



**EXAMINATION REPORT  
OF**

**FEDERATED NATIONAL INSURANCE COMPANY**

**NAIC Company Code: 10790**

**SUNRISE, FLORIDA**

**as of  
December 31, 2015**

**BY THE  
FLORIDA OFFICE OF INSURANCE REGULATION**

## TABLE OF CONTENTS

<b>LETTER OF TRANSMITTAL .....</b>	<b>-</b>
<b>SCOPE OF EXAMINATION.....</b>	<b>1</b>
<b>SUMMARY OF SIGNIFICANT FINDINGS .....</b>	<b>2</b>
CURRENT EXAMINATION FINDINGS .....	2
PRIOR EXAMINATION FINDINGS .....	2
<b>COMPANY HISTORY .....</b>	<b>3</b>
GENERAL .....	3
DIVIDENDS .....	3
CAPITAL STOCK AND CAPITAL CONTRIBUTIONS .....	3
SURPLUS NOTES .....	3
ACQUISITIONS, MERGERS, DISPOSALS, DISSOLUTIONS AND PURCHASE OR SALES THROUGH REINSURANCE .....	4
<b>CORPORATE RECORDS .....</b>	<b>4</b>
CONFLICT OF INTEREST .....	4
<b>MANAGEMENT AND CONTROL.....</b>	<b>4</b>
MANAGEMENT .....	4
CONTROL .....	7
AFFILIATED COMPANIES .....	7
<b>SIMPLIFIED ORGANIZATIONAL CHART .....</b>	<b>8</b>
TAX ALLOCATION AGREEMENT .....	9
COST SHARING AGREEMENT .....	9
MANAGEMENT AGREEMENT .....	9
MANAGING GENERAL AGENT AGREEMENT .....	9
<b>TERRITORY AND PLAN OF OPERATIONS.....</b>	<b>10</b>
TREATMENT OF POLICYHOLDERS .....	10
<b>REINSURANCE.....</b>	<b>10</b>
REINSURANCE ASSUMED .....	11
REINSURANCE CEDED .....	11
<b>ACCOUNTS AND RECORDS .....</b>	<b>11</b>
CUSTODIAL AGREEMENT .....	11
INDEPENDENT AUDITOR AGREEMENT .....	12
<b>INFORMATION TECHNOLOGY REPORT .....</b>	<b>12</b>
<b>STATUTORY DEPOSITS .....</b>	<b>13</b>
<b>FINANCIAL STATEMENTS.....</b>	<b>14</b>
<b>ASSETS .....</b>	<b>15</b>
<b>LIABILITIES, SURPLUS AND OTHER FUNDS .....</b>	<b>16</b>
<b>STATEMENT OF INCOME AND CAPITAL AND SURPLUS ACCOUNT .....</b>	<b>17</b>
<b>RECONCILIATION OF CAPITAL AND SURPLUS.....</b>	<b>18</b>
<b>ANALYSIS OF CHANGES IN FINANCIAL STATEMENT .....</b>	<b>19</b>
<b>RESULTING FROM THE EXAMINATION .....</b>	<b>19</b>
<b>COMMENTS ON FINANCIAL STATEMENTS.....</b>	<b>20</b>
LIABILITIES .....	20
CAPITAL AND SURPLUS .....	20
<b>SUBSEQUENT EVENTS.....</b>	<b>21</b>
<b>SUMMARY OF RECOMMENDATIONS.....</b>	<b>22</b>
NAIC ANNUAL STATEMENT INSTRUCTIONS .....	22
SECURITIES .....	22
<b>CONCLUSION.....</b>	<b>23</b>

April 10, 2017

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

Dear Commissioner:

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

**Federated National Insurance Company**  
14050 N.W. 14<sup>th</sup> Street, Suite 180  
Sunrise, FL, US 33323

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 20, 2016, to December 20, 2016. The fieldwork commenced on December 20, 2016, and concluded as of April 10, 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 multi-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**

The following is a summary of material adverse findings, significant non-compliance findings or material changes in the financial statements.

#### **NAIC Annual Statement Instructions**

The Company's 2015 Annual Statement, included incorrect information on Schedule P - Part 5 and 6. In addition, the reserves described in the Actuarial Opinion Summaries ("AOSs") as representing the actuary's estimates did not tie to results summarized in the 2015 actuarial report. The Company was not in compliance with the NAIC Annual Statement Instructions.

