



**EXAMINATION REPORT
OF**

**ACCREDITED SURETY AND CASUALTY
COMPANY, INC.**

NAIC Company Code: 26379

ORLANDO, FLORIDA

**as of
December 31, 2015**

**BY THE
FLORIDA OFFICE OF INSURANCE REGULATION**

TABLE OF CONTENTS

LETTER OF TRANSMITTAL	-
SCOPE OF EXAMINATION.....	1
SUMMARY OF SIGNIFICANT FINDINGS.....	1
CURRENT EXAMINATION FINDINGS	1
PRIOR EXAMINATION FINDINGS	2
COMPANY HISTORY.....	2
GENERAL	2
DIVIDENDS	2
CAPITAL STOCK AND CAPITAL CONTRIBUTIONS.....	3
SURPLUS NOTES	3
ACQUISITIONS, MERGERS, DISPOSALS, DISSOLUTIONS AND PURCHASE OR SALES THROUGH REINSURANCE	3
CORPORATE RECORDS	3
CONFLICT OF INTEREST.....	4
MANAGEMENT AND CONTROL.....	4
MANAGEMENT	4
DIRECTORS.....	4
SENIOR OFFICERS	5
AFFILIATED COMPANIES	8
SIMPLIFIED ORGANIZATIONAL CHART	9
TAX ALLOCATION AGREEMENT.....	10
SHARED SERVICES AND JOINT COST ALLOCATION AGREEMENT.....	10
MANAGEMENT AGREEMENT.....	10
MANAGING GENERAL AGENT AGREEMENT.....	11
PROGRAM MANAGER AGREEMENT.....	11
TERRITORY AND PLAN OF OPERATIONS.....	12
TREATMENT OF POLICYHOLDERS	12
REINSURANCE.....	12
REINSURANCE ASSUMED.....	12
REINSURANCE CEDED.....	12
ACCOUNTS AND RECORDS	13
CUSTODIAL AGREEMENT	13
INDEPENDENT AUDITOR AGREEMENT	13
INFORMATION TECHNOLOGY REPORT.....	13
STATUTORY DEPOSITS	14
FINANCIAL STATEMENTS.....	15
ASSETS	16

LIABILITIES, SURPLUS AND OTHER FUNDS	17
STATEMENT OF INCOME AND CAPITAL AND SURPLUS ACCOUNT	18
RECONCILIATION OF CAPITAL AND SURPLUS.....	19
SUBSEQUENT EVENTS	20
CONCLUSION.....	21

March 31, 2017

David Altmaier
Commissioner
Office of Insurance Regulation
State of Florida
Tallahassee, Florida 32399-0326

Dear Sir:

Pursuant to your instructions, in compliance with Section 624.316, Florida Statutes, Rule 69O-138.005, Florida Administrative Code, and in accordance with the practices and procedures promulgated by the National Association of Insurance Commissioners (NAIC), we have conducted an examination as of December 31, 2015, of the financial condition and corporate affairs of

Accredited Surety and Casualty Company, Inc.
4798 New Broad Street, Suite 200
Orlando, Florida 32814

hereinafter referred to as the "Company." Such report of examination is herewith respectfully submitted.

SCOPE OF EXAMINATION

This examination covered the period of January 1, 2011 through December 31, 2015 and commenced with planning at the Office on December 12, 2016 to December 14, 2016. The fieldwork commenced on December 15, 2016 and concluded as of March 31, 2017. The Company was last examined by representatives of the Florida Office of Insurance Regulation (Office) covering the period of January 1, 2006 through December 31, 2010.

The examination was a single state examination conducted in accordance with the NAIC Financial Condition Examiners Handbook (Handbook). The Handbook requires that the examination be planned and performed to evaluate the financial condition, assess corporate governance, identify current and prospective risks of the Company, and evaluate system controls and procedures used to mitigate those risks. An examination also includes identifying and evaluating significant risks that could cause an insurer's surplus to be materially misstated both currently and prospectively.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. This may include assessing significant estimates made by management and evaluating management's compliance with Statements of Statutory Accounting Principles (SSAP).

