



**EXAMINATION REPORT
OF**

**AMERICAN PLATINUM PROPERTY AND
CASUALTY INSURANCE COMPANY**

NAIC Company Code: 13563

**Fort Lauderdale, Florida
as of
December 31, 2018**

**BY THE
FLORIDA
OFFICE OF INSURANCE REGULATION**

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June 8, 2020

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 690-138.005, 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, 2018, of the financial condition and corporate affairs of

American Platinum Property and Casualty Insurance Company

1100 West Commercial Boulevard
Fort Lauderdale, Florida 33309

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, 2014, through December 31, 2018. Fieldwork, which included planning meetings held at the Florida Office of Insurance Regulation (“the Office”) commenced on October 1, 2019, and concluded as of June 8, 2020. The Company’s last full scope exam by representatives of the Office covered the period of January 1, 2012, through December 31, 2013.

The examination was 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 the NAIC Statements of Statutory Accounting Principles. This examination was performed in conjunction with the Company’s affiliate, Universal Property & Casualty Insurance Company.

This examination report includes information obtained from the examination of the records, accounts, files and documents of or relative to the Company 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), 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 findings or exceptions noted during the examination as of December 31, 2018.

Previous Examination Findings

There were no findings, exceptions or corrective action to be taken by the Company for the examination as of December 31, 2013.

COMPANY HISTORY

General

The Company was incorporated in Florida on July 2, 2008, and commenced business on November 12, 2008, as Infinity Property and Casualty Insurance Company. The Company's name was changed to American Platinum Property and Casualty Insurance Company on January 14, 2009.

Dividends

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

Capital Stock and Capital Contributions

As of December 31, 2018, the Company's capitalization was as follows:

Number of authorized common capital shares	1,000,000
Number of shares issued and outstanding	100,000
Total common capital stock	\$5,000,000
Par value per share	\$50.00

Surplus Notes

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

Acquisitions, Mergers, Disposals, Dissolutions

The Company had no acquisitions, mergers, disposals, or dissolutions during the period of this examination.

MANAGEMENT AND CONTROL

Corporate Governance

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, 2018, are shown below:

Directors			
Name	City	State	Principal Occupation, Company Name
Sean Patrick Downes	Delray Beach	Florida	Chief Executive Officer/ Director, The Company ^(b)
Jon William Springer	Eagan	Minnesota	President/Chief Risk Officer/ Director, UPCIC ^(c)
Joel Marc Wilentz, M.D.	Fort Lauderdale	Florida	Physician
Ozzie Abraham Schindler	Miami Beach	Florida	Attorney
Michael Anthony Pietrangelo	Germantown	Tennessee	Attorney
Scott Philip Callahan	Whitehouse Station	New Jersey	Retired
Richard Dale Peterson (a)	Mesa	Arizona	Chief Financial Officer, Dermavant Sciences, Inc.
Ralph Joseph Palmieri	Hingham,	Massachusetts	Retired
Kimberly Denice Campos	Miami	Florida	Chief Information Officer/ Chief Administrative Officer/ Director, UPCIC ^(c)
<p>(a) Mr. Peterson left Dermavant Sciences, Inc. during February of 2019 and became the Chief Financial Officer of Botanix Pharmaceuticals Limited during August of 2019.</p> <p>(b) American Platinum Property and Casualty Insurance Company or “the Company.”</p> <p>(c) Affiliate company Universal Property & Casualty Insurance Company.</p>			

In accordance with the Company's Bylaws, the Board of Directors ("Board") appointed the following Senior Officers:

Senior Officers			
Name	City	State	Title
Sean Patrick Downes (a)	Delray Beach	Florida	Chief Executive Officer
Patrick Sean McCahill	Parkland	Florida	President
Frank Crawford Wilcox	Cooper City	Florida	Treasurer
Stephen Joseph Donaghy	Delray Beach	Florida	Chief Operating Officer
<p>(a) Mr. Downes was named the Executive Chairman of the Company effective July 15, 2019</p> <p>(b) Mr. Donaghy was named the Chief Executive Officer effective July 15, 2019. At that time, the title of Chief Operating Officer was discontinued.</p>			

The Company's Board appointed several internal committees. The following were the principal internal board committees, and their members, as of December 31, 2018. The first person listed for each committee serves as the chair of that committee.

