

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



Gennet Purcell
Commissioner

BEFORE THE
INSURANCE COMMISSIONER OF
THE DISTRICT OF COLUMBIA

Re: Report on Examination - **Intermodal Insurance Company, Inc., A Risk Retention Group**,
as of December 31, 2007

ORDER

An Examination of **Intermodal Insurance Company, Inc., A Risk Retention Group**, as of December 31, 2007 has been conducted by the District of Columbia Department of Insurance, Securities and Banking (“the Department”).

It is hereby ordered on this 28th day of January, 2010, 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.

A handwritten signature in black ink is written over a circular, faded stamp. The stamp contains the text "DEPARTMENT OF INSURANCE, SECURITIES AND BANKING" around the perimeter and "DISTRICT OF COLUMBIA" in the center. The signature is a cursive, stylized name.

Gennet Purcell
Commissioner

GOVERNMENT OF THE DISTRICT OF COLUMBIA

DEPARTMENT OF INSURANCE, SECURITIES AND BANKING



REPORT ON EXAMINATION

Intermodal Insurance Company, Inc.,
A Risk Retention Group

AS OF

DECEMBER 31, 2007

NAIC NUMBER 11824

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Washington, D.C.
January 9, 2009

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

Dear Madam:

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

Intermodal Insurance Company, Inc., A Risk Retention Group

hereinafter referred to as the “Company” or “Intermodal,” at the offices of its captive manager, Risk Services, LLC located at 1800 Second Street, Suite 909, Sarasota, Florida 34236, and at the offices of its fronting carrier, National Interstate Insurance Company (“NIIC”) located at 3250 Interstate Drive, Richfield, Ohio 44286.

SCOPE OF EXAMINATION

This full-scope examination, covering the period from October 31, 2003 through December 31, 2007, including any material transactions and/or events noted occurring subsequent to December 31, 2007, was conducted by the District of Columbia Department of Insurance, Securities and Banking (“the Department”).

Our examination was conducted in accordance with examination procedures established by the Department and procedures recommended by the National Association of Insurance Commissioners (“NAIC”) and, accordingly, included such tests of the accounting records and such other examination procedures as we considered necessary in the circumstances.

Our examination included a review of the Company’s business policies and practices, management and corporate matters, a verification and evaluation of assets and a determination of the existence of liabilities. 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 2003 through 2007. We placed substantial reliance on the audited financial statements for

calendar years 2003 through 2006, and consequently performed only minimal testing for those periods. We concentrated our examination efforts on the year ended December 31, 2007. We obtained and reviewed the working papers prepared by the independent public accounting firm related to the audit for the year ended December 31, 2007. 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 workpapers.

STATUS OF PRIOR EXAMINATION FINDINGS

This is the first examination of the Company.

HISTORY

General:

Intermodal was incorporated on October 31, 2003 and commenced business on November 15, 2003 as an association captive insurance company operating as a risk retention group under the captive laws of the District of Columbia.

Prior to September 1, 2005, the Company provided commercial automobile liability insurance directly to intermodal trucking companies primarily located in California. It wrote first dollar commercial automobile liability coverage to its members and ceded all losses in excess of \$250,000.

Effective September 1, 2005 the Company restructured its operations from a direct writer of commercial automobile insurance business to a reinsurer of commercial automobile insurance business. Pursuant to a quota share reinsurance agreement, the Company assumes occurrence based commercial automobile liability insurance business from NIIC. Under the terms of the quota share reinsurance agreement, the Company reinsures the first \$100,000 of coverage underwritten by NIIC with NIIC retaining losses of \$900,000 in excess of \$100,000.

Membership:

The company is owned by its insureds. Each new insured is required to purchase shares in the amount of at least 13.33 percent of the annualized insurance premiums for each of the first three full policy years for which reinsurance is in force. Additional shares may be purchased any time after the initial purchase of shares and are offered at the book value of the Company. Stock repurchases are made in accordance with the by-laws of the Company and the subscription and shareholder agreements. The company's stock is non-transferable except to a successor-in-interest to all or part of the business of an insured pursuant to a merger, consolidation, reorganization, spin-off, etc.