This examination report includes significant findings of fact, as mentioned in Section 624.319, Florida Statutes and general information about the insurer and its financial condition. There may be other items identified during the examination that, due to their nature (for example, subjective conclusions or proprietary information), are not included within the examination report but separately communicated to other regulators and/or the Company.

SUMMARY OF SIGNIFICANT FINDINGS

Current Examination Findings

There were no material adverse findings, significant non-compliance findings or material changes in the financial statements.

Prior Examination Findings

There were no material findings or exceptions noted during the examination as of December 31, 2010.

COMPANY HISTORY

General

The Company, a wholly owned subsidiary of Accredited Holding Corporation (AHC), the parent, was incorporated in Florida on July 6, 1971 and commenced business on September 1, 1971. ABA, a wholly owned subsidiary of AHC, is the sole and exclusive Managing General Agent (MGA) of the Company for bail bonds. The Company has a program manager agreement with Accredited Group Agency, Inc. (AGA), a wholly owned subsidiary of AHC.

The Company was authorized to transact insurance coverage in Florida on August 27, 1971 and is currently authorized for the coverages on the following page as of December 31, 2015

Fire	Fidelity
Allied Lines	Other Liability
Commercial Multi-Peril	Inland Marine
Bail Bonds	Burglary and Theft
Glass	Boiler and Machinery
Credit	Surety

Dividends

In accordance with Section 628.371, Florida Statutes, the Company declared and paid dividends to its stockholder(s) in 2011, 2012, 2013, 2014, and 2015 in the amounts of \$1,000,000, \$1,250,000, \$250,000, \$980,000, and \$535,000, respectively.

Capital Stock and Capital Contributions

As of December 31, 2015, the Company's capitalization was as follows:

Number of authorized common capital shares	200,000
Number of shares issued and outstanding	153,000
Total common capital stock	\$3,519,000
Par value per share	\$23.00

Effective 10/30/15, the Company amended its articles of incorporation to increase its stock par value from \$20 to \$23. This resulted in a \$459,000 change in gross paid in and contributed surplus.

Surplus Notes

The Company did not have any surplus notes during the period of this examination.

Acquisitions, Mergers, Disposals, Dissolutions and Purchase or Sales through Reinsurance

On June 17, 2014, the Board of Directors of AHC, the Company's parent, approved three (3) resolutions supporting the steps necessary for AHC to enter into a merger agreement with Randall and Quilter America Holdings, Inc. (RQAH) and its wholly owned subsidiary PFA Corporation (PFA). On July 3, 2014, Deborah Snow and Sharon Snow Jallad, as sellers' representatives, along with certain shareholders of AHC entered into an Agreement and Plan of Merger with RQAH and PFA. The Form A requesting the approval was submitted to the Office on August 4, 2014 and was approved by the Office on October 24, 2014. The merger closed on November 26, 2014.

CORPORATE RECORDS

The recorded minutes of the Shareholder(s), Board of Directors (Board) and certain internal committees were reviewed for the period under examination. The recorded minutes of the Board

adequately documented its meetings and approval of Company transactions and events, in compliance with the Handbook adopted by Rule 69O-138.001, Florida Administrative Code, including the authorization of investments as required by Section 625.304, Florida Statutes.

Conflict of Interest

The Company adopted a policy statement requiring periodic disclosure of conflicts of interest in accordance with the Handbook adopted by Rule 69O-138.001, Florida Administrative Code.

MANAGEMENT AND CONTROL

Management

The annual shareholder meeting for the election of directors was held in accordance with Section 628.231, Florida Statutes. Directors serving as of December 31, 2015 are shown below:

Directors

Name	City, State	Principal Occupation
Kenneth Edward Randall	Hamilton, HM HX, Bermuda	Chief Executive Officer, Randall & Quilter Investment Holdings Ltd
Albert Joseph Campofiore ¹	Orlando, Florida	Chief Business Development Officer, Accredited Surety and Casualty Company, Inc.
Thomas Alexander Booth	Hamilton, HM HX, Bermuda	Chief Financial Officer, Randall & Quilter Investment Holdings Ltd
Paul Edward Dassenko	New York, New York	President & Chief Executive Officer, Risk Transfer Underwriting, Inc.
Marney Nolan Emel	Orlando, Florida	Chief Financial Officer, Accredited Surety and Casualty Company, Inc.

