffic violations during the past ten years.

Patrick Bracewell

8401 Connecticut Ave., Suite 105  
Chevy Chase, MD 20814

**Organization:** MCW Holdings, Inc.  
**Position:** President, Secretary, and Chairman of the Board  
**Start and end dates:** July 2011 – Present  
**Principal business:** investment holding company  
**Address:** 8401 Connecticut Ave., Suite 105, Chevy Chase, MD 20814

**Organization:** Amalgamated Casualty Insurance Company  
**Position:** Chairman of the Board  
**Start and end dates:** October 2011 – Present  
**Principal business:** insurance carrier  
**Address:** 8401 Connecticut Ave., Suite 105, Chevy Chase, MD 20814

**Organization:** American Risk Management, Inc.  
**Position:** President and Chairman of the Board  
**Start and end dates:** October 2011 – Present  
**Principal business:** insurance producer  
**Address:** 8401 Connecticut Ave., Suite 105, Chevy Chase, MD 20814

**Organization:** Bracewell Asset Management, LLC  
**Position:** Managing Member  
**Start and end dates:** May 2011 – Present  
**Principal business:** investment firm  
**Address:** 3224 45<sup>th</sup> Street, NW, Washington, DC 20016

Patrick Bracewell has not been convicted of any crimes other than minor traffic violations during the past ten years.

Joseph Bracewell

4718 Foxhall Crescents, NW  
Washington, DC 20007

**Organization:** MCW Holdings, Inc.  
**Position:** Director  
**Start and end dates:** July 2011 – Present  
**Principal business:** investment holding company  
**Address:** 8401 Connecticut Ave., Suite 105, Chevy Chase, MD 20814

**Organization:** Amalgamated Casualty Insurance Company  
**Position:** Trustee  
**Start and end dates:** March 2013 – Present  
**Principal business:** insurance carrier  
**Address:** 8401 Connecticut Ave., Suite 105, Chevy Chase, MD 20814

**Organization:** Bracewell Asset Management, LLC  
**Position:** Managing Member  
**Start and end dates:** December 2007 – Present  
**Principal business:** investment firm  
**Address:** 4718 Foxhall Crescents, NW, Washington, DC 20007

**Organization:** Sandy Spring Bancorp, Inc.  
**Position:** Director  
**Start and end dates:** January 2018 – Present  
**Principal business:** commercial bank  
**Address:** 17801 Georgia Avenue, Olney, Maryland 20832

**Organization:** WashingtonFirst Bankshares, Inc.  
**Position:** Chairman of the Board  
**Start and end dates:** April 2004 – December 2017  
**Principal business:** commercial bank  
**Address:** 11921 Freedom Drive, Suite 250, Reston, VA 20190

**Organization:** Bingham McCutchen LLP (previously McKee Nelson LLP)  
**Position:** Partner, Of Counsel  
**Start and end dates:** January 2002 – December 2013  
**Principal business:** law firm  
**Address:** 2020 K Street, NW, Washington, DC 20006

Joseph Bracewell has not been convicted of any crimes other than minor traffic violations during the past ten years.

## ITEM 5. TRANSACTIONS AND AGREEMENTS

**Briefly describe the following agreements in force, and transactions currently outstanding or which have occurred during the last calendar year between the Registrant and its affiliates:**

There are currently 2 agreements in force between the Registrant and its affiliates:

1. Non-exclusive agency agreement: The in-force non-exclusive agency agreement, as amended, entered into by ACI and ARM, has been effective since October 1, 2011 and was approved by DISB on September 27, 2011 as part of a Form D filing made on September 23, 2011. The non-exclusive agency agreement authorizes ARM to solicit business on behalf of ACI and sets forth various other terms of the business relationship between ACI and ARM.
2. Cost sharing agreement: The in-force cost sharing agreement, as amended, entered into by ACI and ARM, has been effective since October 1, 2011 and was approved by DISB on September 27, 2011 as part of a Form D application filed on September 23, 2011. The cost sharing agreement sets forth the terms by which ARM reimburses ACI for certain shared resources, including office space, office expenses, shared personnel, and other reimbursable expenses as detailed in the cost sharing agreement (“reimbursable expenses”).

## ITEM 6. LITIGATION OR ADMINISTRATIVE PROCEEDINGS

A brief description of any litigation or administrative proceedings of the following types, either then pending or concluded within the preceding fiscal year, to which the ultimate controlling person or any of its directors or executive officers was a party or of which the property of any such person is or was the subject; give the names of the parties and the court or agency in which such litigation or proceeding is or was pending:

- (a) Criminal prosecutions or administrative proceedings by any government agency or authority which may be relevant to the trustworthiness of any party thereto; and

Neither the ultimate controlling person, nor any of its directors or executive officers, have been involved in any criminal prosecutions or administrative proceedings by any government agency or authority.

- (b) Proceedings which may have a material effect upon the solvency or capital structure of the ultimate holding company including, but not necessarily limited to bankruptcy, receivership or other corporate reorganizations.

There are no proceedings which may have a material effect upon the solvency or capital structure of the ultimate holding company.

#### **ITEM 7. STATEMENT REGARDING PLAN OR SERIES OF TRANSACTIONS**

**The insurer shall furnish a statement that describes transactions entered into since the filing of the prior year's annual registration statement are not part of a plan or series of like transactions, the purpose of which is to avoid statutory threshold amounts and the review that might otherwise occur.**

There Registrant has not entered into any such transactions since the filing of the prior year's annual registration statement.

## ITEM 8. FINANCIAL STATEMENTS AND EXHIBITS

**(a) Financial statements and exhibits should be attached to this statement as an appendix, but list under this item the financial statements and exhibits so attached.**

1. MCW Holdings, Inc. financial statements (January 1, 2017 – December 31, 2017)

Copies of the following items have not been included as they have already been filed with the DISB. Additional copies are available upon request.