The shares of any shareholder that ceases to be insured for any reason whatsoever shall be repurchased by the Company effective as of the termination date. A shareholder which has held

its shares for less than one year and voluntarily terminates its insurance coverage with the Company shall not be entitled to any compensation for its shares. Any shareholder withdrawing after more than one year may be entitled to receive from the Company, three years after the termination date, an amount (without interest) equal to the lowest of: (i) the original amount paid for the shares; (ii) the withdrawing shareholder's share of the Company's net assets determined as of December 31 in the year of repurchase; or (iii) the withdrawing shareholder's shares of the Company's net assets determined as of December 31 in the third year after the repurchase.

The amount and timing of any stock repurchase payments are subject to (1) the approval by the Department, (2) that the funds are legally available to make the payment, and (3) that the board of directors determines in its discretion that the payment will not materially impair or threaten the financial stability of the Company. In the event that the Company incurs a deficit, members can be assessed for recoupment of the deficit.

Dividends and Distributions:

The Company did not declare or pay any dividends or other distributions during the period under examination.

MANAGEMENT

The following persons were serving as the Company's directors as of December 31, 2007:

<u>Name and State of Residence</u>	<u>Principal Occupation</u>
Ronald A. Guss, Chairman California	President Intermodal West, Inc.
John T. Avery California	President Avery & Avery International
Zack Cooper California	President Intermodal Contractors Association of North America
William A. Cornell, Jr. California	President James Brooks Company, Inc.
Rick Duncan Arizona	President Duncan & Son Lines, Inc.
Dominick Lee California	Chief Executive Officer VA Trucking
Jackie Mattare California	President Desert Express Trucking

Chong M. Suh
California

President
Calko Transport Company

Troy Winch
Florida

Vice President, Director of Captive Insurance
Risk Services, LLC

The following persons were serving as the Company's officers as of December 31, 2007:

<u>Name</u>	<u>Title</u>
Ronald A. Guss	President
William A. Cornell, Jr.	Vice President
Arthur Perschetz	Secretary
John T. Avery	Treasurer
Heather Ross	Assistant Secretary

Committees:

As of December 31, 2007, the Company's board of directors had not established any committees.

Conflicts of Interest:

Our review of the conflict of interest statements signed 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. Furthermore, no additional conflicts of interest were identified during our examination.

Corporate Records:

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

CAPTIVE MANAGER

Risk Services, LLC ("Risk Services") is the Company's captive manager, and provides captive management services including regulatory services and accounting services to the Company.

AFFILIATED PARTIES AND TRANSACTIONS

Effective September 1, 2005, and pursuant to the quota share reinsurance agreement, the Company began assuming occurrence based commercial auto liability coverage from NIIC. Zack Cooper & Associates is the exclusive program administrator and broker of record for the Intermodal program at NIIC, and its President, Zack Cooper, is also a board member of the Company.

FIDELITY BOND AND OTHER INSURANCE

The Company has no employees and thus does not maintain any fidelity bond coverage. NIIC maintains fidelity coverage with a \$1,000,000 limit. Zack Cooper & Associates, the program administrator, maintains fidelity coverage of \$150,000, and errors and omissions coverage with a \$2,000,000 limit. This provides adequate coverage based on NAIC guidelines and contractual obligations.

PENSION AND INSURANCE PLANS

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

STATUTORY DEPOSITS

As of December 31, 2007, 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.

TERRITORY AND PLAN OF OPERATION

As of December 31, 2007, the Company was licensed in the District of Columbia. Due to the Company's business restructure from a direct insurance writer to reinsurer, the Company withdrew its risk retention group registrations in other states in 2005. The Company assumes commercial automobile insurance written by NIIC, covering intermodal trucking companies primarily located in California. During 2007, Intermodal assumed premiums totaling \$2,268,677.