Sharon Snow Jallad	Orlando, Florida	Chief Operating Officer, Accredited Surety and Casualty Company, Inc.
Alan Craig Pollard	London 3C3M 5JT	Non-Executive Director, R&Q Insurance Services Ltd
Pamela Susan Sellers- Hoelsken	Philadelphia, Pennsylvania	President, US Insurance Services Division, R&Q Solutions, LLC
Philippe Michel Sloan ²	London EC3M 5DJ	Director, R&Q Managing Agency
Deborah Ann Snow	Orlando, Florida	Chief Executive Officer, Accredited Surety and Casualty Company, Inc.

¹Effective August 8, 2016, Mr. Campofiore was terminated.

²Effective December 6, 2016, Mr. Sloan resigned from the Board and Todd Michael Campbell joined the Board.

In accordance with the Company's bylaws, the Board appointed the following senior officers:

Senior Officers

Name	City, State	Title
Deborah Ann Snow	Orlando, Florida	President
Sharon Snow Jallad	Orlando, Florida	Secretary
Marney Nolan Emel	Orlando, Florida	Treasurer.
Michael Logan Glover	Hamilton, HM HX, Bermuda	Assistant Secretary
Michael William Padilla	Orlando, Florida	Vice President (Bail Operations)
Albert Joseph Campofiore ²	Orlando, Florida	Chief Business Development Officer

¹As of December 31, 2016, Todd Michael Campbell, Chief Underwriting Officer in August 2016, then, President and Chief Executive Officer, effective December 6, 2016, and Dustin Michael Smith, Assistance Vice President were officers of the Company.

²Effective August 8, 2016, Mr. Campofiore was terminated.

The Company's Board appointed several internal committees. Following were the principal internal board committees and their members as of December 31, 2015:

Executive Committee

Name	City, State	Title
Deborah Ann Snow ¹	Orlando, Florida	Chief Executive Officer Accredited Surety and Casualty Company, Inc.
Thomas Alexander Booth	Hamilton, HM HX, Bermuda	Chief Financial Officer, Randall & Quilter Investment Holdings Ltd
Albert Joseph Campofiore ²	Orlando, Florida	Chief Business Development Officer, Accredited Surety and Casualty Company, Inc.
Marney Nolan Emel	Orlando, Florida	Chief Financial Officer, Accredited Surety and Casualty Company, Inc.
Pamela Susan Sellers- Hoelsken	Philadelphia, Pennsylvania	Executive Vice President, R&Q Solutions LLC
Sharon Snow Jallad	Orlando, Florida	Chief Operating Officer, Accredited Surety and Casualty Company, Inc.

¹Chairman

²Effective August 8, 2016, Mr. Campofiore was terminated.

Audit Committee

Name	City, State	Title
Alan Craig Pollard ¹	London 3C3M 5JT	Non-Executive Director, R&Q Insurance Services Limited
Paul Edward Dassenko	New York, New York	President & Chief Executive Officer, Risk Transfer Underwriting, Inc.

Pamela Susan Sellers-
Hoelsken

Philadelphia, Pennsylvania

Executive Vice President,
R&Q Solutions LLC

¹Chairman

The Company maintained an audit committee, as required by Section 624.424(8)(c), Florida Statutes.

Investment Committee ¹

Name	City, State	Title
Thomas Alexander Booth ²	Hamilton, HM HX, Bermuda	Chief Financial Officer, Randall & Quilter Investment Holdings Ltd
Marney Nolan Emel	Orlando, Florida	Chief Financial Officer, Accredited Surety and Casualty Company, Inc.
Pamela Susan Sellers- Hoelsken	Philadelphia, Pennsylvania	President, US Insurance Services Division, R&Q Solutions LLC
Sharon Snow Jallad	Orlando, Florida	Chief Operating Officer, Accredited Surety and Casualty Company, Inc.
Kenneth Edward Randall	Hamilton, HM HX, Bermuda	Chief Executive Officer, Randall & Quilter Investment Holdings Ltd
Deborah Ann Snow	Orlando, Florida	Chief Executive Officer, Accredited Surety and Casualty Company, Inc.

