Government of the District of Columbia
Muriel Bowser, Mayor
Department of Insurance, Securities and Banking

DISB

Chester A. McPherson
Acting Commissioner

BEFORE THE INSURANCE COMMISSIONER OF THE DISTRICT OF COLUMBIA

Re: Report on Examination - **Trinity Risk Solutions Reciprocal Insurance Company, A Risk Retention Group** as of December 31, 2013

ORDER

An Examination of **Trinity Risk Solutions Reciprocal Insurance Company, A Risk Retention Group** as of December 31, 2013 has been conducted by the District of Columbia Department of Insurance, Securities and Banking ("the Department").

It is hereby ordered on this 3rd day of April, 2015, 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.

Chester A. McPherson
Acting Commissioner

GOVERNMENT OF THE DISTRICT OF COLUMBIA

DEPARTMENT OF INSURANCE, SECURITIES AND BANKING

REPORT ON EXAMINATION

Trinity Risk Solutions Reciprocal Insurance Company, A Risk Retention Group

AS OF

DECEMBER 31, 2013

NAIC NUMBER 11958

TABLE OF CONTENTS

Washington, D.C.
January 26, 2015

Honorable Chester A. McPherson
Acting Commissioner
Department of Insurance, Securities and Banking
Government of the District of Columbia
810 First Street, NE, Suite 701
Washington, D.C. 20002

Dear Acting Commissioner McPherson:

In accordance with Section 31-3931.14 of the District of Columbia Official Code, we have examined the financial condition and activities of

Trinity Risk Solutions Reciprocal Insurance Company,
a Risk Retention Group

hereinafter referred to as the "Company" or "Trinity".

SCOPE OF EXAMINATION

This full-scope examination, covering the period from January 1, 2009 through December 31, 2013, including any material transactions and/or events noted occurring subsequent to December 31, 2013, was conducted by the District of Columbia Department of Insurance, Securities and Banking ("the Department"). The last examination was completed as of December 31, 2008 by the Department.

We conducted our examination in accordance with the NAIC Financial Condition Examiners Handbook ("Handbook") and the policies and standards established by the Department. The Handbook requires that we plan and perform the examination to evaluate the financial condition and identify prospective risks of the Company by obtaining information about the Company, including corporate governance, identifying and assessing inherent risks within the Company, and evaluating system 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 overall financial statement presentation, management's compliance with applicable accounting principles, annual statement instructions, and compliance with domestic jurisdiction laws and regulations.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. In addition, our examination included tests to provide reasonable assurance that the Company was in compliance with applicable laws, rules and regulations. In planning and conducting our examination, we gave consideration to the concepts of materiality and risk, and our examination efforts were directed accordingly.

The Company was audited annually by an independent public accounting firm. The firm expressed unqualified opinions on the Company's financial statements for the calendar years 2009 through 2013. We placed substantial reliance on the audited financial statements for calendar years 2009 through 2012, and consequently performed only minimal testing for those periods. We concentrated our examination efforts on the year ended December 31, 2013. We obtained and reviewed the working papers prepared by the independent public accounting firm related to the audit for the year ended December 31, 2013. We placed reliance on the work of the auditor and directed our efforts, to the extent practical, to those areas not covered by the firm's work papers.

SUMMARY OF SIGNIFICANT FINDINGS

The results of this examination disclosed no material adverse findings, significant non-compliance findings, or material changes in financial statements.

STATUS OF PRIOR EXAMINATION FINDINGS

A full scope financial examination was conducted by the Department as of December 31, 2008, which covered the period March 30, 2004 through December 31, 2008. The Report on the prior examination, dated February 18, 2010, did not include any exception conditions or related recommendations.

SUBSEQUENT EVENTS

Effective June 3, 2014, the Company commuted its reinsurance contracts for the treaty years January 1, 2010 through December 31, 2011. Effective December 1, 2014, the Company commuted its reinsurance contract for the treaty year January 1, 2012 through December 31, 2012. The Department approved the commutations. As a result of the reinsurance commutations, the Company has no reinsurance coverage on open claims and/or reopened claims reported for these years, and the Company retains full policy limits for all policies written during these periods. See the “Reinsurance” section of this report for further comments regarding the Company’s commuted reinsurance contracts.