Effective September 1, 2005, and pursuant to a quota share reinsurance agreement, the Company assumes occurrence based commercial auto liability coverage from NIIC. Under this arrangement, the Company reinsures the first \$100,000 of commercial auto liability coverage underwritten by NIIC with NIIC retaining losses of \$900,000 in excess of \$100,000. The coverage provided is per occurrence with an annual aggregate in amount of 150 percent of the annual policy premium. The Company is liable for loss adjustment expenses in proportion to its share of incurred losses to total incurred losses per claim.

The Company has no employees and its daily business operations are managed by various affiliated and unaffiliated service providers pursuant to service provider agreements. During the examination period and as of the date of this report, the Company's captive manager, Risk Services, manages the Company's accounting and regulatory filings from its offices in Sarasota, Florida. The claims management for direct business prior to the restructuring is handled by Southland Claims Services, Inc. of Garden Grove, California. The exclusive program administrator and broker of record for the Intermodal program at NIIC is Zack Cooper & Associates in Commerce, California.

INSURANCE PRODUCTS AND RELATED PRACTICES

This examination was a financial examination, and generally did not include market conduct procedures. An examination of the market conduct affairs of the Company has never been conducted. A market conduct examination would include detailed reviews of the Company's sales and advertising, agent licensing, timeliness of claims processing, and complaint handling practices and procedures.

The scope of our examination did not include market conduct procedures, including, but not limited to, market conduct procedures in the following areas:

- Policy Forms
- Fair Underwriting Practices
- Advertising and Sales Materials
- Treatment of Policyholders:
 - Claims Processing (Timeliness)
 - Complaints

REINSURANCE

Assumed Reinsurance:

Effective September 1, 2005, the Company entered into a quota share reinsurance agreement with NIIC. Under the terms of the agreement, the Company reinsures occurrence based commercial auto liability coverage from NIIC for policyholders in the NIIC Intermodal program. The Company assumes the first \$100,000 of commercial auto liability coverage underwritten by NIIC with NIIC retaining losses of \$900,000 in excess of \$100,000. The coverage provided is per occurrence with an annual aggregate in amount of 150 percent of the annual policy premium. The Company is also liable for loss adjustment expenses in proportion to its share of incurred losses to total incurred losses per claim. The ceded reinsurance rate is approximately 40 percent of gross written premium less applicable state premium tax.

NIIC does not initially remit premiums to the Company. NIIC holds these funds in a funds withheld account. As losses are incurred in the reinsurance layer, the funds withheld account is exhausted prior to NIIC receiving any reinsurance recoveries from the Company. NIIC pays

interest on these funds based upon the current prime rate. Premium contributed into the funds withheld account for the years ended December 31, 2007 and 2006, amounted to \$2,268,677 and \$2,471,849, respectively. The Company reported "Funds held by or deposited with reinsured companies" of \$5,032,293 as of December 31, 2007.

Ceded Reinsurance:

As of December 31, 2007, the Company did not have a ceded reinsurance treaty in place.

Between January 1, 2005 and September 1, 2005, the Company ceded all losses in excess of \$250,000 to Imagine. This contract was terminated effective September 1, 2005 on a cut off basis, which released Imagine from all past, present and future claims and liabilities and waived all rights of extended reporting. Consequently, the Company's exposure for the period January 1, 2005 through September 1, 2005 is \$1,000,000 each occurrence. As indicated in NOTE 2 in the "Notes to financial Statements" section of this Report, the direct business written prior to September 1, 2005 is subject to a three year statute of limitations regarding the filing of claims, and as of the date of this report, management believes no additional valid claims could be reported related to the Company's direct business.

Prior to January 1, 2005, the Company was party to an excess of loss reinsurance contract with SCOR Reinsurance Company ("SCOR") whereby it ceded losses of \$750,000 in excess of \$250,000 per occurrence. This agreement was terminated on a cut-off basis on December 31, 2004.