#### **Securities**

The Company's Schedule D, Part 1, Schedule DA, Part 1 & Schedule E, Part 3, with regard to the code column disclosure, incorrectly reported three securities. All securities are required to be reported in accordance with the Securities Valuation Office (SVO) Manual.

### **Prior Examination Findings**

The following is a summary of material adverse findings, significant non-compliance findings or material changes in the financial statements in the Office's prior examination report as of December 31, 2010, along with resulting action taken by the Company in connection therewith.

#### **Losses and Loss Adjustment Expenses**

The reserves for losses were found to be deficient by \$1,918,000 and the reserves for loss adjustment expenses to be deficient by \$2,236,000. That resulted in a total deficiency of \$4,154,000.

## COMPANY HISTORY

### General

The Company was incorporated in Florida on November 23, 1983 and commenced business on March 1, 1984.

The Company was authorized to transact insurance coverage in Florida on March 1, 1984 and is currently authorized for the following coverage(s) as of December 31, 2015.

Fire	Private Passenger Auto Liability
Allied Lines	Other Liability
Homeowners Multiple-Peril	Private Passenger Auto Physical Damage
Commercial Multiple-Peril	Boiler & Machinery
Burglary & Theft	Glass

### Dividends

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

### Capital Stock and Capital Contributions

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

Number of authorized common capital shares	1,000,000
Number of shares issued and outstanding	1,000,000
Total common capital stock	\$3,000,000
Par value per share	\$3.00

### Surplus Notes

As of December 31, 2013, the Company was carrying a surplus note in the amount of \$3,600,000 issued in 2005 to FNHC, its Parent in exchange for cash. On September 15, 2014, the Office approved the FNHC Board of Directors decision to forgive repayment of principal and interest due under the surplus note. As of December 31, 2014, the note was retired and reclassified to paid-in-capital.

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

The Company had no acquisitions, mergers, disposals, dissolutions and purchase or sales through reinsurance during the period of this examination.

## **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 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 did not adopt 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 below:

### **Directors**

<b>Name</b>	<b>City, State</b>	<b>Principal Occupation/Company</b>
Michael Herbert Braun	Sunrise, Florida	Chief Executive Officer, President, FNHC

Peter John Prygelski III <sup>(a)</sup>	Sunrise, Florida	Chief Financial Officer, Treasurer, FNHC
Donald George Braun, Jr.	Sunrise, Florida	Vice-President Accounting and Financial Reporting (through 2015) Director of Consolidations and Taxation (2016 – Present), FNHC
James Gordon Jennings III	Sunrise, Florida	Vice President Risk Management, FNHC
Ydania Concepcion	Sunrise, Florida	Statutory Controller, Federated National Holding Company

(a) Resigned June 20, 2016 and was replaced by Erick Anthony Fernandez.

In accordance with the Company's bylaws, the Board appointed the following Senior Officers:

#### **Senior Officers**

<b>Name</b>	<b>City, State</b>	<b>Title, Company</b>
Michael Herbert Braun	Sunrise, Florida	President, FNHC
Peter John Prygelski III <sup>(a)</sup>	Sunrise, Florida	Treasurer, FNHC
James Gordon Jennings III	Sunrise, Florida	Secretary

(a) Resigned on June 20, 2016, and was replaced by Erick Anthony Fernandez.



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

### **Compensation Committee**

<b>Name</b>	<b>City, State</b>	<b>Title</b>
Richard William Wilcox, Jr. <sup>1</sup>	Plantation, Florida	Retired
Jenifer Goforth Kimbrough	Birmingham, Alabama	Chief Financial Officer, Oakworth Capital Bank

<sup>1</sup> Chairperson

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

### **Audit Committee**

<b>Name</b>	<b>City, State</b>	<b>Title</b>
Jennifer Goforth. Kimbrough <sup>1</sup>	Birmingham, Alabama	Chief Financial Officer, Oakworth Capital Bank
Carl Dorf	Peoria, Arizona	Retired
Richard William Wilcox, Jr.	Plantation, Florida	Retired

<sup>1</sup> Chairperson

### **Investment Committee**

<b>Name</b>	<b>City, State</b>	<b>Title</b>
Carl Dorf <sup>1</sup>	Peoria, Arizona	Retired
Peter John Prygelski III	Sunrise, Florida	Chief Financial Officer, Treasurer, FNHC
William Gorman Stewart	Stevenson, Maryland	Deputy Secretary of Administration, State of Maryland