¹The Investment Committee was disbanded on June 2, 2016 and became part of the regular Board meetings.

²Chairman

Affiliated Companies

The most recent Holding Company Registration Statement was filed with the Office on February 25, 2016, as required by Section 628.801, Florida Statutes, and Rule 69O-143.046, Florida Administrative Code.

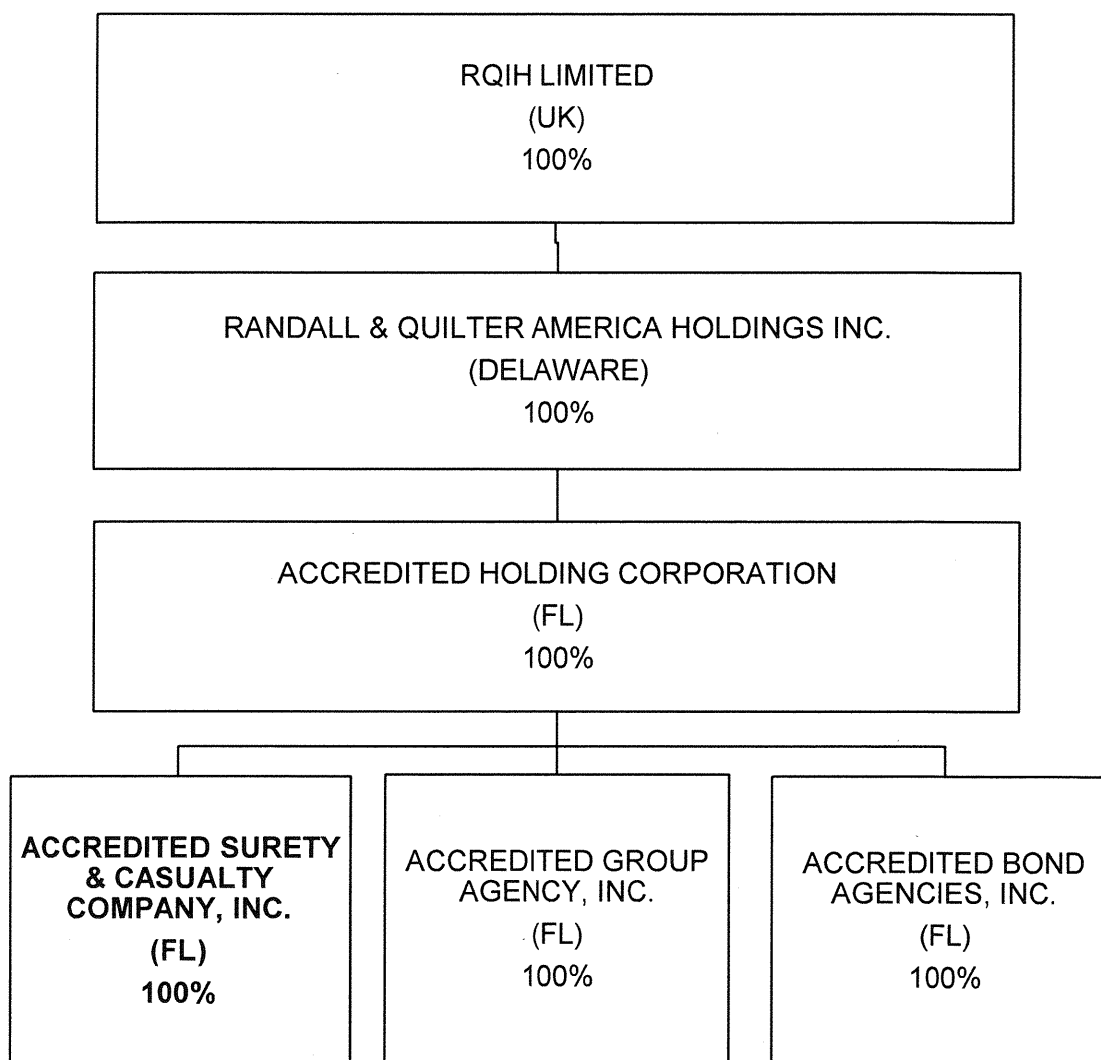
Subsequent Event: The Company filed an amended Holding Company Registration Statement with the Office on April 3, 2017 to include its' Managing General Agent (MGA) agreement between the Company and Accredited Bond Agencies (ABA) in accordance with Rule 69O-143.046(3)(c)5, Florida Administrative Code.