Audit Committee			
Name	City	State	Title, Company Name
Richard Dale Peterson	Mesa	Arizona	Chief Financial Officer, Dermavant Sciences, Inc.
Joel Marc Wilentz, M.D.	Fort Lauderdale	Florida	Physician
Ozzie Abraham Schindler	Miami Beach	Florida	Attorney
Investment Committee			
Name	City	State	Title, Company Name
Ralph Joseph Palmieri	Hingham	Massachusetts	Retired
Jon William Springer	Eagan	Minnesota	President/Chief Risk Officer/ Director, UPCIC
Sean Patrick Downes	Delray Beach	Florida	Chief Executive Officer The Company
Scott Philip Callahan	Whitehouse Station	New Jersey	Retired

Risk Committee			
Name	City	State	Title, Company Name
Ozzie Abraham Schindler	Miami Beach	Florida	Attorney
Jon William Springer	Eagan	Minnesota	President/Chief Risk Officer/ Director, UPCIC
Kimberly Denice Campos	Miami	Florida	Chief Information Officer/ Chief Administrative Officer/ Director, UPCIC

The Company's ultimate parent, Universal Insurance Holdings, Inc. maintains a Compensation Committee and a Nominating & Governance Committee, the activities of which may indirectly affect the Company's management. The first person listed for each committee serves as the chair of that committee.

Compensation Committee			
Name	City	State	Title, Company Name
Michael Anthony Pietrangelo	Germantown	Tennessee	Attorney
Joel Marc Wilentz, M.D.	Fort Lauderdale	Florida	Physician
Richard Dale Peterson	Mesa	Arizona	Chief Financial Officer, Dermavant Sciences, Inc.

Nominating & Governance Committee			
Name	City	State	Title, Company Name
Scott Philip Callahan	Whitehouse Station	New Jersey	Retired
Joel Marc Wilentz, M.D.	Fort Lauderdale	Florida	Physician
Michael Anthony Pietrangelo	Germantown	Tennessee	Attorney

Holding Company System

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

Tax Allocation Agreement

The Company is a party to a Tax Allocation Agreement ("TAA"), dated November 9, 2016, by and between Universal Insurance Holdings, Inc. ("UIHI"), its wholly-owned subsidiary Universal

Insurance Holding Company of Florida (“UIHCF”), and the Company. Pursuant to the TAA, the Company, along with its parent, UIHI, and affiliates, filed a consolidated federal income tax return. On December 31, 2018, the method of allocation between the Company and UIHI was on a separate-entity basis. Each member of the group recorded an inter-company income tax receivable or payable with Holding Company. All inter-company tax receivables/payables were settled within ninety (90) days of the remittance by UIHI of any income tax payment to the taxing authorities.

Cost Allocation Agreement

The Company entered into a Cost Allocation Agreement (“CSA”) with UIHI and all subsidiaries effective January 1, 2013. The CSA allocated cost based upon the proportional benefit and interrelationship rule. Expenses incurred under this agreement during 2018 amounted to \$144,831.

Management General Agency Agreement

The Company entered into a Management Agreement (“MA”) with its affiliate, Universal Risk Advisors, Inc. (“URA”), on November 10, 2008, to provide management and administration services. Pursuant to the terms of the MA, URA’s duties include, but are not limited to, the following: underwriting, reinsurance (which services were then subcontracted to affiliate Blue Atlantic), loss prevention and analysis, premium collection, regulatory liaison, policy advisor and consultant, accounting services, books and records, retention of accountants and actuaries, marketing and agent relations, and ministerial functions. The MA was most recently amended effective March 1, 2014, and automatically renews yearly, unless otherwise terminated within its contractual guidelines. The management expense paid by the Company was equal to 4% of gross written premiums on new and renewed business plus a \$25 per policy fee. Expenses incurred under the MA during 2018 amounted to \$269,572.

Policy Administration Agreement

The Company entered into a Policy Administration Agreement (“PAA”) with its affiliate, URA, on October 2, 2008. The PAA automatically renews annually unless otherwise terminated within its contractual guidelines. Policy administration fees were 5.5% of all earned premiums less than or equal to \$30 million and then 4% for all premiums in excess of that. Expenses incurred under PAA during 2018 amounted to \$370,661.