<sup>1</sup> Chairperson

### **Nominating Committee**

<b>Name</b>	<b>City, State</b>	<b>Title</b>
Richard William Wilcox, Jr.	Plantation, Florida	Retired
Carl Dorf	Peoria, Arizona	Retired
Jennifer Goforth Kimbrough	Birmingham, Alabama	Chief Financial Officer, Oakworth Capital Bank

<sup>1</sup> Acting Chairperson

### **Control**

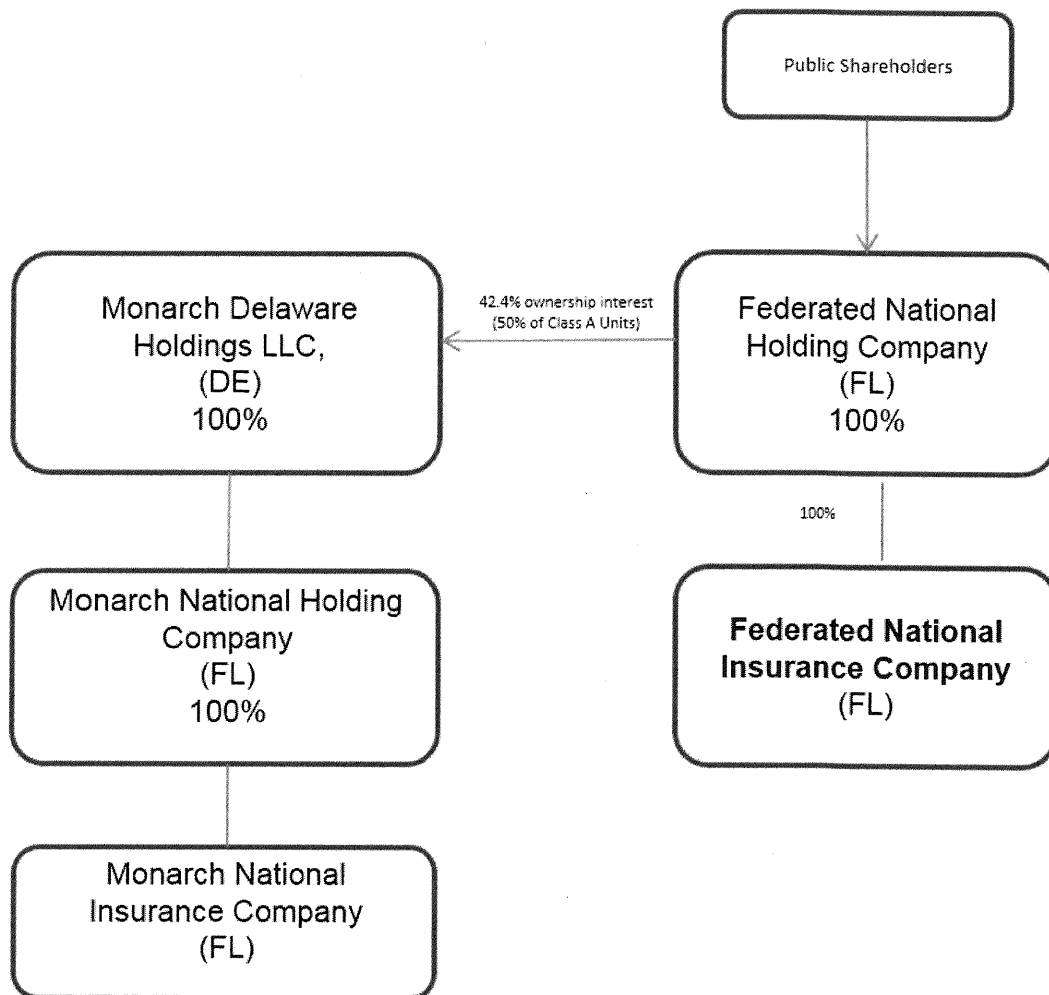
The Company is a subsidiary and wholly owned by Federated National Holding Company (FNHC), a publicly traded company.

### **Affiliated Companies**

The most recent Holding Company Registration Statement was filed with the Office on March 31, 2017, as required by Section 628.801, Florida Statutes, and Rule 69O-143.046, 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.