A simplified organizational chart as of December 31, 2015, reflecting the holding company system, is shown on the following page. Schedule Y of the Company's 2015 annual statement provided a list of all related companies of the holding company group.

Accredited Surety and Casualty Company, Inc.

Simplified Organizational Chart

December 31, 2015



The following agreements were in effect between the Company and its affiliates:

Tax Allocation Agreement

Effective January 1, 2014, the Company along with its Parent, AHC, and their affiliates filed a consolidated federal income tax return with RQAH. On December 31, 2015, the method of allocation between the Company and RQAH was on a percentage method. Each member of the group recorded an inter-company income tax receivable or payable with RQAH. At December 31, 2015, the Company had income taxes payable of \$759,186 due to the Parent of the consolidated U.S. group. At December 31, 2014, the Company had income taxes receivable of \$36,987 from the Parent of the consolidated U.S. group. Within thirty (30) days of the remittance by RQAH of any income tax payment to the taxing authorities, all inter-company tax receivables/payables were settled.

Shared Services and Joint Cost Allocation Agreement

The Company entered into a Cost Allocation Agreement along with its Parent and their affiliates with RQAH on October 1, 2014. The agreement allocated cost based upon the scope of work and responsibilities performed for the benefit of the affiliated company. Expenses billed are offset between the entities and remitted on a monthly basis.

Management Agreement

The Company entered into a Management Agreement with ABA, a wholly owned subsidiary of the Parent on January 1, 2013, to provide certain management services. The agreement continues in force for a term of one (1) year and will automatically renew for each subsequent year, unless otherwise terminated within thirty (30) days of the renewal date. This agreement required the Company to perform certain administrative services, including administration and record keeping of the corporation and the entire group, on behalf of ABA or the entire group jointly or severally. The monthly management fee received by the Company was \$32,000 per month or \$384,000 annually.

Managing General Agent Agreement

The Company entered into an agreement with ABA as their sole agent to take charge of the Company's bail bond business in all states where the Company was currently licensed to do business on December 3, 1997. The MGA had the right to open agencies and to appoint and license general agents and sub-agents in the name of the Company. The MGA paid the Company the sum of \$6.50 per \$1,000.00 of the liability written by all its agents and assumed by the Company. Amounts were paid into the Company's general account on the first Friday following the month in which remittance was received by the MGA.

The MGA agreed to prepare a complete statement of account of business transacted during the prior month by all agents appointed under its control. The MGA held premiums collected on policies for the Company in a fiduciary capacity. The MGA agreed to pay all losses and loss adjustment expenses and hereby indemnified and held the Company harmless from and against any loss and loss expense on all bonds and undertakings written or issued by any general agents or sub-agents. The MGA advised the Company of all such payments for losses and LAE. In the event that any loss or claim was suffered by the Company on any bond or undertaking that remained unpaid, unsatisfied or un-discharged for thirty (30) days, the Company had the right to terminate the agreement.

The MGA's bail bond authority was \$50,000 with amounts available over that amount which required signatures of two (2) officers of the Company. Fees incurred under this agreement during 2015 and 2014 amounted to \$1,194,695 and \$667,878, respectively.

Program Manager Agreement

The Company entered into a Program Manager Agreement with its affiliate, Accredited Group Agency, Inc. (AGA) on September 1, 2001. Under the terms of the contract with the affiliate, the affiliate underwrites all surety and fidelity bonds written by the Company with the exception of bail bonds. The Company pays the affiliate forty-four percent (44%) of gross premiums. Fees incurred under this agreement during 2015 and 2014 amounted to \$41,093 and \$55,090, respectively.