HISTORY

General:

The Company was organized as a risk retention group (RRG), and as an assessable reciprocal insurance company, under the insurance laws of the District of Columbia to provide medical professional liability and comprehensive general liability coverage to its members which are long-term care facilities primarily based in Illinois. The Company received its certificate of authority on March 30, 2004 and commenced operations on April 1, 2004. Effective December

31, 2010, the Company requested and was granted permission to change its name from Life Services Network Reciprocal Insurance Company, a Risk Retention Group to Trinity Risk Solutions Reciprocal Insurance Company, A Risk Retention Group.

As a reciprocal insurer, the Company operates through an attorney-in-fact, IPMG Attorney In Fact, Inc. ("IPMG AIF"), a District of Columbia corporation. IPMG AIF and its subcontractors manage the Company's daily business operations under the supervision of the Subscribers Advisory Committee (Committee), which is elected by the Company's subscribers/policyholders.

Membership:

As a reciprocal insurer and an RRG, the Company is owned by its subscribers/policyholders. The initial capital contribution for each subscriber is calculated at 50 percent of the subscriber's adjusted base rate. The capital contribution is collected 85 percent in the subscriber's first year of membership and 15 percent upon the next renewal. In addition, each subscriber has a contingent liability for surplus assessments if and to extent that the Committee votes to assess based on the Company's surplus level. The company does not issue stock or other certificates of ownership.

Each subscriber is automatically a voting member of the Company. The subscribers appoint the Subscribers Advisory Committee at the annual subscribers meeting.

Dividends and Distributions:

During 2011, 2010 and 2009, the Company declared and reported dividends to subscribers in the amounts of $525,028, $403,263 and $331,942, respectively. No dividends were declared or reported for the years 2012 and 2013. The Company recorded 2009 and 2010 dividends in its income statement and 2011 dividends were recorded directly to surplus. All dividends were approved in advance by the Department.

In addition, during the period under examination, the Company requested, and the Department approved, distributions to former subscribers totaling approximately $900,000.

MANAGEMENT

The Company's bylaws established the Subscribers Advisory Committee as a governing body and the members of the Committee are elected by the full membership of the Company. The following persons were serving on the Company's Subscribers Advisory Committee as of December 31, 2013:

Name and State of Residence	Principal Occupation
Roger Hasler Illinois	Chief Financial Officer Meadows Mennonite Retirement Community

David Blunier Illinois	Assistance Administrator Fairview Haven
Stephen Cichy Illinois	Executive Director DeKalb Area Retirement Home
Susan Johnson Illinois	Director of Finance Evenglow Lodge
John Larson Illinois	Chief Financial Officer The British Home
William Lowe Illinois	Chief Executive Officer United Methodist Homes and Services
David Stieglitz* Illinois	Administrator Apostolic Christian Resthaven

*James Thomason, President and Chief Executive Officer of Maple Lawn Homes joined the Subscribers Advisory Committee on January 1, 2014. Effective October 31, 2014, David Stieglitz resigned from the Subscribers Advisory Committee.

The Company's officers serving as of December 31, 2013 were as follows:

Name	Title
Roger Hasler	President
John Larson	Treasurer
David Stieglitz*	Secretary

*Effective October 31, 2014, David Stieglitz resigned as Secretary and William Lowe was elected for the position on December 11, 2014.

Committees:

As of December 31, 2013, the Company's Subscribers Advisory Committee had established the following committees:

Finance and Audit Committee:	Executive Committee:
John Larson, Chair	Roger Hasler
Stephen Cichy	John Larson
Susan Johnson	David Stieglitz*
Paul Roberts	

*Effective October 31, 2014, David Stieglitz resigned and William Lowe was elected to the Executive Committee on December 11, 2014.

