



**EXAMINATION REPORT
OF**

**South Florida Ophthalmological Self Insuring Trust
Miami, Florida**

Florida Company Code: 04387

**as of
June 30, 2020**

**By
The Florida Office of Insurance Regulation**

TABLE OF CONTENTS

LETTER OF TRANSMITTAL	-
SCOPE OF EXAMINATION.....	1
SUMMARY OF SIGNIFICANT FINDINGS	2
CURRENT EXAMINATION FINDINGS	2
PREVIOUS EXAMINATION FINDINGS	2
TRUST HISTORY	2
GENERAL	2
DIVIDENDS	2
CAPITAL STOCK AND CAPITAL CONTRIBUTIONS.....	2
SURPLUS NOTES	3
ACQUISITIONS, MERGERS, DISPOSALS, DISSOLUTIONS	3
MANAGEMENT AND CONTROL.....	3
CORPORATE GOVERNANCE	3
HOLDING COMPANY SYSTEM	4
ACCOUNTS AND RECORDS	4
CUSTODIAL AGREEMENT	4
SERVICE AGENT'S AGREEMENT	4
INDEPENDENT AUDITOR AGREEMENT	5
CORPORATE RECORDS REVIEW.....	5
ORGANIZATIONAL CHART	6
TERRITORY AND PLAN OF OPERATIONS.....	7
REINSURANCE.....	7
REINSURANCE ASSUMED.....	7
REINSURANCE CEDED.....	7
FINANCIAL STATEMENTS.....	8
ASSETS.....	9
LIABILITIES, SURPLUS AND OTHER FUNDS	9
STATEMENT OF INCOME	10
RECONCILIATION OF TRUSTEES ACCOUNT.....	11
COMMENTS ON FINANCIAL STATEMENT ITEMS	12
TRUSTEES ACCOUNT	12
SUBSEQUENT EVENTS.....	13
CONCLUSION.....	14

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 Ophthalmological Self Insuring 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 approved on March 1, 1976 under the laws of the State of Florida as a Malpractice Self Insurance Trust Fund and commenced business on July 1, 1976.

The Trust was formed to provide members occurrence malpractice insurance at reasonable rates. Membership is offered to individual Ophthalmologist 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 Ophthalmology. The limits provided are \$500,000 per occurrence, or \$1,500,000 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 medicine is revoked or suspended for any reason. At June 30, 2020, the Trust had one hundred twenty (120) members. The Declaration of Trust and Bylaws were not amended during the period covered by the examination.

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
Jay Harold Stanley, M.D. ⁽¹⁾	Plantation, Florida	Ophthalmologist, Plantation Eye Associates
Carlos Buznego, M.D.	Coral Gables, Florida	Ophthalmologist, Center for Excellence in Eye Care, PA
Raymond Peter Gailitis, M.D.	Fort Lauderdale, Florida	Ophthalmologist, Ophthalmology Consultants / The Center for Lasik
Lawrence Scott Halperin, M.D.	Boca Raton, Florida	Ophthalmologist, Retina Group of Florida
William John Kelly, M.D.	Boca Raton, Florida	Ophthalmologist, Bedotto, Wallace, Clewner & Kelly, MDPA
Myron Tanenbaum, M.D.	Miami, Florida	Ophthalmologist, Myron Tanenbaum, MDPA
Joseph Trentacoste, M.D.	Weston, Florida	Ophthalmologist, Miami Lakes Eye Care Center, PA

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

Senior Officers			
Jay Harold Stanley, M.D.	Joseph Trentacoste, M.D.	Carlos Buznego, M.D.	Myron Tanenbaum, M.D.

The Trust's Trustees 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 the members as of June 30, 2020. The first person listed is the chairman.

Audit Committee		
Jay Harold Stanley, M.D.	Carlos Buznego, M.D.	Myron Tanenbaum, M.D.

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 September 30, 2011.

Service Agent's Agreement

The Trust had a Service Agent's Agreement ("the SAA") with Medical Service Agents, Inc. ("MSA"), executed May 1, 2013 to provide risk management and other services necessary to maintain a self-insurance trust fund. The agreement was amended July 1, 2017 and December 9, 2019, to extend the term of the agreement. The SAA agreement included administrative management and financial services, in addition to those functions promulgated by Rule 69O-

187.002, Florida Administrative Code. MSA receives a compensation fee of \$250,000 per year, or \$2,000 per member of the Trust, whichever sum is greater.