Our review of the Company's reinsurance agreements disclosed no unusual provisions.

ACCOUNTS AND RECORDS

The primary locations of the Company's books and records are at the offices of its captive manager, Risk Services, in Sarasota, Florida and at the offices of NIIC in Readfield, Ohio.

The Company's general accounting records consisted of an automated general ledger and various subsidiary ledgers. Our examination did not disclose any significant deficiencies with these records.

FINANCIAL STATEMENTS

The following financial statements, prepared in accordance with accounting practices generally accepted in the United States (“GAAP”), reflect the financial condition of the Company as of December 31, 2007, as determined by this examination:

<u>STATEMENT</u>	<u>PAGE</u>
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The accompanying Notes to Financial Statements are an integral part of these Financial Statements.

BALANCE SHEET

ASSETS

	<i>December 31, 2007</i>
Cash (\$1,190,849), cash equivalents (\$0) and short-term investments (\$0) (Note 1)	\$ <u>1,190,849</u>
Subtotals, cash and invested assets	\$ 1,190,849
Reinsurance: Funds held by or deposited with reinsured companies	\$ 5,032,293
Net deferred tax asset	175,763
Total	<u>\$ 6,398,905</u>

LIABILITIES, SURPLUS AND OTHER FUNDS

	<i>December 31, 2007</i>
Losses (Note 2)	\$ 2,428,918
Loss adjustment expenses (Note 2)	402,541
Other expenses (excluding taxes, licenses and fees)	64,516
Taxes, licenses and fees (excluding federal and foreign income taxes)	10,000
Current federal and foreign income taxes (including \$0 on realized capital gains (losses))	31,522
Unearned premiums	1,511,367
Total liabilities	\$ 4,448,864
Common capital stock	601,322
Gross paid in and contributed surplus	681,227
Unassigned funds (surplus)	667,492
Surplus as regards policyholders	\$ 1,950,041
Total	\$ 6,398,905

STATEMENT OF INCOME

	<i>2007</i>
UNDERWRITING INCOME	
Premiums earned	\$ 2,372,059
DEDUCTIONS	
Losses incurred	\$ 1,274,792
Loss expenses incurred	554,648
Other underwriting expenses incurred	99,735
Total underwriting deductions	<u>\$ 1,929,175</u>
Net underwriting gain	\$ 442,884
INVESTMENT INCOME	
Net investment income earned	<u>187,873</u>
Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	\$ 630,757
Federal and foreign income taxes incurred	217,559
Net income	<u><u>\$ 413,198</u></u>

CAPITAL AND SURPLUS ACCOUNT

Initial paid-in capital	\$ 750,000
Net loss, 2003	(66,344)
Net change in surplus as regards policyholders, 2003	<u>683,656</u>
Surplus as regards policyholders, December 31, 2003	<u>\$ 683,656</u>
Net loss, 2004	(98,132)
Capital changes: Paid in	77,500
Surplus adjustments: Paid in	77,500
Net change in surplus as regards policyholders, 2004	<u>56,868</u>
Surplus as regards policyholders, December 31, 2004	<u>\$ 740,524</u>
Net income, 2005	148,051
Capital changes: Paid in	20,220
Surplus adjustments: Paid in	20,220
Net change in surplus as regards policyholders, 2005	<u>188,491</u>
Surplus as regards policyholders, December 31, 2005	<u>\$ 929,015</u>
Net income, 2006	270,718
Capital changes: Paid in	68,715
Surplus adjustments: Paid in	68,715
Net change in surplus as regards policyholders, 2006	<u>408,148</u>
Surplus as regards policyholders, December 31, 2006	<u>\$ 1,337,163</u>
Net income, 2007	413,198
Capital changes: Paid in	59,888
Surplus adjustments: Paid in	139,792
Net change in surplus as regards policyholders, 2007	<u>612,878</u>
Surplus as regards policyholders, December 31, 2007	<u>\$ 1,950,041</u>