2. Non-exclusive agency agreement, as amended
3. Cost sharing agreement, as amended

**(b) The financial statements shall include the annual financial statements of the ultimate controlling person in the insurance holding company system as of the end of the person's latest fiscal year.**

Please see “Appendix.” The financial statements prepared are for the period from January 1, 2017 through December 31, 2017.

**(c) Exhibits shall include copies of the latest annual reports to shareholders of the ultimate controlling person and proxy material used by the ultimate controlling person; and any additional documents or papers required by Form B or District Regulations.**

Other than financial statements (See “Appendix”), MCW does not prepare any annual reports.



**ITEM 9. FORM C REQUIRED**

**A FORM C, Summary of Registration Statement, must be prepared and filed with this Form B.**

Form C is being filed concurrently with this Form B.

## **ITEM 10. CORPORATE GOVERNANCE AND INTERNAL CONTROLS**

The insurer hereby certifies that (a) the board of directors of the insurer oversees the corporate governance and internal controls over the insurer, and (b) the insurer's officers and senior management have approved, implemented and will continue to maintain and monitor corporate governance and internal control procedures on behalf of the insurer.

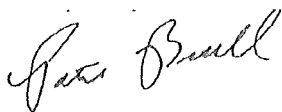
**ITEM 11. SIGNATURE AND CERTIFICATION**

Signature and certification required as follows:

**SIGNATURE**

Pursuant to the requirements of Section 6 of the Act, the Registrant has caused this annual statement to be duly signed on its behalf in the City of Washington and District of Columbia on the 6<sup>th</sup> day of April 2018.

MCW Holdings, Inc.

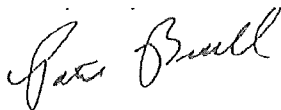


BY: \_\_\_\_\_

Patrick Bracewell (President, Secretary and Chairman of the Board)

**CERTIFICATION**

The undersigned deposes and says that he duly executed the attached annual registration statement dated April 6, 2018, for and on behalf of MCW Holdings, Inc.; that he is the President, Secretary, and Chairman of the Board of such company and that he is authorized to executed and file such instrument. Deponent further says that he is familiar with such instrument and the contents thereof, and that the facts therein set forth are true to the best of his knowledge, information and belief.



\_\_\_\_\_  
Patrick Bracewell

**APPENDIX ITEM 1: MCW HOLDINGS, INC. FINANCIAL STATEMENTS  
(JANUARY 1, 2017 – DECEMBER 31, 2017)**

MCW Holdings, Inc.

Financial Statements

Years Ended December 31, 2017 and 2016

8401 Connecticut Avenue  
Suite 105  
Chevy Chase, MD 20815

# SNYDER COHN

CPAs and Business Advisors

**To the Stockholders**  
**MCW Holdings, Inc.**  
Chevy Chase, MD

Management is responsible for the accompanying financial statements of MCW Holdings, Inc. (an S Corporation), which comprise the balance sheets as of December 31, 2017 and 2016, and the related statements of operations, stockholders' equity and cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Management has elected to omit substantially all of the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's financial position, results of operations, and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

The accompanying schedules of operating expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management. The supplementary information was subject to our compilation engagement. We have not audited or reviewed the supplementary information and do not express an opinion, a conclusion, nor provide any assurance on such information.

*Jonathan Cohn, CPA*

SNYDER COHN, PC  
North Bethesda, Maryland  
March 29, 2018



MCW Holdings, Inc.

Balance Sheets

| December 31                | 2017                | 2016                |
|----------------------------|---------------------|---------------------|
| <b>Assets</b>              |                     |                     |
| <b>Current assets:</b>     |                     |                     |
| Cash and cash equivalents  | \$ 238,494          | \$ 227,644          |
| Restricted cash            | 878,232             | 916,115             |
| Prepaid expenses and taxes | 1,089               | 23,201              |
| Due from stockholder       | 1,595               | 37,838              |
| Other current assets       | 6,193               | 701                 |
| Investments                | 42,447              | 14,539              |
| Total current assets       | <u>1,168,050</u>    | <u>1,220,038</u>    |
| <b>Other assets:</b>       |                     |                     |
| Goodwill                   | <u>4,609,664</u>    | <u>4,609,664</u>    |
| <b>Total assets</b>        | <u>\$ 5,777,714</u> | <u>\$ 5,829,702</u> |

MCW Holdings, Inc.

Balance Sheets

| December 31   | 2017                | 2016                |
|---|---------------------|---------------------|
| <b>Liabilities and stockholders' equity</b>   |                     |                     |
| <b>Current liabilities:</b>   |                     |                     |
| Accounts payable  | \$ 74,233           | \$ 59,306           |
| Accrued occupancy payable   | 29,274              | 24,255              |
| Accrued interest  | 5,829               | 5,929               |
| Premiums collected and payable  | 878,232             | 916,115             |
| Notes payable, current portion  | 122,846             | 297,525             |
| Total current liabilities   | 1,110,414           | 1,303,130           |
| <b>Long-term liabilities:</b>   |                     |                     |
| Notes payable, net of current portion   | 1,307,635           | 2,610,287           |
| Total liabilities   | 2,418,049           | 3,913,417           |
| <b>Commitments</b>  |                     |                     |
| <b>Stockholders' equity:</b>  |                     |                     |
| Common stock - \$.01 par value, 10,000 shares<br>authorized, 1,110 and 840 shares issued and<br>outstanding, respectively | 11                  | 8                   |
| Paid-in capital   | 1,448,170           | 98,173              |
| Retained earnings   | 1,911,484           | 1,818,104           |
| Total stockholders' equity  | 3,359,665           | 1,916,285           |
| <b>Total liabilities and stockholders' equity</b>   | <b>\$ 5,777,714</b> | <b>\$ 5,829,702</b> |



MCW Holdings, Inc.