Independent Auditor Agreement

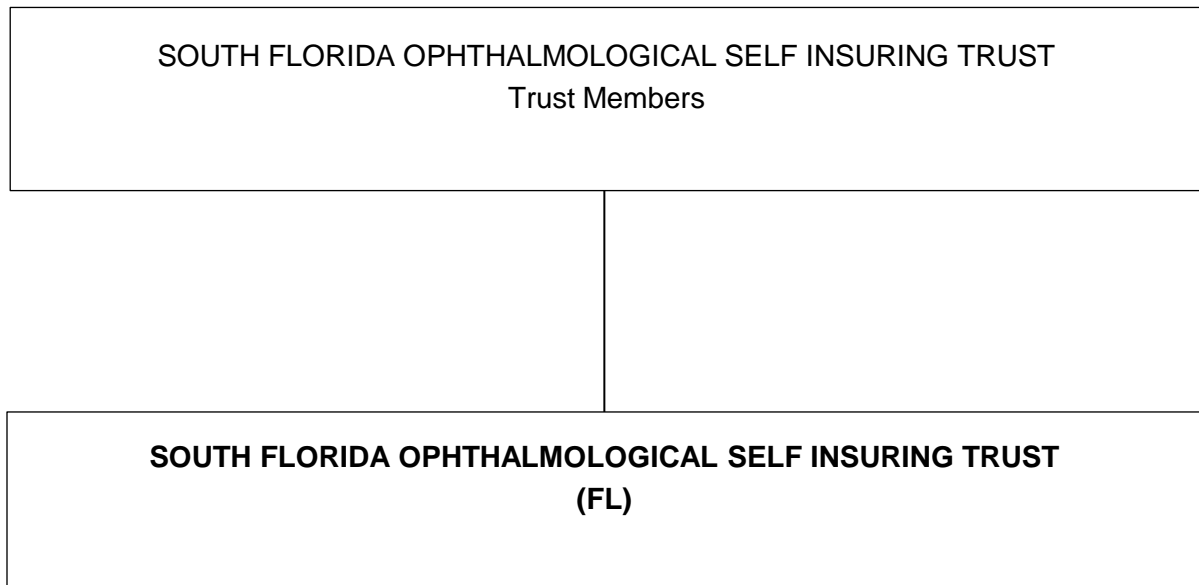
An independent CPA, Morrison, Brown, Argiz & Farra, LLC, audited the Trust's statutory basis financial statements annually for all of the years under examination in accordance with Section 69O-187.007 (1), Florida Administrative Code.

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 Ophthalmological Self Insuring 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 authorized to transact insurance in Florida on March 1, 1976, 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 Ophthalmological Self-Insuring Trust
Assets
June 30, 2020

	Per Trust
Cash on hand and on demand deposit	\$396,318
Securities at market value	\$8,128,720
Accrued interest	\$17
Premiums due	\$397,598
Totals	\$8,922,653

South Florida Ophthalmological Self-Insuring Trust
Liabilities, Surplus and Other Funds
June 30, 2020

	Per Trust
Losses	\$3,750,000
Loss adjustment expenses	\$935,000
Unearned premiums, fees	\$226,475
Other liabilities	\$25,000
Total liabilities	\$4,936,475
Trustees Account	\$3,986,178
Total liabilities and Trustees Account	\$8,922,653

South Florida Ophthalmological Self-Insuring Trust
Statement of Income
June 30, 2020

	Per Trust
Underwriting Income	
Premiums earned	\$1,082,008
Deductions	
Losses incurred	\$607,881
Loss expenses incurred	\$345,211
Administrative expenses	\$148,900
Other expenses	\$366,741
Total underwriting deductions	\$1,468,733
Net underwriting gain (loss)	(\$386,725)
Investment Income	
Net investment income earned	\$120,066
Net realized capital gains or (losses)	\$0
Net investment gain	\$120,066
Net loss before dividends to policyholders and before federal & foreign income taxes	(\$266,659)
Dividends to policyholders	\$0
Net loss, after dividends to policyholders, but before federal & foreign income taxes	(\$266,659)
Federal & foreign income taxes	\$0
Net loss	(\$266,659)
Trustees Account	
Trustee Account at close of previous year	\$4,253,416
Net loss	(\$266,659)
Net unrealized capital gains or (losses)	(\$579)
Change in Trustees Account during reporting year	(\$267,238)
Trustees Account at close of current year	\$3,986,178

South Florida Ophthalmological Self Insuring Trust
Reconciliation of Trustees Account
June 30, 2020

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

Capital/Surplus Change during Examination Period			
Trustees Account at June 30, 2015, per examination			\$5,270,480
	Increase	Decrease	
Gain in Trustees Account		(\$1,338,384)	(\$1,338,384)
Change in net unrealized capital gain (loss)	\$54,082		\$54,082
Net increase (or decrease)			(\$1,284,302)
Trustees Account at June 30, 2020, per examination			\$3,986,178

COMMENTS ON FINANCIAL STATEMENT ITEMS

Trustees Account

The amount of the Trustees Account reported by the Trust of \$3,986,178, 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 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 Ophthalmological Self Insuring 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
Property & Casualty Financial Oversight
Florida Office of Insurance Regulation