



**EXAMINATION REPORT  
OF**

**South Florida Dentists Self Insurance Trust  
Miami, Florida**

**Florida Company Code: 04386**

**as of  
June 30, 2020**

**By  
The Florida Office of Insurance Regulation**

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March 15, 2021

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-187.007, Florida Administrative Code, and in accordance with the practices and procedures promulgated by the National Association of Insurance Commissioners ("the NAIC"), we have conducted an examination as of June 30, 2020, of the financial condition and corporate affairs of

**South Florida Dentists Self Insurance Trust**  
19 W. Flagler St., Suite 711  
Miami, Florida 33130

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

## **SCOPE OF EXAMINATION**

This examination covered the period of July 1, 2015 through June 30, 2020 and the fieldwork commenced with planning by the Florida Office of Insurance Regulation (“the Office”) on October 29, 2020. The fieldwork concluded as of February 12, 2021. The Trust’s last full scope exam by representatives of the Office covered the period of July 1, 2010 through June 30, 2015.

The examination was a single state examination conducted in accordance with the NAIC Financial Condition Examiners Handbook (“the 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 Trust, 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 Trust were considered in accordance with the risk-focused examination process. This included assessing significant estimates made by management and evaluating management’s compliance with the NAIC Statements of Statutory Accounting Principles (“SSAP”).

This examination report includes information obtained from the examination of the records, accounts, files and documents of or relative to the Trust and other information as permitted by Section 624.319, Florida Statutes. There may be other items identified during the examination that, due to their nature (for example, subjective conclusions or proprietary information), were not included within the examination report but separately communicated to other regulators and/or the Trust.

## **SUMMARY OF SIGNIFICANT FINDINGS**

### **Current Examination Findings**

There were no significant findings that were associated with the period under examination.

### **Previous Examination Findings**

There were no significant findings in the previous examination.

## **TRUST HISTORY**

### **General**

The Trust was organized on August 7, 1986. The Trust was approved on July 1, 1987 under the laws of the State of Florida as a Malpractice Self Insurance Trust Fund and commenced business on July 1, 1987.

The Trust was formed to provide members occurrence dental malpractice insurance at reasonable rates. Membership is offered to individual dentists who must submit a written application and be approved by a quorum of the Board of Trustees. The policies issued cover only claims arising from the performance of professional services within the specialty of dentistry. The limits provided are \$250,000 per occurrence, or \$750,000 annual aggregate. A member can be expelled if they fail to report an incident or a claim or fail to notify the Board of Trustees of their loss of hospital privileges, or if their license to practice dentistry is revoked or suspended for any reason. On June 30, 2020, the Trust had forty-five (45) members.

### **Dividends**

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

### **Capital Stock and Capital Contributions**

The Trust maintained no capital stock and received no capital contributions.

## Surplus Notes

The Trust did not have or issue any surplus notes during the period under examination.

## Acquisitions, Mergers, Disposals, Dissolutions

The Trust had no acquisitions, mergers, disposals, or dissolutions during the period under examination.

## MANAGEMENT AND CONTROL

### Corporate Governance

The annual shareholder meeting for the election of Trustees was held in accordance with Section 69O-187.010 (1), Florida Administrative Code. Trustees serving as of June 30, 2020, are shown below and the one listed first is the Chairman:

Trustees		
Name	City, State	Principal Occupation, Company Name
Scott Bennett Ross, D.D.S. <sup>(1)</sup>	Miami, Florida	Dentist, South Florida Periodontics and Dental Implants
Jorge Roberto Centurion, D.D.S.	Coral Gables, Florida	Dentist, Fredric J. Witkin, DDS, PA
Rita Dargham, D.M.D.	Miami, Florida	Dentist, Grove Smiles Dentistry
Gary Alan Lubel, D.D.S.	Miami, Florida	Dentist, Gary A. Lubel, DDS, PA
Osvaldo Zenen Mayoral	Miami, Florida	Dentist, Pinecrest Dental
Olin Glaze McKenzie, D.D.S.	Miami, Florida	Dentist, Olin G. McKenzie, III, DDS, PA
Stephen Edward Morrow, D.D.S.	Miami, Florida	Retired

Officers serving as of June 30, 2020, are shown below:

Senior Officers			
Scott Bennett Ross, D.D.S.	Olin Glaze McKenzie, D.D.S.	Jorge Roberto Centurion, D.D.S.	Gary Alan Lubel, D.D.S.

The Board of Trustees ("the Board") appointed internal committees, including an audit committee as required by Section 624.424(8)(c), Florida Statutes. The following was the principal internal board committee and its members as of June 30, 2020. The first person listed is the chairman.