Statements of Operations

| For the years ended December 31             | 2017              |              | 2016              |               |
|---|-------------------|--------------|-------------------|---------------|
|   |                   | %            |                   | %             |
| Revenue                                     | \$ 2,329,899      | 100.0        | \$ 1,899,673      | 100.0         |
| Operating expenses                          | <u>1,317,596</u>  | <u>56.8</u>  | <u>1,011,191</u>  | <u>53.1</u>   |
| Income from operations                      | <u>1,012,303</u>  | <u>43.2</u>  | <u>888,482</u>    | <u>46.9</u>   |
| Other expense:                              |                   |              |                   |               |
| Net loss from investee                      | (26,284)          | (1.1)        | -                 | -             |
| Interest income                             | 1,129             | -            | 611               | -             |
| Interest expense                            | <u>(137,513)</u>  | <u>(5.9)</u> | <u>(216,736)</u>  | <u>(11.4)</u> |
| Total other expense                         | <u>(162,668)</u>  | <u>(7.0)</u> | <u>(216,125)</u>  | <u>(11.4)</u> |
| Income before provision<br>for income taxes | 849,635           | 36.2         | 672,357           | 35.5          |
| (Provision for) benefit from<br>income tax  | <u>-</u>          | <u>-</u>     | <u>86,883</u>     | <u>4.6</u>    |
| Net income                                  | <u>\$ 849,635</u> | <u>36.2</u>  | <u>\$ 759,240</u> | <u>40.1</u>   |

MCW Holdings, Inc.

Statements of Stockholders' Equity

For the years ended December 31, 2017 and 2016

|                             | Number of<br>Outstanding<br>Shares<br>Common<br>Stock | Common<br>Stock | Paid-in<br>Capital  | Retained<br>Earnings | Total               |
|-----------------------------|---|-----------------|---------------------|----------------------|---------------------|
| Balance - January 1, 2016   | 785   | \$ 8            | \$ 4,975            | \$ 1,533,047         | \$ 1,538,030        |
| Issuance of common stock    | 55  | -               | 93,198              | -                    | 93,198              |
| Distributions               | -   | -               | -                   | (474,183)            | (474,183)           |
| Net income                  | -   | -               | -                   | 759,240              | 759,240             |
| Balance - December 31, 2016 | 840   | 8               | 98,173              | 1,818,104            | 1,916,285           |
| Issuance of common stock    | 270   | 3               | 1,349,997           | -                    | 1,350,000           |
| Distributions               | -   | -               | -                   | (756,255)            | (756,255)           |
| Net income                  | -   | -               | -                   | 849,635              | 849,635             |
| Balance - December 31, 2017 | <u>1,110</u>  | <u>\$ 11</u>    | <u>\$ 1,448,170</u> | <u>\$ 1,911,484</u>  | <u>\$ 3,359,665</u> |

MCW Holdings, Inc.

Statements of Cash Flows

| For the years ended December 31   | 2017              | 2016              |
|---|-------------------|-------------------|
| <b>Cash flows from operating activities:</b>                                      |                   |                   |
| Net income  | \$ 849,635        | \$ 759,240        |
| Adjustments to reconcile net income to net cash provided by operating activities: |                   |                   |
| Share of loss from investee   | 26,284            | -                 |
| (Increase) decrease in:   |                   |                   |
| Restricted cash   | 37,883            | (122,930)         |
| Prepaid expenses and taxes  | 22,112            | 4,473             |
| Due from stockholder  | 36,243            | (37,838)          |
| Other current assets  | (5,492)           | (84)              |
| Security deposit  | -                 | 950               |
| Increase (decrease) in:   |                   |                   |
| Accounts payable  | 14,927            | 26,872            |
| Accrued occupancy payable   | 5,019             | 7,137             |
| Accrued interest  | (100)             | (1,075)           |
| Premiums collected and payable  | (37,883)          | 122,930           |
| Deferred tax liability  | -                 | (86,883)          |
| <b>Net cash provided by operating activities</b>                                  | <b>948,628</b>    | <b>672,792</b>    |
| <b>Cash flows from investing activities:</b>                                      |                   |                   |
| Purchase of investment  | (54,192)          | (10,939)          |
| <b>Cash flows from financing activities:</b>                                      |                   |                   |
| Proceeds from notes payable   | 82,081            | -                 |
| Payments made on notes payable  | (209,412)         | (277,862)         |
| Proceeds from issuance of common stock  | -                 | 93,198            |
| Distributions to stockholders   | (756,255)         | (474,183)         |
| <b>Net cash used in financing activities</b>                                      | <b>(883,586)</b>  | <b>(658,847)</b>  |
| Net increase in cash and cash equivalents   | 10,850            | 3,006             |
| Cash and cash equivalents - beginning   | 227,644           | 224,638           |
| <b>Cash and cash equivalents - ending</b>   | <b>\$ 238,494</b> | <b>\$ 227,644</b> |

MCW Holdings, Inc.  
Statements of Cash Flows

| For the years ended December 31   | 2017         | 2016       |
|---|--------------|------------|
| <b>Supplemental disclosure of cash flow information:</b>                    |              |            |
| Cash paid during the year for:  |              |            |
| Interest  | \$ 139,465   | \$ 217,811 |
| Income taxes  | -            | 31,200     |
| <b>Supplemental schedule of noncash investing and financing activities:</b> |              |            |
| Conversion of notes payable to common stock                                 | \$ 1,350,000 | \$ -       |

SUPPLEMENTARY  
INFORMATION

MCW Holdings, Inc.