Conflicts of Interest:

Our review of the conflict of interest statements completed by the Company's directors and officers for the period under examination disclosed that there were no conflicts of interest reported that would adversely impact the Company.

Corporate Records:

We reviewed the minutes of the meetings of the Subscribers Advisory Committee and subscribers for the period under examination. Based on our review, it appears that the minutes documented the review and approval of the Company's significant transactions and events.

CAPTIVE MANAGER

Risk Services, LLC ("Risk Services") is the Company's captive manager since inception, providing management services, including accounting, regulatory services and records retention services to the Company. Effective February 19, 2013, Risk Services became the Company's reinsurance intermediary as well.

AFFILIATED PARTIES AND TRANSACTIONS

As indicated in the "History" section of this report, the Company is a reciprocal insurer, operating through the attorney-in-fact, IPMG Attorney In Fact, Inc. ("IPMG AIF"), a District of Columbia corporation. The attorney-in-fact has the legal authority to act on behalf of the Company's subscribers/policyholders according to the Attorney in Fact management agreement.

Effective April 1, 2004, IPMG AIF entered into an administrator agreement with Insurance Program Managers LLC (IPMG LLC), the parent of IPMG AIF, on behalf of the Company. The initial term of the agreement was April 1, 2004 through December 31, 2009, with automatic renewal for three-year terms, until cancelled by either party by giving 90 day notice prior to the end of the original term or any successive period. Under the terms of the agreement, IPMG LLC provides daily business management services including marketing, underwriting, billing and collection, and business consulting to the Company. The Company pays IPMG LLC 8 percent of annual gross written premiums in the first year and 10 percent of annual gross written premiums afterwards with an incentive fee based on the loss ratio. The agreement was mutually terminated at the end of 2011.

Effective January 1, 2012, IPMG AIF entered into a new administrative services agreement with IPMG LLC on behalf of the Company. The term of the agreement is January 1, 2012 through December 31, 2014, with automatic renewals for one-year terms, until cancelled by either party by giving 90 days notice prior to the end of the original term or any successive

period. Under the terms of the agreement, IPMG LLC provides daily business management services, risk management services, and third party claims administration services to the Company. The Company compensates IPMG LLC 10 percent of annual gross written premiums for renewal business and 9 percent of annual gross written premiums on new business plus an incentive bonus of up to 5 percent on new business based on the performance of the new business. For the risk management services provided, the Company pays IPMG LLC 4 percent of annual gross written premium and $4,500 per subscriber annually. For third party claims administration services, the Company pays 1.5 percent of annual gross written premiums, subject to a non-refundable annual minimum of twenty thousand dollars.

IPMG LLC's wholly owned subsidiary, IPMG Claims Management Services, formerly known as ClaimsOne, LLC, administers the Company's claims.

During 2013, the Company incurred fees of $147,751 for administrative services, including the incentive fee. Additionally, the Company incurred $99,000 in fees for risk management services, and $18,407 for claims administration services.

All of the aforementioned service agreements were approved by the Department. Our review of the agreements did not disclose any unusual terms.

FIDELITY BOND AND OTHER INSURANCE

The Company has no employees and its daily business operations are managed by various service providers. The Company maintains directors and officers liability coverage with a $5,000,000 maximum aggregate limit per policy period. The Company's program manager, IPMG LLC, maintains a $3,000,000 commercial crime coverage policy. This provides adequate coverage based on NAIC guidelines and contractual requirements.

PENSION AND INSURANCE PLANS

The Company has no employees and therefore has no employee pension or insurance plans.

TERRITORY AND PLAN OF OPERATION

As of December 31, 2013, the Company was licensed in the District of Columbia and was registered as a risk retention group in the States of Illinois and Virginia. During 2013, the Company only wrote business in Illinois with total written premiums of $1,464,284.