Claims Services Agreement

The Company entered into a Claims Services Agreement (“CSA”) with its affiliate, Universal Adjusting Corporation (“UAC”), on July 1, 2011, where UAC was contracted to adjudicate claims incurred by the Company. The CSA was amended effective as of September 7, 2017, and is continuous, unless otherwise terminated within its contractual guidelines. Claims adjudication fees were calculated according to a fee schedule based on the size and type of claim plus recorded statement, mileage, time, and expense charges. Expenses incurred under this agreement during 2018 amounted to \$259,546.

Inspection Services Agreement

The Company entered into an Inspection Services Agreement (“ISA”) with its affiliate, Universal Inspection Corporation (“UIC”) effective July 1, 2011. The ISA is continuous unless otherwise terminated within its contractual guidelines. UIC provides residential property inspections and written deliverables therein for flat rate fees of \$52 and \$32 for interior and exterior inspections, respectively. Expenses incurred under this agreement during 2018 amounted to \$4,916.

Reinsurance Intermediary Agreement

The Company entered into a Reinsurance Intermediary Agreement (“RIA”) with its affiliate, Blue Atlantic Reinsurance Corporation (“Blue Atlantic”) effective June 1, 2013. The RIA will automatically renew yearly unless otherwise terminated within its contractual guidelines. Blue Atlantic provides catastrophe modeling, risk and competitive analyses, reinsurance analysis and development, reinsurance marketing, and administration services. Blue Atlantic received a share of the customary brokerage fees paid by reinsurers on the reinsurance contracts placed for the Company.

ACCOUNTS AND RECORDS

The Company maintained its principal operational offices in Fort Lauderdale, Florida.

The Company had the following agreements with non-affiliates:

Custodial Agreement

The Company entered into custodial agreements with the following entities:

- SunTrust Bank of South Florida, N.A, effective November 5, 2008;
- State Street Bank and Trust Company effective May 1, 2013; and
- Deutsche Bank Securities, Inc. effective May 2, 2013.

The agreements were in compliance with Rule 69O-143.042, Florida Administrative Code.

Investment Management Agreement

The Company entered into an Investment Management Agreement with Deutsche Investment Management Americas, Inc. executed on April 2, 2013. The Company's Chief Executive Officer had previously served as the Investment Officer.

Independent Auditor Agreement

An independent CPA, Plante & Moran, PLLC audited the Company's statutory basis financial statements annually for the years 2014, 2015, 2016, 2017 and 2018, in accordance with Section 624.424(8), Florida Statutes. Supporting work papers were prepared by the CPA firm as required by Rule 69O-137.002, Florida Administrative Code.