Schedules of Operating Expenses  
(Supplementary Information)

| For the years ended December 31 | 2017                |             | 2016                |             |
|---------------------------------|---------------------|-------------|---------------------|-------------|
|                                 |                     | <u>%</u>    |                     | <u>%</u>    |
| Advertising                     | \$ 1,787            | 0.1         | \$ 413              | -           |
| Bank charges                    | 2,197               | 0.1         | 2,346               | 0.1         |
| Charitable contributions        | -                   | -           | 700                 | -           |
| Commissions                     | 828,553             | 35.6        | 476,779             | 25.1        |
| Credit card fees                | 39,778              | 1.7         | 33,083              | 1.7         |
| Insurance                       | 8,770               | 0.4         | 6,460               | 0.3         |
| Licenses                        | 16,902              | 0.7         | 8,473               | 0.4         |
| Meals and entertainment         | 1,186               | 0.1         | 470                 | -           |
| Occupancy                       | 29,275              | 1.3         | 33,705              | 1.8         |
| Office expense                  | 7,077               | 0.3         | 9,029               | 0.5         |
| Officer salary                  | 120,000             | 5.2         | 120,000             | 6.3         |
| Payroll fees                    | 1,412               | 0.1         | 1,447               | 0.1         |
| Payroll taxes                   | 24,732              | 1.1         | 25,372              | 1.3         |
| Other taxes                     | 1,375               | 0.1         | 13,706              | 0.7         |
| Professional fees               | 47,214              | 2.0         | 41,367              | 2.2         |
| Staff salaries                  | 184,937             | 7.9         | 234,730             | 12.4        |
| Telecommunications              | -                   | -           | 209                 | -           |
| Travel                          | 2,180               | 0.1         | 1,341               | 0.1         |
| Website expense                 | 221                 | -           | 1,561               | 0.1         |
|                                 | <u>\$ 1,317,596</u> | <u>56.8</u> | <u>\$ 1,011,191</u> | <u>53.1</u> |

**FORM B**

**INSURANCE HOLDING COMPANY SYSTEM ANNUAL REGISTRATION  
STATEMENT**

**Filed with:**

District of Columbia Department of Insurance, Securities and Banking

**By:**

MCW Holdings, Inc.

**On behalf of the following insurance company:**

Amalgamated Casualty Insurance Company  
8401 Connecticut Ave., Suite 105  
Chevy Chase, MD 20815

**Date filed:**

April 5, 2017

**Name, title, address and telephone number of individual to whom notices and  
correspondence concerning this statement should be addressed:**

Patrick Bracewell  
President, Secretary, and Chairman of the Board  
MCW Holdings, Inc.  
8401 Connecticut Ave., Suite 105  
Chevy Chase, MD 20815  
Telephone: (202) 945-6233  
Email: [pjb@mcw-holdings.com](mailto:pjb@mcw-holdings.com)

**Table of Contents**

|  |           |
|--|-----------|
| <b>ITEM 1. IDENTITY AND CONTROL OF REGISTRANT.....</b>   | <b>3</b>  |
| <b>ITEM 2. ORGANIZATIONAL CHART.....</b>   | <b>4</b>  |
| <b>ITEM 3. THE ULTIMATE CONTROLLING PERSON.....</b>  | <b>5</b>  |
| <b>ITEM 4. BIOGRAPHICAL INFORMATION.....</b>   | <b>7</b>  |
| <b>ITEM 5. TRANSACTIONS AND AGREEMENTS.....</b>  | <b>9</b>  |
| <b>ITEM 6. LITIGATION OR ADMINISTRATIVE PROCEEDINGS.....</b>   | <b>10</b> |
| <b>ITEM 7. STATEMENT REGARDING PLAN OR SERIES OF TRANSACTIONS<br/>.....</b>                                    | <b>11</b> |
| <b>ITEM 8. FINANCIAL STATEMENTS AND EXHIBITS.....</b>  | <b>12</b> |
| <b>ITEM 9. FORM C REQUIRED.....</b>  | <b>13</b> |
| <b>ITEM 10. SIGNATURE AND CERTIFICATION.....</b>   | <b>14</b> |
| <b>APPENDIX ITEM 1: MCW HOLDINGS, INC. FINANCIAL STATEMENTS<br/>(JANUARY 1, 2016 – DECEMBER 31, 2016).....</b> | <b>15</b> |



## ITEM 1. IDENTITY AND CONTROL OF REGISTRANT

- a) **Furnish the exact name of each insurer registering or being registered (hereinafter called "the Registrant"), the home office address and principal executive offices of each:**

