



**EXAMINATION REPORT
OF
SOUTH PINELLAS MEDICAL MALPRACTICE
RISK MANAGEMENT ASSOCIATION
D/B/A SOUTH PINELLAS MEDICAL TRUST
St. Petersburg, Florida**

**as of
December 31, 2019**

**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.....	3
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
MANAGEMENT AGREEMENT	5
INDEPENDENT AUDITOR AGREEMENT	5
CORPORATE RECORDS REVIEW.....	5
TERRITORY AND PLAN OF OPERATIONS.....	5
REINSURANCE.....	6
REINSURANCE ASSUMED	6
REINSURANCE CEDED	6
FINANCIAL STATEMENTS.....	7
ASSETS	8
LIABILITIES, SURPLUS AND OTHER FUNDS	8
STATEMENT OF INCOME	9
RECONCILIATION OF THE TRUSTEES ACCOUNT	10
COMMENTS ON FINANCIAL STATEMENT ITEMS	11
TRUSTEES ACCOUNT	11
SUBSEQUENT EVENTS.....	12
CONCLUSION.....	13

January 25, 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-138.005 and 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 December 31, 2019, of the financial condition and corporate affairs of

South Pinellas Medical Malpractice Risk Management Association
D/B/A South Pinellas Medical Trust
2727 16th Street North
St. Petersburg, Florida 33704

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

SCOPE OF EXAMINATION

This examination covered the period of January 1, 2015 through December 31, 2019 and commenced with planning on August 20, 2020. Fieldwork concluded as of January 25, 2021. The Trust's last full scope exam by representatives of the Office covered the period of January 1, 2010 through December 31, 2014.

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 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 as a result of this examination.

Previous Examination Findings

There were no significant findings in the previous examination.

TRUST HISTORY

General

The Trust was incorporated as South Pinellas Medical Practice Risk Management Association in Florida on December 30, 1975, in accordance with the provisions of Section 627.357, Florida Statutes and is licensed as a Medical Malpractice Self Insurance Fund. The Trust commenced business on January 1, 1976 doing business as the South Pinellas Medical Trust. The membership of the fund is limited to medical doctors practicing in Pinellas county Florida who are members of the South Pinellas Medical Trust.

The Trust's Rules and Regulations (By-Laws) were amended during the period covered by this examination. Effective January 1, 2016, the Rules and Regulations were amended as follows: "The Trust Chairman shall be considered an active practicing physician as long as they elect to participate in future assessments or refunds up until all claims have been closed out for years which their tail coverage applies to".

Dividends

In accordance with Rule 69O-187.002(4), Florida Administrative Code, the Trust declared and paid distributions to its members in the form of a refund of premiums paid (retrospective rate credits paid). Premium refunds paid during the period under review were as follows 2015 - \$495,000, 2016 - \$485,000, 2018 - \$250,000. No distributions were paid for the 2017 & 2019 periods.

Capital Stock and Capital Contributions

The Trust has no stockholders, maintains no capital stock and received no assessments from members.

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

Trustees serving as of December 31, 2019, are shown below:

Trustees		
Name	City, State	Principal Occupation
Mark Robert Gordon, M.D. ⁽¹⁾	St. Petersburg, Florida	Urology
Steven Cohen, M.D.	St. Petersburg, Florida	Neurology
Daniel Theodore McClenathan, M.D.	St. Petersburg, Florida	Gastroenterology
Andrea Claire Woods, M.D.	St. Petersburg, Florida	Cardiology
Abey Sarai, M.D.	Kenneth City, Florida	Infectious Diseases
Juan Pedro Casadevall, M.D.	St. Petersburg, Florida	Internal Medicine
Michael Andrew Zimmer, M.D.	St. Petersburg, Florida	Internal Medicine
Carlos Adalberto Labrador, M.D.	St. Petersburg, Florida	Family Practice
Trina Espinola, M.D.	St. Petersburg, Florida	Head and Neck Surgeon
Joseph Alfred Boulay, M.D.	St. Petersburg, Florida	Gastroenterology
Pamela Kay Patranella, M.D.	St. Petersburg, Florida	Pediatrics
Warren Russell Abel, M.D.	St. Petersburg, Florida	Pulmonology

David Earl Hall, M.D. ^(b)	St. Petersburg, Florida	Ophthalmology
Hudman Aloysius Hoo, M.D. ^(a)	St. Petersburg, Florida	Pulmonary

⁽¹⁾ Chairman

^(a) July 2020, Dr. Hudman Hoo added as a Trustee.

^(b) November 2020, Dr. David Hall retired.

In accordance with the Trust's Bylaws, the Board appointed the following Senior Officers:

Senior Officers	
David Hall, M.D.	Daniel Theodore McClenathan, M.D.
Juan Pedro Casadevalls, M.D.	Pamela Kay Patranella, M.D.

The Trust appointed several internal committees. All Trustees are members of the Audit, Claims and Membership Committees.

Holding Company System

The Trust is not part of a holding company system and did not have any affiliated agreements.

ACCOUNTS AND RECORDS

The Trust maintained its principal operational offices in St. Petersburg, Florida.

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

Custodial Agreement

The Trust maintained a custodial agreement with Sabal Trust Company executed on May 2, 2011.

Management Agreement

The Trust has a management agreement with South Pinellas Management Company, Inc. (SPMC) effective January 1, 2012 for providing administrative and management services to the Trust. This agreement shall continue indefinitely unless terminated. Under this agreement, the Trust pays the following to SPMC: a 4% commission on the Trusts written premium less return premiums and premiums written off as uncollectible, a management fee, office rent plus tax per month and half of phone and internet expenses of SPMC.