TERRITORY AND PLAN OF OPERATIONS

The Company was authorized to transact insurance in all fifty (50) states and the District of Columbia.

Treatment of Policyholders

The Company established procedures for handling written complaints in accordance with Section 626.9541(1)(i)(3)(a), Florida Statutes. The Company maintained a claims procedure manual that included detailed procedures for handling each type of claim in accordance with Section 626.9541(1)(j), Florida Statutes.

REINSURANCE

The reinsurance agreements reviewed complied with NAIC standards with respect to the standard insolvency clause, arbitration clause, intermediary clause, transfer of risk, reporting and settlement information deadlines.

Reinsurance Assumed

The Company did not assume any reinsurance during the period of this examination.

Reinsurance Ceded

The Company ceded risk on a quota share loss basis. These amounts were non-material as the Company had ceased writing their non-contract commercial business with those lines currently being in runoff.

ACCOUNTS AND RECORDS

The Company maintained its principal operational offices in Orlando, Florida.

The Company and non-affiliates had the following agreements:

Custodial Agreement

The Company maintained a Custodial Agreement with UBS Trust Company, N.A. executed on August 7, 2009, and terminated effective October 6, 2015. The agreement complied with Rule 69O-143.042, Florida Administrative Code.

The Company maintained a Custodial Agreement with The Bank of New York Mellon executed on September 1, 2015. The agreement complied with Rule 69O-143.042, Florida Administrative Code.

Independent Auditor Agreement

An independent CPA, GellerRagans, audited the Company's statutory basis financial statements annually for the entire period under examination in accordance with Section 624.424(8), Florida Statutes. Supporting workpapers were prepared by the CPA firm as required by Rule 69O-137.002, Florida Administrative Code.

INFORMATION TECHNOLOGY REPORT

Kristina Gaddis, Senior Consultant, of Risk & Regulatory Consulting, LLC, performed an evaluation of the information technology and computer systems of the Company. Results of the evaluation were noted in the Information Technology Report provided to the Company.

STATUTORY DEPOSITS

The following securities were deposited with the State of Florida as required by Section 624.411, Florida Statutes and with various state officials as required or permitted by law:

State	Description		Par Value	Market Value
FL	Binhamton-A-Ref	2.0%	50,000	50,871
FL	Metropolitan Transn Auth NY R	5.0%	200,000	232,372
FL	Metropolitan Transn Auth NY R	5.0%	250,000	290,465
FL	Marion Cnty Fla Hosp Dist Rev	5.0%	250,000	268,155
FL	Pasco Co Sd S/Tax	5.0%	250,000	292,515
FL	Florida St Brd Ed Pub Ed	5.0%	255,000	271,871
FL	Cape Coral Gas-A	4.3%	300,000	323,373
FL	Brevard Cnty Fla Sch Brd CTFS	4.0%	400,000	415,544
FL	Broward Cnty Fla Arpt Sys Rev	4.0%	400,000	406,840
FL	Florida Boe-F-Babs	5.0%	460,000	499,049
TOTAL FLORIDA DEPOSITS			<u>\$ 2,815,000</u>	<u>\$ 3,051,055</u>
GA	1080-GA-000-0-00		16	16
GA	Atlanta GA Dev Auth Edl Facs R	5.0%	35,000	37,055
IN	JP Morgan Chase Bank, NA - Baton Rouge, LA		770,074	77,074
MA	Illinois St	4.5%	120,000	120,070
NV	1080-NV-000-0-00		7,576	7,576
NV	Grand Forks ND Pk Dist Rev	3.0%	200,000	211,654
NM	Allen Tex Indpt School Dist	5.0%	100,000	116,933
NM	Federal Farm Cr Bks	3.3%	115,000	118,587
NC	1080-NC-000-00-0		12,718	12,718
NC	Mooreville NC LTD Oblig	3.5%	15,000	15,323
NC	Durham Cty NC	2.0%	200,000	206,688
NC	Winston-Salem NC	4.0%	240,000	273,432
NC	Buncombe Cnty NC LTD Oblig	4.0%	250,000	277,770
NC	Mooreville NC LTD Oblig	3.1%	250,000	255,793
NC	Wake Cnty NC	5.0%	250,000	288,698
OK	New Jersey St	4.1%	50,000	50,063
OK	Clark Cnty Nev Sch Dist for IS	5.5%	250,000	287,445
OR	180-OR-000-00		35,000	35,000
OR	New Jersey St	4.1%	250,000	250,313
VA	1080-VA-000-0-00		70,022	70,022
WY	Kentucky St Pty & Bldgs Commn	5.0%	150,000	171,246
TOTAL BENEFIT FOR ALL POLICYHOLDERS			<u>3,370,407</u>	<u>2,883,475</u>
PA	PA-CD		50,000	50,000
PA	1080-PA-000-0-00		260,019	260,019
TN	CD 8430000294024 BB&T	1.1%	27,942	27,942
TN	1080-TN-000-0-00		30,856	30,856
TX	CD 100072974965 Chase Harris Cnty	0.1%	50,373	50,373
TX	CD 810003378342 Brazoria Cnty	0.4%	52,667	52,667
TX	1080-TX-000-0-00		250,045	250,045
TX	TX-CDs		2,189,065	2,189,065
TOTAL ALL OTHER SPECIAL DEPOSITS			<u>2,910,967</u>	<u>2,910,967</u>
TOTAL ALL SPECIAL DEPOSITS			<u>9,096,373</u>	<u>8,845,496</u>