Amalgamated Casualty Insurance Company

**Home office and principal executive office address:**

4400 MacArthur Blvd., NW, Suite 301 (Statutory home office)  
Washington, DC 20007

8401 Connecticut Ave., Suite 105 (Principal executive office)  
Chevy Chase, MD 20814

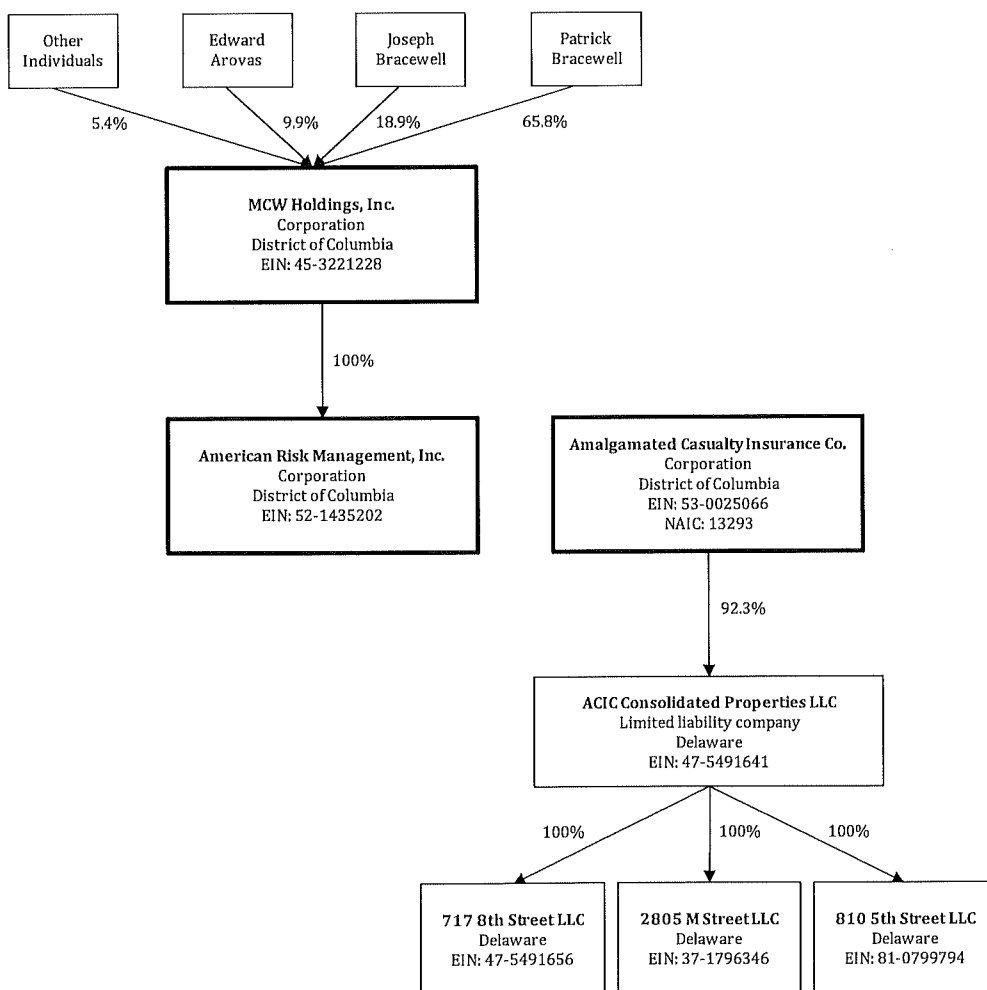
- b) **Furnish the date on which each Registrant became part of the insurance holding company system and the method(s) by which control of each Registrant was acquired and is maintained.**

In its Report on Examination dated June 29, 2010 ("Examination Report"), the DISB determined that Amalgamated Casualty Insurance Company ("ACI") is part of a holding company system along with its affiliated insurance agency, American Risk Management, Inc. ("ARM"). On October 5, 2011, after receiving approval from the DISB, MCW Holdings, Inc. ("MCW") acquired 100% of the voting securities of ARM.

## ITEM 2. ORGANIZATIONAL CHART

- a) Furnish a chart or listing clearly presenting the identities of any interrelationships among all affiliated persons within the insurance holding company system. No affiliate need be shown if its total assets are equal to less than 1/2 of 1% of the total assets of the ultimate controlling person within insurance holding company system unless it has assets of valued at or exceeding (insert amount). The chart or listing should show the percentage of each class of voting securities of each affiliate which is owned, directly or indirectly, by another affiliate. If control of any person within the system is maintained other than by the ownership or control of voting securities, indicate the basis of such control. As to each person specified in such chart or listing indicate the type of organization (e.g., - corporation, trust, partnership) and the state or other jurisdiction of domicile.

MCW owns 100% of the voting securities of ARM. MCW's voting securities are owned by the following: Patrick Bracewell (65.8%), Joseph Bracewell (18.9%), Edward Arovas (9.9%), and other members of Bracewell's family (5.4%).



### ITEM 3. THE ULTIMATE CONTROLLING PERSON

As to the ultimate controlling person in the insurance holding company system furnish the following information:

**a) Name**

MCW Holdings, Inc. (100% owner of ARM)

**b) Home office address**

8401 Connecticut Ave., Suite 105  
Chevy Chase, MD 20814

**c) Principal executive office address**

8401 Connecticut Ave., Suite 105  
Chevy Chase, MD 20814

**d) The organizational structure of the person, i.e., corporation, partnership, individual, trust, etc.**

Corporation (District of Columbia)

**e) The principal business of the person**

MCW was formed for the principal purpose of acquiring ARM and it is contemplated that its principal activity will be the ownership of the voting securities of ARM. MCW may make additional investments in operating businesses (public or private) and real estate. ARM is a licensed insurance producer that focuses on the commercial auto segment, primarily taxicabs, black car sedans, and non-emergency medical transportation vehicles. ARM currently transacts business in the District of Columbia, Maryland, Virginia, Florida, South Carolina, Texas, Ohio, Kentucky, Missouri, and Tennessee.

**f) The name and address of any person who holds or owns 10% or more of any class of voting security, the class of such security, the number of shares held of record or known to be beneficially owned, and the percentage of class so held or owned**

Patrick Bracewell

- Majority owner of MCW (65.8% of MCW's voting securities)
- President, Secretary, and Chairman of the Board of MCW

Address:

8401 Connecticut Ave., Suite 105  
Chevy Chase, MD 20814

Joseph Bracewell

- Minority owner of MCW (18.9% of MCW's voting securities)
- Director of MCW

Address:

11921 Freedom Drive, Suite 250  
Reston, VA 20190

- g) If court proceedings involving a reorganization or liquidation are pending, indicate the title and location of the court, the nature of proceedings and the date when commenced**

The ultimate controlling person is not involved in any court proceedings.

#### ITEM 4. BIOGRAPHICAL INFORMATION

Furnish the following information for the directors and executive officers of the ultimate controlling person: (a) the individual's name, (b) address, (c) principal occupation and all offices and positions held during the past five years, (d) any conviction of crimes other than minor traffic violations during the past ten years.