The Company provides professional and general liability coverage on a claims-made basis to long term care facilities. The Company offers policies with limits of $1,000,000 per claim and $3,000,000 in the annual aggregate per facility, with deductibles of up to $100,000 per claim. Aggregate deductibles are four times the per claim deductible. The Company also underwrites employee benefits liability coverage for wrongful acts, and errors and omissions with limits of

$1,000,000 per occurrence and in the annual aggregate. Employee benefits liability coverage is only for wrongful acts, and errors and omissions in relation to the administration of subscribers' employee benefits programs. Defense costs are covered and erode the limits of coverage. In addition, the Company provides $1,000,000 coverage in excess of $1,000,000 as a buffer layer that is shared among all insureds who purchase this coverage. This coverage is 100 percent retained by the Company.

The Company has no employees. As a reciprocal insurer, the Company is operating through its Attorney-In-Fact, IPMG AIF and managed by various service providers. The majority of these service providers are affiliated with the Company through IPMG AIF. As indicated in the "Affiliated Parties and Transactions" section of this report, IPMG AIF's parent, IPMG LLC manages the Company's daily business operations including marketing, underwriting, billing and collection, business consulting and risk management services. Contracts for services are entered into by IPMG LLC and/or IPMG AIF on behalf of the Company. IPMG LLC's wholly owned subsidiary, IPMG Claims Management Services, formerly known as ClaimsOne, LLC, administers the Company's claims. All these services are provided at these companies' offices located at St. Charles, Illinois. The Company's captive manager, Risk Services LLC, provides accounting and regulatory services to the Company from offices in Washington, D.C., Sarasota, Florida, and Barre, Vermont.

COMPARATIVE FINANCIAL POSITION OF THE COMPANY

The financial position of the Company and its loss experience for the years under examination is presented in the following table, which is prepared from information contained in the Company's annual statements filed with the Department. The amounts reported in the table for the year ended December 31, 2013 are determined by this examination.

	2013	2012	2011	2010	2009
Total admitted assets	$ 7,689,300	$ 7,226,157	$ 7,347,890	$ 7,079,702	$ 6,760,968
Total liabilities	$ 3,154,826	$ 2,159,919	$ 2,661,582	$ 1,854,666	$ 1,736,612
Total capital and surplus	$ 4,534,474	$ 5,066,238	$ 4,686,308	$ 5,225,036	$ 5,024,356
Net cash from operations	$ 978,522	$ 270,250	$ 871,805	$ 536,438	$ 1,007,471
Total adjusted risk-based capital	$ 4,534,474	$ 5,066,238	$ 4,686,308	$ 5,225,036	$ 5,024,356
Authorized control level risk-based capital	$ 359,804	$ 351,656	$ 298,060	$ 291,056	$ 210,792
Gross written premium	$ 1,464,284	$ 1,409,985	$ 1,501,043	$ 1,713,609	$ 1,982,665
Ceded premiums written *	$ 761,817	$ 224,411	$ 92,257	$ 268,123	$ 347,252
Premiums earned *	$ 702,467	$ 1,185,574	$ 1,408,786	$ 1,445,486	$ 1,635,413
Net underwriting gain (loss) *	$ (208,560)	$ 139,455	$ 86,403	$ 453,500	$ 755,768
Net investment income	$ 168,061	$ 150,054	$ 124,611	$ 118,818	$ 107,529
Net realized capital gains	$ 60,615	$ 33,792	$ 26,645	$ 43,302	$ 4,189
Net income *	$ 38,838	$ 318,262	$ 251,620	$ 204,810	$ 537,684
Net underwriting gain to PHS	-4.6%	2.8%	1.8%	8.7%	15.0%
Net written premium to PHS	15.5%	23.4%	30.1%	27.7%	32.5%
Losses and LAE incurred	$ 506,983	$ 528,497	$ 815,914	$ 348,334	$ 379,299
Other underwriting expenses incurred	$ 404,044	$ 517,622	$ 506,469	$ 643,652	$ 500,346
Net loss ratio	72.2%	44.6%	57.9%	24.1%	23.2%
Expense ratio	57.5%	43.7%	36.0%	44.5%	30.6%

* See detailed explanation in NOTE 4 in the "Notes to Financial Statements" section of this Report.