**Federated National Insurance Company**  
**Simplified Organizational Chart**  
**December 31, 2015**



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

### **Tax Allocation Agreement**

Effective February 4, 2013, the Company entered into an intercompany tax allocation agreement with its parent and affiliated companies. The method of allocation among the companies is subject to written agreement, approved by the Board of Directors. Allocation is based on separate return calculation with current credit for net losses. Intercompany tax balances are settled annually after the filing of the consolidated federal income tax return.

### **Cost Sharing Agreement**

Effective June 10, 2015, the Company entered into a cost sharing agreement with FNU. This agreement anticipates that, from time to time, either party may pay expenses on behalf of the other such as, but not limited to payroll, supplies, etc. The Company and FNU reimburse each other for expenses that are paid by one on behalf of the other within ninety (90) days of the payment being made.

### **Management Agreement**

Effective July 1, 2013, The Company entered into a Management Agreement with FNHC, its Parent Company, to assist the Company in all aspects of management. The management fee is \$100,000 per month. The Company paid FNHC \$1,200,000 in management fees during 2015 related to its agreement.

### **Managing General Agent Agreement**

Effective June 10, 2015, the Company entered into a Managing General Agency (MGA) Agreement with FNU. Under the MGA agreement, FNU receives four percent (4%) (commission) of total written annual premium minus exclusions for its underwriting services. In addition, per policy administrative fee of \$25 is also charged for every policy underwritten. The Company paid FNU \$18,729,082 in commissions for underwriting services. Additionally, The Company paid FNU \$6,859,425 for policy fees.

In addition, under the MGA agreement, FNU provides claims administrative services to the Company. The Company pays FNU three & six-tenths percent (3.6%) of Total Earned Premiums earned on specific lines of business. Under this agreement, the Company paid FNU \$15,159,810 for the year ended December 31, 2015. Total fees paid under the MGA agreement were \$40,748,317.

## **TERRITORY AND PLAN OF OPERATIONS**

The Company was authorized to transact insurance in the following states:

Alabama	Louisiana	Georgia	Texas
Florida	Nevada <sup>(1)</sup>	South Carolina	

<sup>(1)</sup> Surplus Lines

### **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, and intermediary clause, transfer of risk, and reporting and settlement information deadlines.

### **Reinsurance Assumed**

The Company assumed reinsurance during the period of this examination. In previous years, the Company had assumed reinsurance from JRG Reinsurance Company, Ltd. As of December 31, 2015, the Company no longer assumes premium from this Bermuda domiciled company and the known case loss and LAE reserves of \$11,000 were deemed immaterial.

### **Reinsurance Ceded**

The Company had a catastrophe reinsurance program, which consisted of the Florida Hurricane Catastrophe Fund (FHCF), excess of loss treaties placed with the private market and a forty percent (40%) property quota-share program. The property quota-share reinsurance is a form of proportional reinsurance that provides coverage for the homeowners' property lines for wind related catastrophes in Florida. The FHCF treaty affords for losses sustained in Florida and represents only a portion of the reinsurance coverage in Florida.

Ceded premiums in connection with this program totaled approximately \$148,700,000.

The reinsurance contracts were reviewed by the Company's appointed actuary and were utilized in determining the ultimate loss opinion.

## **ACCOUNTS AND RECORDS**

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

The Company and non-affiliates had the following agreements:

### **Custodial Agreement**

The Company maintained a custodial agreement with M&T Trust Company (M&T), executed on December 30, 2011. The agreement complied with Rule 69O-143.042, Florida Administrative Code.

**Independent Auditor Agreement**

Ernst & Young LLP (CPA) audited the Company's statutory basis financial statements annually for the year 2015, in accordance with Section 624.424(8), Florida Statutes. Supporting work papers were prepared by the CPA as required by Rule 69O-137.002, Florida Administrative Code.

**INFORMATION TECHNOLOGY REPORT**

Chris Glenn, and Miles Wolfe, IT Specialists, of Dixon Hughes Goodman LLP, 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:

State	Description	Par Value	Market Value
FL	US Bond	2,060,000	2,106,111
TOTAL FLORIDA DEPOSITS		<u>\$ 2,060,000</u>	<u>\$ 2,106,111</u>
ALA	US Bond	\$ 416,026	\$ 404,060
GA	Cash	25,015	25,015
TOTAL OTHER DEPOSITS		<u>\$ 441,041</u>	<u>\$ 429,075</u>
TOTAL SPECIAL DEPOSITS		<u>\$ 2,501,041</u>	<u>\$ 2,535,186</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 Office, are reflected on the following pages.