Patrick Bracewell

8401 Connecticut Ave., Suite 105  
Chevy Chase, MD 20814

**Organization:** MCW Holdings, Inc.  
**Position:** President, Secretary, and Chairman of the Board  
**Start and end dates:** July 2011 – Present  
**Principal business:** investment holding company  
**Address:** 8401 Connecticut Ave., Suite 105, Chevy Chase, MD 20814

**Organization:** Amalgamated Casualty Insurance Company  
**Position:** Chairman of the Board  
**Start and end dates:** October 2011 – Present  
**Principal business:** insurance carrier  
**Address:** 8401 Connecticut Ave., Suite 105, Chevy Chase, MD 20814

**Organization:** American Risk Management, Inc.  
**Position:** President and Chairman of the Board  
**Start and end dates:** October 2011 – Present  
**Principal business:** insurance producer  
**Address:** 8401 Connecticut Ave., Suite 105, Chevy Chase, MD 20814

**Organization:** Bracewell Asset Management, LLC  
**Position:** Managing Member  
**Start and end dates:** May 2011 – Present  
**Principal business:** investment firm  
**Address:** 3224 45<sup>th</sup> Street, NW, Washington, DC 20016

**Organization:** FBR Capital Markets & Co.  
**Position:** Vice President  
**Start and end dates:** March 2004 – May 2011  
**Principal business:** broker-dealer  
**Address:** 1001 19<sup>th</sup> Street North, Arlington, VA 22209

Patrick Bracewell has not been convicted of any crimes other than minor traffic violations during the past ten years.

Joseph Bracewell

11921 Freedom Drive, Suite 250  
Reston, VA 20190

**Organization:** MCW Holdings, Inc.  
**Position:** Director  
**Start and end dates:** July 2011 – Present  
**Principal business:** investment holding company  
**Address:** 8401 Connecticut Ave., Suite 105, Chevy Chase, MD 20814

**Organization:** Amalgamated Casualty Insurance Company  
**Position:** Trustee  
**Start and end dates:** March 2013 – Present  
**Principal business:** insurance carrier  
**Address:** 8401 Connecticut Ave., Suite 105, Chevy Chase, MD 20814

**Organization:** Bracewell Asset Management, LLC  
**Position:** Managing Member  
**Start and end dates:** December 2007 – Present  
**Principal business:** investment firm  
**Address:** 4718 Foxhall Crescents, NW, Washington, DC 20007

**Organization:** WashingtonFirst Bankshares, Inc.  
**Position:** Chairman of the Board  
**Start and end dates:** April 2004 – Present  
**Principal business:** commercial bank  
**Address:** 11921 Freedom Drive, Suite 250, Reston, VA 20190 (corporate headquarters)

**Organization:** Bingham McCutchen LLP (previously McKee Nelson LLP)  
**Position:** Partner, Of Counsel  
**Start and end dates:** January 2002 – December 2013  
**Principal business:** law firm  
**Address:** 2020 K Street, NW, Washington, DC 20006

Joseph Bracewell has not been convicted of any crimes other than minor traffic violations during the past ten years.

## ITEM 5. TRANSACTIONS AND AGREEMENTS

**Briefly describe the following agreements in force, and transactions currently outstanding or which have occurred during the last calendar year between the Registrant and its affiliates:**

There are currently 2 agreements in force between the Registrant and its affiliates:

1. Non-exclusive agency agreement: The in-force non-exclusive agency agreement, as amended, entered into by ACI and ARM, has been effective since October 1, 2011 and was approved by DISB on September 27, 2011 as part of a Form D filing made on September 23, 2011. The non-exclusive agency agreement authorizes ARM to solicit business on behalf of ACI and sets forth various other terms of the business relationship between ACI and ARM.
2. Cost sharing agreement: The in-force cost sharing agreement, as amended, entered into by ACI and ARM, has been effective since October 1, 2011 and was approved by DISB on September 27, 2011 as part of a Form D application filed on September 23, 2011. The cost sharing agreement sets forth the terms by which ARM reimburses ACI for certain shared resources, including office space, office expenses, shared personnel, and other reimbursable expenses as detailed in the cost sharing agreement (“reimbursable expenses”).

## ITEM 6. LITIGATION OR ADMINISTRATIVE PROCEEDINGS

A brief description of any litigation or administrative proceedings of the following types, either then pending or concluded within the preceding fiscal year, to which the ultimate controlling person or any of its directors or executive officers was a party or of which the property of any such person is or was the subject; give the names of the parties and the court or agency in which such litigation or proceeding is or was pending:

- (a) Criminal prosecutions or administrative proceedings by any government agency or authority which may be relevant to the trustworthiness of any party thereto; and

Neither the ultimate controlling person, nor any of its directors or executive officers, have been involved in any criminal prosecutions or administrative proceedings by any government agency or authority.

- (b) Proceedings which may have a material effect upon the solvency or capital structure of the ultimate holding company including, but not necessarily limited to bankruptcy, receivership or other corporate reorganizations.

There are no proceedings which may have a material effect upon the solvency or capital structure of the ultimate holding company.



**ITEM 7. STATEMENT REGARDING PLAN OR SERIES OF TRANSACTIONS**

**The insurer shall furnish a statement that describes transactions entered into since the filing of the prior year's annual registration statement are not part of a plan or series of like transactions, the purpose of which is to avoid statutory threshold amounts and the review that might otherwise occur.**

There Registrant has not entered into any such transactions since the filing of the prior year's annual registration statement.

## ITEM 8. FINANCIAL STATEMENTS AND EXHIBITS

**(a) Financial statements and exhibits should be attached to this statement as an appendix, but list under this item the financial statements and exhibits so attached.**

1. MCW Holdings, Inc. financial statements (January 1, 2016 – December 31, 2016)

Copies of the following items have not been included as they have already been filed with the DISB. Additional copies are available upon request.

2. Non-exclusive agency agreement, as amended
3. Cost sharing agreement, as amended

**(b) The financial statements shall include the annual financial statements of the ultimate controlling person in the insurance holding company system as of the end of the person's latest fiscal year.**

Please see "Appendix." The financial statements prepared are for the period from January 1, 2016 through December 31, 2016.

**(c) Exhibits shall include copies of the latest annual reports to shareholders of the ultimate controlling person and proxy material used by the ultimate controlling person; and any additional documents or papers required by Form B or District Regulations.**

Other than financial statements (See "Appendix"), MCW does not prepare any annual reports.