<b>Audit Committee</b>		
Scott Bennett Ross, D.D.S.	Jorge Roberto Centurion, D.D.S.	Osvaldo Zenen Mayoral, D.D.S.

### **Holding Company System**

The Trust is not a member of a holding company. The Trust had no affiliated agreements.

## **ACCOUNTS AND RECORDS**

The Trust maintained its principal operational offices in Miami, Florida.

The Trust and non-affiliates had the following material agreements:

### **Custodial Agreement**

The Trust maintained a custodial agreement with Northern Trust Bank which was executed on April 10, 2008, amended October 4, 2011 and June 25, 2019.

### **Service Agent's Agreement**

The Trust had a Service Agent's Agreement ("the SAA") with Dental Service Agents, Inc. ("DSA"), executed March 1, 2019 to provide risk management and other services necessary to maintain a self-insurance trust fund. The SAA agreement included administrative management and financial services, in addition to those functions promulgated by Rule 69O-187.002, Florida Administrative Code. DSA receives a compensation fee of \$37,500 per year or \$750 per member of the Trust, whichever is greater.

## **Independent Auditor Agreement**

An independent CPA, Morrison, Brown, Argiz & Farra, LLC, audited the Trust's statutory basis financial statements annually for all the years under examination, in accordance with Section 69O-187.007 (1), Florida Administrative Code.

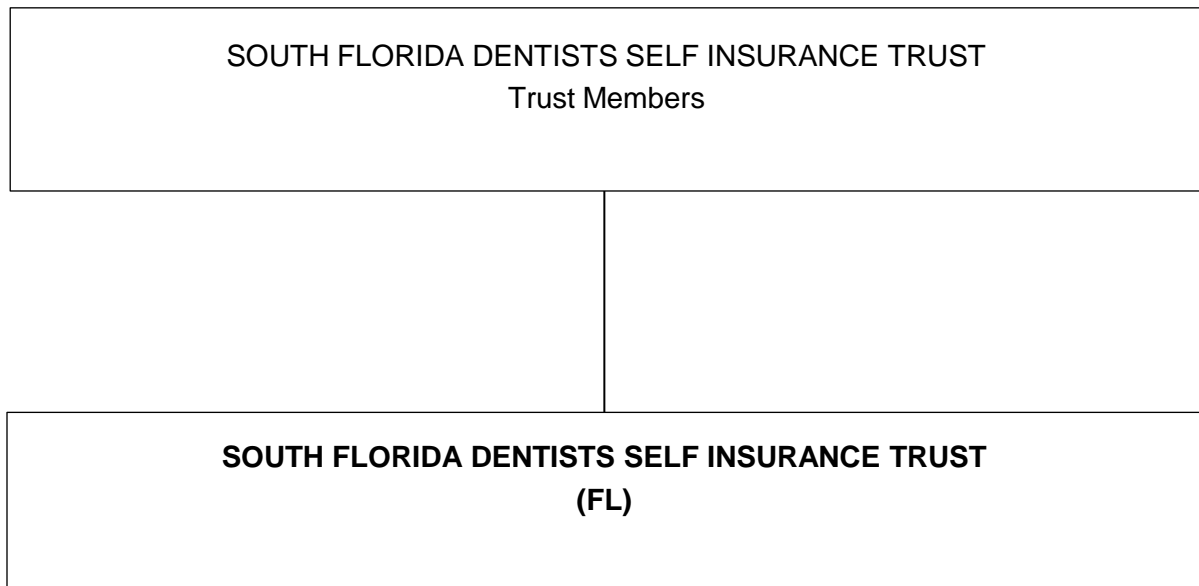
## **Corporate Records Review**

The recorded minutes of the Board and the Audit committee were reviewed for the period under examination. The recorded minutes of the Board and Audit Committee documented its meetings and approval of Trust transactions and events. The Board also documented the authorization of investments as required by Section 625.304, Florida Statutes.

An organizational chart as of June 30, 2020, is shown on the following page.



**South Florida Dentists Self Insurance Trust**  
**Organizational Chart**  
**June 30, 2020**



## **TERRITORY AND PLAN OF OPERATIONS**

The Trust was authorized to transact insurance only in the State of Florida.

The Trust was organized on August 7, 1986, and authorized to transact insurance in Florida on July 1, 1987, and is currently authorized for the following lines of business as of June 30, 2020:

Medical Professional Liability

## **REINSURANCE**

The Trust had no reinsurance agreements during the period of this examination.

### **Reinsurance Assumed**

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

### **Reinsurance Ceded**

The Trust did not cede any reinsurance during the period of this examination.