REINSURANCE

Effective January 1, 2012 to January 1, 2015, the Company is party to an excess of loss reinsurance agreement with various reinsurers whereby it cedes losses of $750,000 in excess of $250,000 per occurrence. If two or more insureds are involved in the same claim, then the reinsurance covers $625,000 in excess of $375,000. The agreement covers up to a maximum of 225 percent of ceded premiums. The provisional reinsurance premium rate is 32.5 percent of annual gross net written premiums, adjustable on January 1, 2013 and quarterly thereafter with a minimum premium rate of 15.5 percent plus 110 percent of the cumulative incurred losses. The maximum reinsurance premium rate is 52.5 percent. Under the terms of the reinsurance

agreement, the Company has an option to commute prior annual contract years within 24 months from the expiration of the respective annual period at 72.5 percent of the minimum rate.

Prior to January 1, 2012, the Company had a similar excess of loss reinsurance agreement in place. Effective January 1, 2015, the company entered a new agreement for another three years at similar terms. All reinsurance treaties were approved by the Department. Our review did not disclose any unusual terms in these treaties.

As of the date of this report on examination, the Company had requested, and the Department approved, commutations of all reinsurance treaty years from April 1, 2004 through December 31, 2012. For certain commuted years, the Company had no open claims at the time of requests for commutations, and for some years the Company had a minimal number of open claims. For all of these years, management and the Subscribers Advisory Committee determined it was in the best interests of the Company to commute these years.

In 2013, the Company incurred reinsurance premium expense totaling $761,817. As of December 31, 2013, the Company reported net reinsurance recoverable of $571,647, which represents ceded loss and loss adjustment expenses recoverables totaling $1,049,456 less reinsurance premiums payable of $477,809. If the reinsurers were not able to meet their obligations under the treaties, the Company would be liable for any defaulted amounts.

ACCOUNTS AND RECORDS

The primary location of the Company's books and records is at offices of its captive manager, Risk Services, in Washington, D.C.

The Company's general accounting records are maintained by its captive manager. IPMG LLC maintains a premium bordereau, which is reported to the captive manager monthly. Claim payment and case reserve data is maintained by the Company's claims administrator, who reports this information to the captive manager monthly. Our review did not disclose any significant deficiencies in these records.

STATUTORY DEPOSITS

As of December 31, 2013, the Company did not have any statutory deposits in the District of Columbia and was not required to maintain any such deposits. In addition, the Company was not required to maintain statutory deposits with any other jurisdictions.

FINANCIAL STATEMENTS

The following financial statements, prepared in accordance with accounting practices generally accepted in the United States ("GAAP"), except for the conditions described in NOTE 2, reflect the financial condition of the Company as of December 31, 2013, as determined by this examination:

The accompanying Notes to Financial Statements are an integral part of these Financial Statements.

BALANCE SHEET

ASSETS

	December 31, 2013
Bonds	$ 4,334,435
Common stocks	2,027,494
Cash ($929,471), cash equivalents ($230,000) and short-term investments ($261) **(NOTE 1)**	1,159,732
Subtotals, cash and invested assets	$ 7,521,661
Investment income due and accrued	30,697
Current federal and foreign income tax recoverable and interest thereon	8,114
Aggregate write-ins for other than invested assets:	
Letters of credit **(NOTE 2)**	78,300
State tax recoverable	4,500
Deductible recoverable	26,440
Prepaid expenses	19,588
Total	$ 7,689,300

LIABILITIES, SURPLUS AND OTHER FUNDS

	December 31, 2013
Losses **(NOTE 3)**	$ 2,170,771
Loss adjustment expenses **(NOTE 3)**	301,773
Other expenses (excluding taxes, licenses and fees)	147,356
Taxes, licenses and fees (excluding federal and foreign income taxes)	16,088
Net deferred tax liability	41,029
Ceded reinsurance premiums payable (net of ceding commission)	477,809
Total Liabilities	$ 3,154,826
Gross paid in and contributed surplus	$ 887,640
Unassigned funds (surplus)	3,646,834
Surplus as regards policyholders	$ 4,534,474
Total	$ 7,689,300