**ITEM 9. FORM C REQUIRED**

**A FORM C, Summary of Registration Statement, must be prepared and filed with this Form B.**

Form C is being filed concurrently with this Form B.

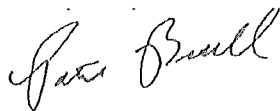
**ITEM 10. SIGNATURE AND CERTIFICATION**

Signature and certification required as follows:

**SIGNATURE**

Pursuant to the requirements of Section 6 of the Act, the Registrant has caused this annual statement to be duly signed on its behalf in the City of Washington and District of Columbia on the 5th day of April 2017.

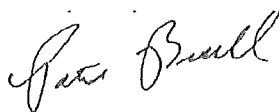
MCW Holdings, Inc.



BY: \_\_\_\_\_  
Patrick Bracewell (President, Secretary and Chairman of the Board)

**CERTIFICATION**

The undersigned deposes and says that he duly executed the attached annual registration statement dated April 5, 2017, for and on behalf of MCW Holdings, Inc.; that he is the President, Secretary, and Chairman of the Board of such company and that he is authorized to executed and file such instrument. Deponent further says that he is familiar with such instrument and the contents thereof, and that the facts therein set forth are true to the best of his knowledge, information and belief.



\_\_\_\_\_  
Patrick Bracewell

**APPENDIX ITEM 1: MCW HOLDINGS, INC. FINANCIAL STATEMENTS  
(JANUARY 1, 2016 – DECEMBER 31, 2016)**

**MCW Holdings, Inc.**

**Financial Statements**

Years Ended December 31, 2016 and 2015

**8401 Connecticut Avenue  
Suite 105  
Chevy Chase, MD 20815**

# SNYDERCOHN

CPAs and Business Advisors

**To the Stockholders**  
**MCW Holdings, Inc.**  
Chevy Chase, MD

Management is responsible for the accompanying financial statements of MCW Holdings, Inc. (an S Corporation), which comprise the balance sheets as of December 31, 2016 and 2015, and the related statements of operations and retained earnings and cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Management has elected to omit substantially all of the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's financial position, results of operations, and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

The accompanying schedules of operating expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management. The supplementary information was subject to our compilation engagement. We have not audited or reviewed the supplementary information and do not express an opinion, a conclusion, nor provide any assurance on such information.

*Snyder Cohn, PC*

SNYDER COHN, PC  
North Bethesda, Maryland  
March 9, 2017



# MCW Holdings, Inc.

## Balance Sheets

| <u>December 31</u>                         | <u>2016</u>         | <u>2015</u>         |
|--|---------------------|---------------------|
| <b>Assets</b>                              |                     |                     |
| <b>Current assets:</b>                     |                     |                     |
| Cash and cash equivalents                  | \$ 227,644          | \$ 224,638          |
| Restricted cash                            | 916,115             | 793,185             |
| Prepaid expenses and taxes                 | 23,201              | 27,674              |
| Due from stockholder                       | 37,838              | -                   |
| Other current assets                       | 568                 | 484                 |
| Investments                                | 14,539              | 3,600               |
| Total current assets                       | <u>1,219,905</u>    | <u>1,049,581</u>    |
| <b>Other assets:</b>                       |                     |                     |
| Goodwill                                   | 4,500,000           | 4,500,000           |
| Loan fee - net of accumulated amortization | 6,982               | 12,857              |
| Other intangible assets                    | 109,664             | 109,664             |
| Security deposit                           | -                   | 950                 |
| Total other assets                         | <u>4,616,646</u>    | <u>4,623,471</u>    |
| <b>Total assets</b>                        | <u>\$ 5,836,551</u> | <u>\$ 5,673,052</u> |



**MCW Holdings, Inc.**

**Balance Sheets**

| <u>December 31</u>  | <u>2016</u>         | <u>2015</u>         |
|---|---------------------|---------------------|
| <b>Liabilities and stockholders' equity</b>   |                     |                     |
| <b>Current liabilities:</b>   |                     |                     |
| Accounts payable  | \$ 59,173           | \$ 32,301           |
| Accrued occupancy payable   | 24,255              | 17,118              |
| Accrued interest  | 5,929               | 7,004               |
| Premiums collected and payable  | 916,115             | 793,185             |
| Notes payable, current portion  | 297,525             | 284,740             |
| Total current liabilities   | <u>1,302,997</u>    | <u>1,134,348</u>    |
| <b>Long-term liabilities:</b>   |                     |                     |
| Notes payable, net of current portion   | 2,617,269           | 2,913,791           |
| Deferred tax liability  | -                   | 86,883              |
| Total long-term liabilities   | <u>2,617,269</u>    | <u>3,000,674</u>    |
| Total liabilities   | <u>3,920,266</u>    | <u>4,135,022</u>    |
| <b>Commitments</b>  |                     |                     |
| <b>Stockholders' equity:</b>  |                     |                     |
| Common stock - \$.01 par value, 10,000 shares authorized, 840 and 785 shares issued and outstanding, respectively | 8                   | 8                   |
| Paid-in capital   | 98,173              | 4,975               |
| Retained earnings   | 1,818,104           | 1,533,047           |
| Total stockholders' equity  | <u>1,916,285</u>    | <u>1,538,030</u>    |
| <b>Total liabilities and stockholders' equity</b>   | <u>\$ 5,836,551</u> | <u>\$ 5,673,052</u> |

MCW Holdings, Inc.