ANALYSIS OF EXAMINATION CHANGES TO SURPLUS

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

COMPARATIVE FINANCIAL POSITION OF THE COMPANY

The comparative financial position of the Company for the periods since inception is as follows:

	2007	2006	2005	2004	2003
Assets	\$ 6,398,905	\$ 5,099,553	\$ 3,489,493	\$ 2,998,005	\$ 2,448,787
Liabilities	4,448,864	3,762,390	2,560,478	2,257,481	1,765,131
Capital and surplus	1,950,041	1,337,163	929,015	740,524	683,656
Gross written premium, direct and assumed	2,268,677	2,471,849	2,519,582	1,562,389	1,269,350
Net earned premium	2,372,059	1,857,413	1,950,775	1,267,215	77,750
Net investment income	187,873	128,352	54,866	12,816	0
Net income	413,198	270,718	148,051	(98,132)	(66,344)

Note:

Amounts in the preceding financial statements for the years ended December 31, 2003 through 2006 were taken from the Company's Annual Statements as filed with the Department. Amounts for the year ended December 31, 2007 are amounts per examination.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Cash:

As of December 31, 2007, the Company reported “Cash” totaling \$1,190,849; \$1,150,884 of which was held in a single institution. This balance exceeded the amount insured by the Federal Deposit Insurance Corporation (“FDIC”). During our examination, we discussed with management the potential risk to the Company for maintaining balances in excess of the FDIC insured limit in a single institution. Management agreed potential risk existed and indicated steps would be taken to mitigate this risk in the future.

As of December 31, 2007, the company had \$170,000, \$304,000 and \$525,000 in irrevocable letter of credit pledged to NIIC in accordance with the reinsurance contract. There were no drawdowns on any letters of credit for the exam years. A portion of the Company’s cash and cash equivalents collateralizes these letters of credit.

NOTE 2 – Losses and Loss Adjustment Expenses Reserves:

The Company reported “Losses” and “Loss adjustment expenses” reserves totaling \$2,428,918 and \$402,541, 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, 2007.

The Company assumes premiums from NIIC, and does not hold any retrocessional coverage on the program. Therefore, there are no reserve credits taken as of December 31, 2007.

Included in the Company’s reserves are reserves related to direct business written prior to September 1, 2005, as well as reserves related to the assumed business currently written. According to management of the Company, the direct business written prior to September 1, 2005 is subject to a three year statute of limitations regarding the filing of claims, and as of the date of this report, management believes no additional valid claims could be reported related to the Company’s direct business.

The methodologies utilized by the Company to compute reserves, and the adequacy of the loss and loss adjustment expenses reserves as of December 31, 2007, were reviewed as part of our examination. As part of our review, we relied on the Company’s independent actuary, who concluded that the Company’s reserves appeared to be sufficient. In addition, as part of our review of the Company’s reserves, we engaged an independent actuary to review the methods employed, assumptions relied upon, and conclusions reached by the Company’s independent actuary. The independent actuary utilized in our examination concluded that the methods employed, assumptions relied upon, and conclusions reached by the Company’s independent actuary appeared sufficient. In addition, the independent actuary utilized in our examination concluded that the methodologies and assumptions utilized by the Company’s independent actuary to compute these reserves, and the amount of the reserves as of December 31, 2007, were reasonable and adequate.

COMMENTS AND RECOMMENDATIONS

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

CONCLUSION

Our examination disclosed that as of December 31, 2007 the Company had:

Admitted Assets	\$	6,398,905
Liabilities and Reserves		4,448,864
Common Capital Stock		601,322
Gross Paid in and Contributed Surplus		681,227
Unassigned Funds (Surplus)		667,492
Total Surplus		1,950,041
Total Liabilities, Capital and Surplus	\$	6,398,905

Based on our examination, the accompanying balance sheet properly presents the financial position of the Company at December 31, 2007, 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.