FINANCIAL STATEMENTS

The examination does not attest to the fair presentation of the financial statements included herein. If an adjustment is identified during the course of the examination, the impact of such adjustment will be documented separately following the Company's financial statements. Financial statements, as reported and filed by the Company with the Florida Office of Insurance Regulation, are reflected on the following pages.

Accredited Surety and Casualty Company, Inc.

Assets

December 31, 2015

	Per Company	Examination Adjustments	Per Examination
Bonds	\$12,284,899	\$0	\$12,284,899
Stocks:			
Common	2,417,930		2,417,930
Mortgage loans on real estate:			
First liens	916,376		916,376
Cash and Short-Term Investments	8,289,826		8,289,826
Investment income due & accrued	115,190		115,190
Premiums and considerations:			
Uncollected premiums and agents' balances	1,192,838		1,192,838
Reinsurance:			
Amounts recoverable from reinsurers	189,773		189,773
Electronic data processing equipment and software	25,403		25,403
Receivables from parent, subsidiaries and affiliates	303,081		303,081
Totals	<u>\$25,735,316</u>	<u>\$0</u>	<u>\$25,735,316</u>

Accredited Surety and Casualty Company, Inc.
Liabilities, Surplus and Other Funds
December 31, 2015

	Per Company	Examination Adjustments	Per Examination
Losses	\$119,029		\$119,029
Loss adjustment expenses	50,198		50,198
Commissions payable, contingent commissions and other similar charges	64,122		64,122
Other expenses	109,874		109,874
Taxes, licenses and fees	203,812		203,812
Current federal and foreign income taxes	759,186		759,186
Net deferred tax liability	517,957		517,957
Unearned premiums	10,835		10,835
Ceded reinsurance premiums payable	1,176		1,176
Aggregate write-ins for liabilities	2,260,610		2,260,610
Total Liabilities	<u>\$4,096,800</u>	<u>\$0</u>	<u>\$4,096,800</u>
Common capital stock	\$3,519,000		\$3,519,000
Gross paid in and contributed surplus	82,000		82,000
Unassigned funds (surplus)	<u>18,037,515</u>	<u>0</u>	<u>18,037,515</u>
Surplus as regards policyholders	<u>\$21,638,515</u>	<u>\$0</u>	<u>\$21,638,515</u>
Total liabilities, surplus and other funds	<u><u>\$25,735,316</u></u>	<u><u>\$0</u></u>	<u><u>\$25,735,316</u></u>

Accredited Surety and Casualty Company, Inc.
Statement of Income and Capital and Surplus Account
December 31, 2015