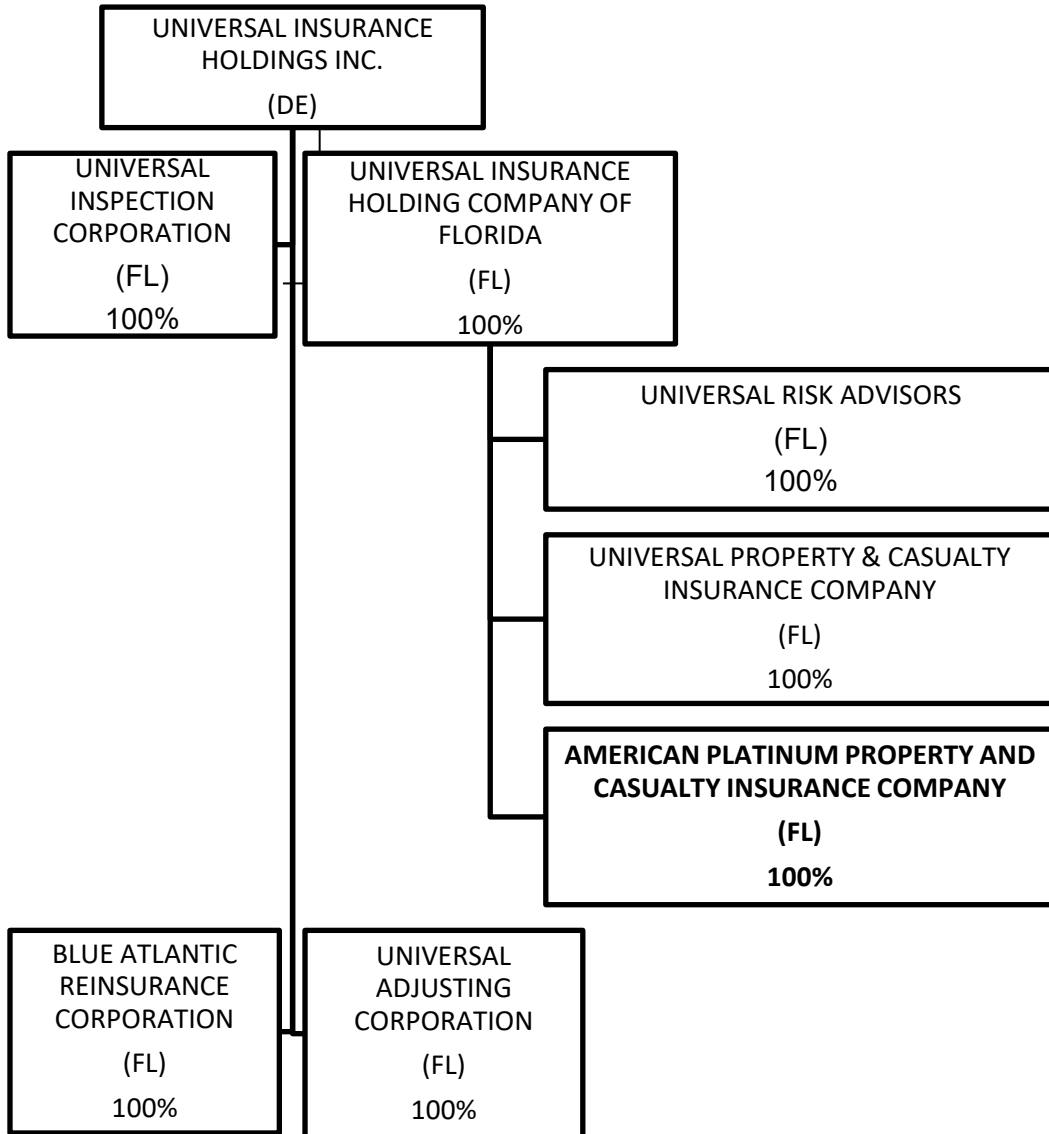
Corporate Records Review

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, including the authorization of investments, as required by Section 625.304, Florida Statutes.

HOLDING COMPANY CHART

A simplified organizational chart as of December 31, 2018, reflecting the holding company system, is shown below. Schedule Y of the Company's 2018 annual statement provided a list of all related companies of the holding company group.

American Platinum Property and Casualty Insurance Company
Simplified Organizational Chart
December 31, 2018



TERRITORY AND PLAN OF OPERATIONS

The Company wrote homeowners' multiple peril and commercial multiple peril in the State of Florida as of December 31, 2018. The Company did not write in any other state. During the examination period, the Company switched from writing 100% homeowners' policies multiple peril

in 2014 to 81% homeowners' multiple peril and 19% commercial multiple peril as of December 31, 2018.

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 catastrophic and excess of loss basis to various insurers, with material participation by the Florida Hurricane Catastrophe Fund and Everest Reinsurance Company. Agreements are renewed annually with the Company's affiliate, Blue Atlantic, and non-affiliate Guy Carpenter, serving as the intermediary. The Company ceded \$2,729,437 and \$3,589,618 in reinsurance premiums during 2017 and 2018, respectively.

INFORMATION TECHNOLOGY REPORT

Steven Sigler, CFE, AES, AMCM, CIS, and James Gowins, CISA, AES, AFE, MCM, both of Examination Resources, 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 Company has \$300,000 cash deposited with the State of Florida as required by Section 624.411, Florida Statutes.

FINANCIAL STATEMENTS

The following includes the Company's statutory Statement of Assets, Liabilities, Surplus and Other Funds; the statutory Statement of Income; the statutory Statement of Cash Flow; and the statutory Analysis of Changes in Surplus for the year ended December 31, 2018. The financial statements are based on the statutory financial statements filed by the Company with the Florida Office of Insurance Regulation and present the financial condition of the Company for the period ending December 31, 2018.