Statements of Operations and Retained Earnings

| For the years ended December 31                     | 2016                |               | 2015                |               |
|---|---------------------|---------------|---------------------|---------------|
|   |                     | %             |                     | %             |
| <b>Revenue</b>                                      | \$ 1,899,673        | 100.0         | \$ 1,478,944        | 100.0         |
| <b>Operating expenses</b>                           | <u>998,624</u>      | <u>52.5</u>   | <u>561,441</u>      | <u>38.0</u>   |
| <b>Income from operations</b>                       | <u>901,049</u>      | <u>47.5</u>   | <u>917,503</u>      | <u>62.0</u>   |
| <b>Other expense:</b>                               |                     |               |                     |               |
| Interest income                                     | 611                 | -             | -                   | -             |
| Interest expense                                    | (210,861)           | (11.1)        | (231,081)           | (15.6)        |
| Amortization expense                                | <u>(5,875)</u>      | <u>(0.3)</u>  | <u>(7,346)</u>      | <u>(0.5)</u>  |
| <b>Total other expense</b>                          | <u>(216,125)</u>    | <u>(11.4)</u> | <u>(238,427)</u>    | <u>(16.1)</u> |
| <b>Income before provision<br/>for income taxes</b> | 684,924             | 36.1          | 679,076             | 45.9          |
| <b>(Provision for) benefit from<br/>income tax</b>  | <u>74,316</u>       | <u>3.9</u>    | <u>(25,670)</u>     | <u>(1.7)</u>  |
| <b>Net income</b>                                   | 759,240             | <u>40.0</u>   | 653,406             | <u>44.2</u>   |
| Retained earnings - beginning                       | 1,533,047           |               | 1,154,391           |               |
| Distributions to stockholders                       | <u>(474,183)</u>    |               | <u>(274,750)</u>    |               |
| <b>Retained earnings - ending</b>                   | <u>\$ 1,818,104</u> |               | <u>\$ 1,533,047</u> |               |

**MCW Holdings, Inc.**

**Statements of Cash Flows**

| <b>For the years ended December 31</b>  | <b>2016</b>       | <b>2015</b>       |
|---|-------------------|-------------------|
| <b>Cash flows from operating activities:</b>                                      |                   |                   |
| Net income  | \$ 759,240        | \$ 653,406        |
| Adjustments to reconcile net income to net cash provided by operating activities: |                   |                   |
| Amortization  | 5,875             | 7,346             |
| (Increase) decrease in:   |                   |                   |
| Restricted cash   | (122,930)         | (219,362)         |
| Prepaid expenses and taxes  | 4,473             | (27,674)          |
| Due from stockholder  | (37,838)          | -                 |
| Other current assets  | (84)              | 1,187             |
| Security deposit  | 950               | (950)             |
| Increase (decrease) in:   |                   |                   |
| Accounts payable  | 26,872            | 32,301            |
| Accrued occupancy payable   | 7,137             | 411               |
| Accrued interest  | (1,075)           | 7,004             |
| Commissions payable   | -                 | (2,429)           |
| Income tax payable  | -                 | (6,208)           |
| Premiums collected and payable  | 122,930           | 219,362           |
| Deferred tax liability  | (86,883)          | (773)             |
| <b>Net cash provided by operating activities</b>                                  | <u>678,667</u>    | <u>663,621</u>    |
| <b>Cash flows from investing activities:</b>                                      |                   |                   |
| Purchase of investment  | <u>(10,939)</u>   | <u>-</u>          |
| <b>Cash flows from financing activities:</b>                                      |                   |                   |
| Payments made on notes payable  | (283,737)         | (271,595)         |
| Proceeds from issuance of common stock  | 93,198            | 4,976             |
| Distributions to stockholders   | <u>(474,183)</u>  | <u>(274,750)</u>  |
| <b>Net cash used in financing activities</b>                                      | <u>(664,722)</u>  | <u>(541,369)</u>  |
| Net increase in cash and cash equivalents   | 3,006             | 122,252           |
| Cash and cash equivalents - beginning   | <u>224,638</u>    | <u>102,386</u>    |
| <b>Cash and cash equivalents - ending</b>   | <u>\$ 227,644</u> | <u>\$ 224,638</u> |
| <b>Supplemental disclosure of cash flow information:</b>                          |                   |                   |
| Cash paid during the year for:  |                   |                   |
| Interest  | \$ 211,936        | \$ 224,077        |
| Income taxes  | 31,200            | 52,088            |

**SUPPLEMENTARY  
INFORMATION**

MCW Holdings, Inc.

Schedules of Operating Expenses  
(Supplementary Information)

| For the years ended December 31 | 2016              |             | 2015              |             |
|---------------------------------|-------------------|-------------|-------------------|-------------|
|                                 |                   | %           |                   | %           |
| Advertising                     | \$ 413            | -           | \$ 103            | -           |
| Bank charges                    | 2,346             | 0.1         | 1,312             | 0.1         |
| Charitable contributions        | 700               | -           | -                 | -           |
| Commissions                     | 476,779           | 25.1        | 195,198           | 13.2        |
| Credit card fees                | 33,083            | 1.7         | 25,149            | 1.7         |
| Insurance                       | 6,460             | 0.3         | 2,618             | 0.2         |
| Licenses                        | 8,473             | 0.4         | 6,994             | 0.5         |
| Meals and entertainment         | 470               | -           | 491               | -           |
| Occupancy                       | 33,705            | 1.8         | 28,518            | 1.9         |
| Office expense                  | 9,029             | 0.5         | 9,514             | 0.6         |
| Officer salary                  | 120,000           | 6.3         | 123,750           | 8.4         |
| Payroll fees                    | 1,447             | 0.1         | 1,217             | 0.1         |
| Payroll taxes                   | 25,372            | 1.3         | 18,288            | 1.2         |
| Personal property tax           | 1,139             | 0.1         | 1,402             | 0.1         |
| Professional fees               | 41,367            | 2.2         | 29,171            | 2.0         |
| Recruiting                      | -                 | -           | 5,499             | 0.4         |
| Staff salaries                  | 234,730           | 12.4        | 108,893           | 7.4         |
| Telecommunications              | 209               | -           | 3,097             | 0.2         |
| Travel                          | 1,341             | 0.1         | -                 | -           |
| Website expense                 | 1,561             | 0.1         | 227               | -           |
|                                 | <u>\$ 998,624</u> | <u>52.5</u> | <u>\$ 561,441</u> | <u>38.0</u> |