STATEMENT OF INCOME

	2013
UNDERWRITING INCOME	
Premiums earned	$ 702,467
DEDUCTIONS	
Losses incurred	$ 310,947
Loss expenses incurred	196,036
Other underwriting expenses incurred	404,044
Total underwriting deductions	$ 911,027
Net underwriting loss (**NOTE 4**)	$ (208,560)
INVESTMENT INCOME	
Net investment income earned	$ 168,061
Net realized capital gains	60,615
Net investment gain	$ 228,676
Net income after dividends to policyholders, after capital gains and before all other federal and foreign income taxes	$ 20,116
Federal and foreign income taxes incurred	(18,722)
Net income	$ 38,838

CAPITAL AND SURPLUS ACCOUNT

Surplus as regards policyholders, December 31, 2008	$	4,322,029
Net income, 2009		537,684
Change in net unrealized capital gains or (losses)		104,972
Surplus adjustments: Paid in		59,671
Net change in surplus as regards policyholders, 2009		702,327
Surplus as regards policyholders, December 31, 2009	$	5,024,356
Net income, 2010		204,810
Change in net unrealized capital gains or (losses)		89,689
Surplus adjustments: Paid in		(84,689)
Surplus adjustments: Transferred from capital		(9,130)
Net change in surplus as regards policyholders, 2010		200,680
Surplus as regards policyholders, December 31, 2010	$	5,225,036
Net income, 2011		251,620
Change in net unrealized capital gains or (losses)		100,336
Surplus adjustments: Paid in		(365,656)
Dividends to subscribers		(525,028)
Net change in surplus as regards policyholders, 2011		(538,728)
Surplus as regards policyholders, December 31, 2011	$	4,686,308
Net income, 2012		318,262
Change in net unrealized capital gains or (losses)		50,433
Surplus adjustments: Transferred from capital		11,235
Net change in surplus as regards policyholders, 2012		379,930
Surplus as regards policyholders, December 31, 2012	$	5,066,238
Net income, 2013		38,838
Change in net unrealized capital gains or (losses)		(15,725)
Surplus adjustments: Paid in		(84,087)
Surplus adjustments: Transferred from capital		(470,790)
Net change in surplus as regards policyholders, 2013		(531,764)
Surplus as regards policyholders, December 31, 2013	$	4,534,474

ANALYSIS OF EXAMINATION CHANGES TO SURPLUS

There were no changes to the Company's surplus as a result of our examination.

NOTES TO FINANCIAL STATEMENTS

Note 1 – Cash and Cash Equivalents

As of December 31, 2013, the Company reported "Cash, cash equivalents and short-term investments" totaling $1,159,732; of which $524,730 of cash was held in one institution. This balance exceeded the amount insured by the Federal Deposit Insurance Corporation ("FDIC"). It is the Company's policy to monitor the financial strength of the banks that hold their deposits on an ongoing basis.

NOTE 2 - Letters of Credit:

At December 31, 2013, the Company's surplus as regards policyholders included $78,300 in letters of credit in the possession of the District of Columbia Insurance Commissioner. Under the Laws of the District of Columbia, letters of credit approved by the Department are allowed as admitted assets and surplus as regards policyholders. Inclusion of the letters of credit as assets and surplus as regards policyholders is not in accordance with GAAP.

NOTE 3 - Losses and Loss Adjustment Expense Reserves:

The Company reported "Losses" and "Loss adjustment expenses" reserves (net of ceded loss reserves) totaling $2,170,771 and $301,773, respectively. These reserves represent management's best estimate of the amounts necessary to pay all claims and related expenses that have been incurred but are still unpaid as of December 31, 2013. Reserve credits taken as of December 31, 2013 amounted to approximately $1,049,000. If the reinsurers are unable to meet their obligations, the Company will be liable for this amount. The Company does not discount its reserves.