Underwriting Income	
Premiums earned	\$9,310,477
Deductions:	
Losses incurred	\$84,038
Loss expenses incurred	17,846
Other underwriting expenses incurred	7,185,679
Total underwriting deductions	<u>\$7,287,563</u>
Net underwriting gain or (loss)	<u>\$2,022,914</u>
Investment Income	
Net investment income earned	\$351,376
Net realized capital gains or (losses)	12,275
Net investment gain or (loss)	<u>\$363,651</u>
Other Income	
Net gain or (loss) from agents' or premium balances charged off	(\$524)
Aggregate write-ins for miscellaneous income	763
Total other income	<u>\$239</u>
Net income before dividends to policyholders and before federal & foreign income taxes	\$2,386,804
Dividends to policyholders	<u>0</u>
Net Income, after dividends to policyholders, but before federal & foreign income taxes	\$2,386,804
Federal & foreign income taxes	<u>789,850</u>
Net Income	<u><u>\$1,596,954</u></u>
Capital and Surplus Account	
Surplus as regards policyholders, December 31 prior year	\$20,876,877
Net Income	\$1,596,954
Change in net unrealized capital gains or losses	(76,676)
Change in net deferred income tax	16,565
Change in nonadmitted assets	127,198
Dividends to stockholders	(1,000,000)
Aggregate write-ins for gains and losses in surplus	97,597
Examination Adjustment	<u>0</u>
Change in surplus as regards policyholders for the year	<u>\$761,638</u>
Surplus as regards policyholders, December 31 current year	<u><u>\$21,638,515</u></u>

Accredited Surety and Casualty Company, Inc.
Reconciliation of Capital and Surplus
December 31, 2015

No adjustments were made to surplus as regards policyholders as a result of this examination.

Capital/Surplus Change during Examination Period

Surplus at December 31, 2010, per Examination			\$17,167,426
	<u>Increase</u>	<u>Decrease</u>	
Net Income (loss)	6,824,950		
Change in net unrealized capital gain (loss)	105,003		
Change in net deferred income tax		(223,305)	
Change in non-admitted assets	460,865		
Change in paid in capital	459,000		
Change in paid in surplus		(459,000)	
Dividends to stockholders		(4,015,000)	
Aggregate write-ins for gains and losses in surplus	1,318,577		
Net increase (or decrease)			<u>\$4,471,089</u>
Surplus at December 31, 2015, per Examination			<u><u>\$21,638,515</u></u>

SUBSEQUENT EVENTS

On May 13, 2016, the Company became authorized to write Workers Compensation and Earthquake.

On November 2, 2016, the Company became authorized to write Farmowners Multi-Peril, Private Passenger Auto Liability, Commercial Auto Liability, PPA Physical Damage, Commercial Auto Physical Damage, Livestock, Accident and Health, and Miscellaneous Casualty.

On February 28, 2017, the Company became authorized to write Medical Malpractice.

CONCLUSION

The insurance examination practices and procedures as promulgated by the NAIC have been followed in ascertaining the financial condition of **Accredited Surety and Casualty Company, Inc.** as of December 31, 2015, consistent with the insurance laws of the State of Florida.

Per examination annual financial statements, the Company's surplus as regards policyholders was \$21,638,515, which exceeded the minimum of \$5,000,000 required by Section 624.408, Florida Statutes.

In addition to the undersigned, Scott Eady, CFE, CPA, Examiner-in-Charge, and David Crandall, CFE, CPA, CLU, CIA, Andria Bolinger, Consultant, Participating Examiners, of Risk & Regulatory Consulting, LLC, and Patricia Casey Davis, CFE, CPA, Examination Manager, of INS Regulatory Insurance Services, Inc. also participated in the examination. Members of the Office who participated in the examination include Jeffrey Rockwell, MBA, Financial Examiner/Analyst Supervisor, Examination Manager, and Marie Stuhlmuller, Financial Examiner/Analyst Supervisor, Participating Examiner. Additionally, Dave Heppen, FCAS, MAAA, Actuary Specialist of Risk & Regulatory Consulting, LLC, and Kristina Gaddis, AES, CFE, CISA, IT Specialist of Risk & Regulatory Consulting, LLC, are recognized for participation in the examination.

Respectfully submitted,



Brian Sewell, CFE, MCM
Chief Examiner
Florida Office of Insurance Regulation