Independent Auditor Agreement

An independent CPA firm, Gregory, Sharer & Stuart, P.A. audited the Trust's statutory basis financial statements annually for the years 2015, 2016 and 2017, and 2018, on October 1, 2018 RSMUS LLP purchased the firm of Gregory, Sharer & Stuart, LLP therefore the letterhead name of the audit team changed for the December 31, 2019 Audit, however there was no change in personnel.

Corporate Records Review

The recorded minutes of the, Board of Trustees (Board) and certain internal committees were reviewed for the period under examination. The recorded minutes of the Board documented its meetings and approval of the Trust's transactions and events.

TERRITORY AND PLAN OF OPERATIONS

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

The Trust was authorized to transact insurance in Florida on December 30, 1975 and is currently authorized for the medical malpractice line of business as of December 31, 2019, and writes only group and individual, professional liability policies for its members.

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 Trust assumed no risk.

Reinsurance Ceded

The Trust cedes risk on an Excess of Loss (XOL) basis to General Reinsurance Corporation.

FINANCIAL STATEMENTS

The following includes the Trust's statutory Statement of Assets, Liabilities, Surplus and Other Funds; statutory Statement of Income; and the statutory Analysis of Changes in the Trustee Account for the year ended December 31, 2019. 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 December 31, 2019. (Note: Failure of the columns to add to the totals reflected in this Report is due to rounding.)

South Pinellas Medical Trust

Assets

December 31, 2019

	Per Trust
Cash and short-term investments	\$1,974,433
Securities at market value	9,465,115
Accrued interest	39,755
Premiums due	8,936
Totals	\$11,488,239

South Pinellas Medical Trust

Liabilities, Surplus and Other Funds

December 31, 2019

	Per Trust
Losses	\$3,196,932
Loss adjustment expenses	810,411
Other expenses	80,520
Unearned premiums	1,773,284
Premium tax payable	7,627
Advance premium	318,625
Total liabilities	\$6,187,399
Trustees account	\$5,300,840
Total liabilities, surplus and other funds	\$11,488,239

South Pinellas Medical Trust
Statement of Income
December 31, 2019

	Per Trust
Underwriting Income	
Membership premiums	\$ 2,392,177
Deductions	
Ceded premiums	380,000
Fund loss and loss adjustment expense incurred	2,051,818
Administrative Expenses	549,304
Total Underwriting deductions	\$2,601,122
Net underwriting gain (loss)	\$(208,945)
Investment Income	
Net investment income earned	203,706
Net investment gain or (loss)	\$203,706
Other Income	
Net income before dividends to policyholders and before federal & foreign income taxes	\$(5,239)
Net income, after dividends to policyholders, but before federal & foreign income taxes	\$(5,239)
Net Income	\$(5,239)
Trustees Account	
Trustees account, December 31 prior year	\$4,967,923
Net Income	(5,239)
Change in net unrealized capital gains or losses	316,606
Change in non-admitted assets	21,550
Less retrospective rate credits paid	0
Change in Trustees account for the year	332,917
Trustees account, December 31, current year	\$5,300,840

South Pinellas Medical Trust
Reconciliation of the Trustees Account
December 31, 2019

No adjustments were made to the Trustee Account as a result of this examination.

Trustees Account Change during Examination Period			
Trustees Account at December 31, 2014, per Company			\$4,907,520
	Increase	Decrease	
Net Income	\$1,413,499		\$1,413,499
Change in net unrealized capital gain (loss)	\$215,375		\$215,375
Change in non-admitted assets		\$(9,063)	\$(9,063)
Retrospective rate credits paid		\$(1,226,491)	\$(1,226,491)
Net increase (or decrease)			\$393,320
Trustees Account at December 31, 2019 per Company			\$5,300,840

COMMENTS ON FINANCIAL STATEMENT ITEMS

Trustees Account

The amount reported in the Trustees Account by the Trust of \$5,300,840 was in compliance with Rule 69O-187.005, Florida Administrative Code and Sections 624.468(7), and 627.357, Florida Statutes.

SUBSEQUENT EVENTS

On September 24, 2020, the Trust received approval from the Office to issue a refund of \$800,000 from fund year 2008.

The COVID-19 pandemic has continued to develop throughout 2020, with significant uncertainty remaining regarding the full effect of COVID-19 on the U.S. and global insurance and reinsurance industry. At the time of releasing this report, the Office's review of the Company noted that there has not been a significant impact to the Company. The Office has been in communication with the Company regarding the impact of COVID-19 on its business operations and financial position. The Office continues to closely monitor the impact of the pandemic on the Company and will take necessary action if a solvency concern arises.

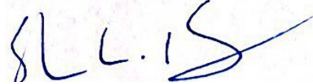
CONCLUSION

The insurance examination practices and procedures as promulgated by the NAIC have been followed in ascertaining the financial condition of South Pinellas Medical Trust as of December 31, 2019, consistent with the insurance laws of the State of Florida.

In addition to the undersigned, the following also participated in the examination:

Marie Stuhlmuller	Examiner Manager	Office
Casey Hengstebeck	Participating Examiner	Office
Tracy D. Gates, CISA, CFE	Participating Examiner	Highland Clark
Travis R. Harrison CPA, CPCU	Participating Examiner	Highland Clark
Lori G. Jester	Participating Examiner	Highland Clark
Michael L. Solomon FCAS, MAAA	Actuary	The Actuarial Advantage

Respectfully submitted,



Sheri L. Kenney, CFE, MCM
Examiner in Charge
Highland Clark, LLC
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