The methodologies utilized by the Company to compute reserves, and the adequacy of the losses and loss adjustment expenses reserves as of December 31, 2013, were reviewed as part of our examination. As part of our review, we relied on the work performed by the Company's independent actuary, who concluded that the Company's reserves appeared to be sufficient. In addition, as part of our examination of the Company's reserves, we engaged an examination actuary to review the methods employed, assumptions relied upon, and conclusions reached by the Company's independent actuary. The examination actuary concluded that the methods employed, assumptions relied upon, and conclusions reached by the Company's independent actuary appeared sufficient and that reserves as reported in the Company's financial statements are reasonable and adequate.

NOTE 4 – 2013 Results of Operations:

For the year ended December 31, 2013, the Company reported "Net underwriting loss" totaling $208,560 and total "Net income" totaling $38,838. As indicated in the "Comparative

Financial Position of the Company" section of this report, 2013 is the only year during this examination period in which the Company reported an underwriting loss. During 2013, the Company experienced several large losses which contributed to higher direct incurred losses compared to recent years, and as a result of the higher direct losses, the Company's reinsurance premium increased based on the adjustable provisions of the reinsurance treaty, increasing from $224,411 in 2012 to $761,817 in 2013. The increase in reinsurance premiums also resulted in reduced net earned premiums. These factors combined resulted in the net underwriting loss. Despite these underwriting losses, the Company's surplus and risk-based capital levels remained adequate, primarily due to investment income and unrealized capital gains. The Department has been monitoring the Company's operating results and financial position during 2014 and as of December 31, 2014, the Company reported net underwriting gain totaling $836,989, total net income of $1,009,562, and surplus of $5,482,170. No further action by the Department is deemed necessary at this time but the Department will continue to monitor the Company's financial condition and if deemed necessary would require corrective action.

COMMENTS AND RECOMMENDATIONS

During the examination, no issues warranting comments or recommendations in this examination report were noted.

CONCLUSION

Our examination disclosed that as of December 31, 2013 the Company had:

Admitted Assets	$	7,689,300
Liabilities and Reserves		3,154,826
Gross Paid in and Contributed Surplus		887,640
Unassigned Funds (Surplus)		3,646,834
Total Surplus		4,534,474
Total Liabilities, Capital and Surplus	$	7,689,300

Based on our examination, the accompanying balance sheet properly presents the financial position of the Company at December 31, 2013, and the accompanying statement of income properly presents the results of operations for the period then ended.

Chapter 39 ("CAPTIVE INSURANCE COMPANIES") of Title 31 ("Insurance and Securities") of the D.C. Official Code specifies the level of capital and surplus required for the Company. We concluded that the Company's capital and surplus funds exceeded the minimum requirements during the period under examination.

SIGNATURES

In addition to the undersigned, the following examiners representing the District of Columbia Department of Insurance, Securities and Banking participated in certain phases of this examination:

Amy Carter, CFE, Lewis & Ellis, Inc.
Lindsey Pittman, CFE, Lewis & Ellis, Inc.

The actuarial portion of this examination was completed by Kristine M. Fitzgerald, ACAS, MAAA, FCA and Steven P. Lattanzio, FCAS, MAAA, FCA of Actuarial & Technical Solutions, Inc.

Respectfully submitted,

Sarah Lucibello, CFE
Examiner-In-Charge
Lewis & Ellis, Inc.

Under the Supervision of,

Xiangchen (Jessie) Li, CFE
Supervising Examiner
District of Columbia Department of Insurance, Securities and Banking

Government of the District of Columbia
Muriel Bowser, Mayor
Department of Insurance, Securities and Banking

DISB

Chester A. McPherson
Acting Commissioner

March 23, 2015

Mr. Roger Hasler
President
Trinity Risk Solutions Reciprocal Insurance Company, A Risk Retention Group
C/o Risk Services, LLC
2233 Wisconsin Ave, N.W. Suite 310
Washington, DC 20007

RE: Examination of **Trinity Risk Solutions Reciprocal Insurance Company, A Risk Retention Group** as of December 31, 2013

Dear Mr. Hasler:

Pursuant to the provisions of Section 31-1404 of the D.C. Official Code, enclosed is a draft copy of the Report on Examination ("Report") of the affairs and financial condition of Trinity Risk Solutions Reciprocal Insurance Company, A Risk Retention Group, ("Company") as of December 31, 2013.