# Federated National Insurance Company

## Assets

**December 31, 2015**

	Per Company	Examination Adjustments	Per Examination
Bonds	\$297,482,554		\$297,482,554
Stocks:			
Common	36,525,752		36,525,752
Cash and Short-Term Investments	27,229,211		27,229,211
Receivables for securities	166,163		166,163
Subtotals, cash and invested assets	361,403,680		361,403,680
Investment income due or accrued	2,767,399		2,767,399
Agents' Balances:			
Uncollected premium	11,703,619		11,703,619
Deferred premium	25,883,014		25,883,014
Reinsurance recoverable	5,210,817		5,210,817
Other amounts recoverable	27,724,165		27,724,165
Net deferred tax asset	4,602,313		4,602,313
Totals	<u>\$439,295,007</u>	<u>\$0</u>	<u>\$439,295,007</u>

**Federated National Insurance Company**  
**Liabilities, Surplus and Other Funds**  
**December 31, 2015**

	Per Company	Examination Adjustments	Per Examination
Losses	\$56,671,858		\$56,671,858
Loss adjustment expenses	33,284,877		33,284,877
Commission payable	5,006,349		5,006,349
Other expenses	581,461		581,461
Taxes, licenses and fees	3,670,729		3,670,729
Unearned premium	109,279,418		109,279,418
Advance premiums	9,778,058		9,778,058
Ceded reinsurance premiums payable	60,221,684		60,221,684
Funds held under reinsurance treaties	605,189		605,189
Amounts withheld	(2,911)		(2,911)
Payable to parent, subsidiaries and affiliates	15,063,133		15,063,133
Total Liabilities	\$294,159,844	\$0	\$294,159,844
Common capital stock	\$3,000,000		\$3,000,000
Gross paid in and contributed surplus	98,861,107		98,861,107
Unassigned funds (surplus)	43,274,056		43,274,056
Surplus as regards policyholders	\$145,135,163	\$0	\$145,135,163
Total liabilities, surplus and other funds	\$439,295,007	\$0	\$439,295,007

**Federated National Insurance Company**  
**Statement of Income and Capital and Surplus Account**  
**December 31, 2015**

**Underwriting Income**

Premiums earned	\$227,544,098
<b>Deductions:</b>	
Losses incurred	\$83,648,773
Loss expenses incurred	42,809,003
Other underwriting expenses incurred	82,106,292
Aggregate write-ins for underwriting deductions	0
Total underwriting deductions	<u>\$208,564,068</u>
Net underwriting gain or (loss)	\$18,980,030

**Investment Income**

Net investment income earned	\$5,229,858
Net realized capital gains or (losses)	3,564,807
Net investment gain or (loss)	<u>\$8,794,665</u>

**Other Income**

Net gain or (loss) from agents' or premium balances charged off	\$0
Finance and service charges not included in premiums	1,897,307
Aggregate write-ins for miscellaneous income	4,390,569
Total other income	<u>\$6,287,876</u>
Net income before dividends to policyholders and before federal & foreign income taxes	\$34,062,571
Dividends to policyholders	
Net Income, after dividends to policyholders, but before federal & foreign income taxes	<u>\$34,062,571</u>
Federal & foreign income taxes	<u>9,855,904</u>
Net Income	<u><u>\$24,206,667</u></u>

**Capital and Surplus Account**

Surplus as regards policyholders, December 31 prior year	\$125,330,372
Net Income	\$24,206,667
Net unrealized capital gains or losses	(4,227,355)
Change in net deferred taxes	(376,606)
Change in nonadmitted assets	(159,091)
Change in provision for reinsurance	1,687
Surplus adjustments: Paid in	359,488
Change in surplus as regards policyholders for the year	<u>\$19,804,791</u>
Surplus as regards policyholders, December 31 current year	<u><u>\$145,135,163</u></u>

**Federated National Insurance Company**  
**Reconciliation of Capital and Surplus**  
**December 31, 2015**

**Capital/Surplus Change during Examination Period**

Surplus as Regards Policyholders	
December 31, 2010 per Annual Statement	\$40,603,408