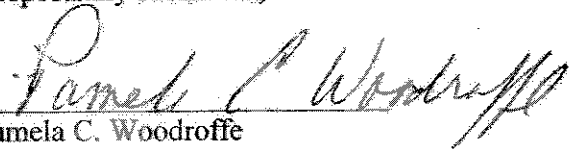
SIGNATURES

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:


Christina M. Bonney, Collins Consulting, Inc.
Terry Corlett, CFE, CIE, FLMI, Collins Consulting, Inc.
John G. Gantz, Collins Consulting, Inc.

The actuarial portion of this examination was completed by N. Terry Godbold, ACAS, MAAA, FCA, President & Senior Actuary, Godbold, Malpere & Co.

Respectfully submitted,


Pamela C. Woodroffe
Examiner-In-Charge
Collins Consulting, Inc.

Under the Supervision of,


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

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



Gennet Purcell
Acting Commissioner

September 17, 2009

William Cornell, Jr.
President
Intermodal Insurance Company, Inc., A Risk Retention Group
C/o Risk Services, LLC
2233 Wisconsin Avenue, N.W., Suite 310
Washington, DC 20007

Dear Mr. Cornell:

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 **Intermodal Insurance Company, Inc., A Risk Retention Group**, as of December 31, 2007.

Please submit, to my attention, a written response calling attention to any errors or omissions in the draft Report. If there are no errors or omissions noted, please submit a statement indicating none were noted and that the Company accepts the Report.

The response must be in writing and shall be furnished to this Department by October 15, 2009. 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.o'donnell@dc.gov.

Sincerely,

A handwritten signature in black ink that reads "P. Sean O'Donnell".

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

Enclosure



1800 Second Street, Suite 909
Sarasota, FL 34236
T (941) 955-0793
F (941) 366-1076

VIA E-MAIL & U.S. MAIL

E-mail: sean.o'donnell@dc.gov

October 1, 2009

P. Sean O'Donnell
Director of Financial Examination
Risk Finance Bureau
Department of Insurance, Securities and Banking
1400 L Street, N.W., Suite 400
Washington, D.C. 20005

**Re: Intermodal Insurance Company, A Risk Retention Group
NAIC Company Code: 11824; NAIC Group Code: 0000; FEIN: 52-2395339**

Dear Mr. O'Donnell:

We are in receipt of the draft Report on Examination of the Company for the period October 31, 2003 through December 31, 2007 forwarded by the Risk Finance Bureau on September 17, 2009.

Responding to your request of September 17, 2009, we propose four corrections to the draft Report as indicated in the attached marked up copy of the draft Report at pages 5, 6, 7 and 14. As per your request, an electronic copy of the marked up Report will also be provided to you by e-mail.

Thank you. Should you have any questions, please don't hesitate to contact me.

Sincerely,

Lisa Quigley
Account Manager
Risk Services, LLC
As Managers for
**Intermodal Insurance Company, Inc., A
Risk Retention Group**

LAQ/hr

Enclosure

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



Gennet Purcell
Commissioner

January 28, 2010

William Cornell, Jr.
President
Intermodal Insurance Company, Inc., A Risk Retention Group
C/o Risk Services, LLC
2233 Wisconsin Avenue, N.W., Suite 310
Washington, DC 20007

Dear Mr. Cornell:

We are in receipt of a response dated October 1, 2009, from Lisa Quigley, Account Manager, Risk Services, LLC, as Managers for **Intermodal Insurance Company, Inc., A Risk Retention Group** (“Intermodal” or “Company”), regarding the Report on Examination of the Company as of December 31, 2007. The response is deemed adequate, and we have made the corrections to the exam report as indicated in the response.

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 Commissioner whose name is set forth on Page 1 of the Report, as well as 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 202-535-1169 if you have any questions.

Sincerely,

A handwritten signature in black ink that reads "P. Sean O'Donnell".

P. Sean O'Donnell
Director of Financial Examination
Risk Finance Bureau

Enclosures