Please submit, to my attention, a written response calling attention to any errors or omissions. In addition, if this Report on Examination contains a section entitled "Comments and Recommendations" that discloses certain areas requiring action, the Company shall submit a statement covering the corrective measures which will be taken. If the Company's position on any of these points is contrary to the Examiner's findings, an explanation should be submitted covering each contested comment and/or recommendation.

If there are no errors or omissions to be brought to our attention, and there are no "Comments and Recommendations" requiring a response, please submit a statement that the Company accepts the Report.

The response must be in writing and shall be furnished to this Department by April 22, 2015. In addition to a hard-copy response, please also furnish the response electronically via e-mail to me, in a Microsoft "Word" format, to sean.odonnell@dc.gov.

Sincerely,

Sean O'Donnell
Director of Financial Examination,
Risk Finance Bureau

Enclosure

Trinity Risk Solutions Reciprocal Insurance Company, A Risk Retention Group

April 03, 2015

Sean O'Donnell
Director of Financial Examination
Risk Finance Bureau
D. C. Department of Insurance, Securities and Banking
810 First Street, NE, Suite 701
Washington, DC 20002
Phone 202-442-8153
Fax 202-535-1197
sean.odonnell@dc.gov

RE: Trinity Risk Solutions Reciprocal Insurance Company, A RRG (TRSRRG)
NAIC Company Code: 11958; NAIC Group Code: 0000; FEIN 20-0931074
Response to DC Domicile Draft Examination Report

Dear Mr. O'Donnell:

In response to the Department's letter dated March 23, 2015 regarding the final draft examination report of TRSRRG as of December 31, 2013, we are pleased to accept this draft as the final report noting no comments and recommendations exist requiring a response in the final draft report.

Sincerely,

Roger Hasler
President

Government of the District of Columbia
Muriel Bowser, Mayor
Department of Insurance, Securities and Banking

DISB

Chester A. McPherson
Acting Commissioner

April 3, 2015

Mr. Roger Hasler
President
Trinity Risk Solutions Reciprocal Insurance Company, A Risk Retention Group
C/o Risk Services, LLC
2233 Wisconsin Ave, N.W. Suite 310
Washington, DC 20007

RE: Examination of **Trinity Risk Solutions Reciprocal Insurance Company, A Risk Retention Group** as of December 31, 2013

Dear Mr. Hasler:

We are in receipt of your response dated April 3, 2015, regarding the Report on Examination of Trinity Risk Solutions Reciprocal Insurance Company, A Risk Retention Group ("Company") as of December 31, 2013. The response is deemed adequate.

The adopted Report (which includes a copy of this letter), and the Order evidencing such adoption are enclosed. Pursuant to Section 31-1404(e)(1) of the D.C. Official Code, the adopted Report will be held private and confidential for a period of 10 days from the date of the Order evidencing such adoption. After this 10 day period has passed, the Report will be publicly available. The Department of Insurance, Securities and Banking will forward the adopted Report electronically to each jurisdiction in which the Company is registered and to the National Association of Insurance Commissioners.

Pursuant to Section 31-1404(d)(1) of the D.C. Official Code, within 30 days of the date of the above-mentioned Order, affidavits executed by each Company director stating under oath that he or she has received a copy of the adopted examination Report and related Order shall be filed with this Department. Please send these affidavits to my attention at the Department.

Please contact me at 202-442-8153 if you have any questions.

Sincerely,

Sean O'Donnell
Director of Financial Examination
Risk Finance Bureau

Enclosures