	Gain in Surplus	Loss in Surplus	
Net Income (loss)	\$64,513,266		
Net transfers (to) from Protected Cell accounts	\$164,641		
Change in net unrealized capital gain (loss)	\$4,176,712		
Change in net deferred income tax		\$1,884,357	
Change in non-admitted assets	\$3,427,454		
Change in provision for reinsurance	\$28,628		
Change in surplus notes		\$3,600,000	
Surplus (contributed to) withdrawn from protected cells		\$605,955	
Change in paid in capital	\$16,000,000		
Change in paid in surplus	\$22,460,147		
Aggregate write-ins for gains and losses in surplus		\$148,783	
Total Gains and Losses	\$110,770,848	\$6,239,095	
			\$104,531,753
Surplus as Regards Policyholders			
December 31, 2015 per Annual Statement			\$145,135,161

**Federated National Insurance Company**  
**Analysis of Changes in Financial Statement**  
**Resulting from the Examination**  
**December 31, 2015**

**Analysis of Changes in Surplus**

Surplus at December 31, 2015, per  
Annual Financial Statement

\$145,135,161

Increase

Decrease

Net increase (or decrease)

\$0

Surplus at December 31, 2015, per  
Examination

\$145,135,161

## **COMMENTS ON FINANCIAL STATEMENTS**

### **Liabilities**

#### **Loss and Loss Adjustment Expenses**

Scott P. Weinstein, FCAS, MAAA, Principal, KPMG LLP, appointed by the Board, rendered an opinion that the amounts carried in the balance sheet as of December 31, 2015, made a reasonable provision for all unpaid loss and loss adjustment expense obligations of the Company under the terms of its policies and agreements.

The Company's 2015 unpaid loss and loss adjustment expense reserves were \$90.0 million, which were within the Company's appointed actuary range of \$86.4 million to \$100.0 million though \$1.8 million below the midpoint. During 2016, the Company's direct loss and ALAE actuarial estimates for accident years 2007 through 2015 increased by \$19.5 million and the Company finished the year with \$124.0 million in total reserves for unpaid loss and loss adjustment expenses (net of reinsurance).

#### **Capital and Surplus**

The amount of capital and surplus reported by the Company of \$145,135,163, exceeded the minimum of \$20,961,940 required by Section 624.408, Florida Statutes.

## **SUBSEQUENT EVENTS**

During February 2017, the Office approved the Company for a \$25,000,000 surplus infusion from FNHC. The amount was reflected on the Company's December 31, 2016 Annual Financial Statement in accordance with SSAP 72.



## **SUMMARY OF RECOMMENDATIONS**

### **NAIC Annual Statement Instructions**

We recommend that the Company include correct information on Schedule P - Part 5 and 6, in accordance with the NAIC Annual Statement Instructions. In addition, it is recommended that the reserves described in the Actuarial Opinion Summaries ("AOSs"), as representing the actuary's estimates, tie to the results summarized in the 2015 actuarial report.

### **Securities**

We recommended that the Company re-file their annual statements providing the correct bonds and mutual fund code column disclosure, in compliance with the SVO Manual.

## CONCLUSION

The insurance examination practices and procedures as promulgated by the NAIC have been followed in ascertaining the financial condition of **Federated National Insurance Company** 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 to policyholders was \$145,135,163, which exceeded the minimum of \$20,961,940 required by Section 624.408, Florida Statutes.

In addition to the undersigned, Roshi Fekrat, CPA, CFE, CIA, AMCM, Examiner-in-Charge, and George Brown, CFE, CIE, MCM, Anthony Westover, CPA, and Jake Johnson, Participating Examiners, of Dixon Hughes Goodman LLP and John Romano, CPA, CIA, CFE, Exam Manager, of Baker Tilley, 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 Christopher Brown, Financial Examiner/Analyst II and Wytonia Weston, APIR, Financial Examiner/Analyst II, Participating Examiners. Additionally, Brent Sallay, FCAS, MAAA, and Solomon Frazier, FSA, ACAS, MAAA, of Actuarial Firm of Taylor-Walker Consulting, LLC and Chris Glenn, CISA, CIA, CFE (Fraud), and Matt Wolfe, CISA IT Specialists of Dixon Hughes Goodman, LLP, are recognized for participation in the examination.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Brian Sewell". The signature is fluid and cursive, with the first name "Brian" and last name "Sewell" clearly distinguishable.

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