## **FINANCIAL STATEMENTS**

The following includes the Trust's statutory Statement of Assets, Liabilities, Surplus and Other Funds; statutory Statement of Income; and the statutory Reconciliation of Capital and Surplus for the year ended June 30, 2020. The financial statements are based on the statutory financial statements filed by the Trust with the Florida Office of Insurance Regulation and present the financial condition of the Trust for the period ending June 30, 2020. (Note: Failure of the columns to add to the totals reflected in this Report is due to rounding.)

## South Florida Dentists Self Insurance Trust Balance Sheet as of June 30, 2020

<b>Assets</b>	
	Per Trust
Cash on hand and on demand deposit	\$490,864
Securities at market value	\$749,499
Accrued interest	\$14
Premiums due	\$7,149
<b>Totals</b>	<b>\$1,247,526</b>
<b>Liabilities, Surplus and Other Funds</b>	
Losses	\$208,000
Loss adjustment expenses	\$42,000
Unearned premiums, fees	\$36,750
Other liabilities	\$15,000
<b>Total liabilities</b>	<b>\$301,750</b>
Trustees Account	\$945,776
<b>Total liabilities and Trustees Account</b>	<b>\$1,247,526</b>
<b>Statement of Income</b>	
<b>Underwriting Income</b>	
Premiums earned	\$76,527
<b>Deductions</b>	
Losses incurred	\$0
Loss expenses incurred	\$10,854
Administrative expenses	\$30,000
Other expenses	\$28,329
<b>Total underwriting deductions</b>	<b>\$69,183</b>
<b>Net underwriting gain</b>	<b>\$7,344</b>
<b>Investment Income</b>	
Net investment income earned	\$16,307
<b>Net income</b>	<b>\$23,651</b>
<b>Trustees Account</b>	
Trustee Account at close of previous year	\$918,807
Net income	\$23,651
Net unrealized capital gains or losses	\$3,318
<b>Change in trustees account during reporting year</b>	<b>\$26,969</b>
<b>Trustees Account at close of current year</b>	<b>\$945,776</b>

**South Florida Dentists Self Insurance Trust**  
**Reconciliation of Trustees Account**  
**June 30, 2020**

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

<b>Capital/Surplus Change during Examination Period</b>			
Trustees Account at June 30, 2015, per the Company			\$877,873
	Increase	Decrease	
Gain in surplus	\$58,002		\$58,002
Change in net unrealized capital gain (loss)	\$9,901		\$9,901
Net increase (or decrease)			\$67,903
Trustees Account at June 30, 2020, per the Company			\$945,776

**COMMENTS ON FINANCIAL STATEMENT ITEMS**

**Trustees Account**

The amount of the Trustees Account reported by the Trust of \$945,776, as of June 30, 2020 represents a positive amount as required by Section 624.468 (7), Florida Statutes.

**SUBSEQUENT EVENTS**

In December 2019, the COVID-19 disease outbreak emerged, and later was characterized as a pandemic by the World Health Organization on March 11, 2020. The President of the United States declared a National State of Emergency on March 13, 2020. The duration and spread of this outbreak are uncertain and cannot be predicted. The economic disruption caused by COVID-19 and the increased uncertainty about the magnitude of the economic slowdown has caused extreme volatility in the financial markets. These factors could have a significant impact on the financial results for the Trust. Neither the Trustees nor the review by the examining actuary has accounted for the potential impact of these factors, and the impact on operations going forward is uncertain

## CONCLUSION

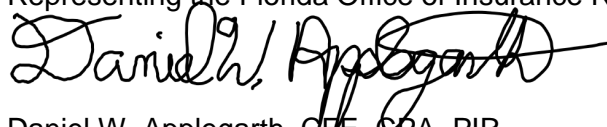
The insurance examination practices and procedures as promulgated by the NAIC have been followed in ascertaining the financial condition of South Florida Dentists Self Insurance Trust as of June 30, 2020, consistent with the insurance laws of the State of Florida.

In addition to the undersigned, Thomas Mayberry, CPA, CFE, Paul Sliwinski, CPA, ARE, and Chris Davis, CPA, Participating Examiners, of EWM Group, PC, also participated in the examination. Members of the Office who participated in the examination include Jeffrey Rockwell, Examination Manager. Additionally, Jenny Jeffers, AES, CISA and Joanna Latham, AES, CISA, CPA, CFE, IT Specialist of Jennan Enterprises, LLC, and Gustave Krause, FCAS, MAAA and Anthony Pipia, ACAS, MAAA of Actuaries, Inc., are recognized for participation in the examination.

Respectfully submitted,



Philip D. Engelhart, CPA, AIAF, CFE  
Examiner-in-Charge  
EWM Group, PC  
Representing the Florida Office of Insurance Regulation



Daniel W. Applegarth, CFE, CPA, PIR  
Chief Financial Examiner  
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Florida Office of Insurance Regulation