American Platinum Property and Casualty Insurance Company
Assets
December 31, 2018

	Per Company	Examination Adjustments	Per Examination
Bonds	\$13,822,035		\$13,822,035
Cash and Short-Term Investments	6,132,901		6,132,901
Investment income due and accrued	92,919		92,919
Agents' Balances:			
Uncollected premium	95,424		95,424
Deferred Premiums	319,885		319,885
Reinsurance recoverable	344,398		344,398
Net Deferred Tax Asset	59,724		59,724
	<hr/>	<hr/>	<hr/>
Totals	<u>\$20,867,286</u>	<u>\$ -</u>	<u>\$20,867,286</u>

American Platinum Property and Casualty Insurance Company
Liabilities, Surplus and Other Funds
December 31, 2018

	Per Company	Examination Adjustments	Per Examination
Losses	\$ 712,587		\$ 712,587
Loss adjustment expenses	75,292		75,292
Commissions payable	150,203		150,203
Other expenses	105,074		105,074
Taxes, licenses and fees	27,042		27,042
Unearned premium	1,424,465		1,424,465
Advance premium	78,428		78,428
Ceded reinsurance premiums payable	1,082,884		1,082,884
Provision for reinsurance	161,533		161,533
Drafts outstanding	482,087		482,087
Payable to parent, subsidiaries and affiliates	595,026		595,026
Rounding	<u>2</u>	<u> </u>	<u>2</u>
Total Liabilities	<u>\$ 4,894,623</u>	<u>\$ -</u>	<u>\$ 4,894,623</u>
Common capital stock	\$ 5,000,000		\$ 5,000,000
Gross paid in and contributed surplus	12,500,000		12,500,000
Unassigned funds (surplus)	<u>(1,527,337)</u>	<u> </u>	<u>(1,527,337)</u>
Surplus as regards policyholders	<u>\$ 15,972,663</u>	<u>\$ -</u>	<u>\$ 15,972,663</u>
Total liabilities, surplus and other funds	<u><u>\$ 20,867,286</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 20,867,286</u></u>

American Platinum Property and Casualty Insurance Company
Statement of Income
December 31, 2018

Underwriting Income

Premiums earned	\$ 3,466,142
Deductions	
Losses incurred	1,977,651
Loss expenses incurred	214,779
Other underwriting expenses incurred	2,016,738
Total underwriting deductions	<u>\$ 4,209,168</u>
Net underwriting gain or (loss)	<u>\$ (743,026)</u>

Investment Income

Net investment income earned	\$ 383,419
Net realized capital gains or (losses)	9
Net investment gain or (loss)	<u>\$ 383,428</u>

Other Income

Net gain or (loss) from agents' or premium balances charged off	\$ (560)
Finance and service charges not included in premiums	\$ 31,406
Aggregate write-ins for miscellaneous income	4,400
Total other income	<u>\$ 35,246</u>

Net income before dividends to policyholders and before federal & foreign income taxes	\$ (324,352)
Net Income, after dividends to policyholders, but before federal & foreign income taxes	(324,352)
Federal & foreign income taxes	144,828
Rounding	1
Net Income	<u>\$ (469,181)</u>

Capital and Surplus Account

Surplus as regards policyholders, December 31 prior year	\$ 16,632,707
Net Income	(469,181)
Net unrealized capital gains or losses	374
Change in net deferred income tax	(40,800)
Change in nonadmitted assets	11,096
Change in provision for reinsurance	(161,533)
Change in surplus as regards policyholders for the year	<u>\$ (660,044)</u>
Surplus as regards policyholders, December 31 current year	<u>\$ 15,972,663</u>

**American Platinum Property and Casualty Insurance Company
Reconciliation of Capital and Surplus
December 31, 2018**

Surplus as regards policyholders December 31, 2013 per Examination \$ 13,707,620

	Gain in Surplus	Loss in Surplus
Net Income (loss)	\$ 450,139	
Change in net unrealized capital gain (loss)	65	
Change in net deferred income tax		\$ (105,819)
Change in non-admitted assets	5,071	
Change in provision for reinsurance		(84,413)
Paid in surplus	2,000,000	
Rounding	1	
Total Gains and Losses	\$ 2,455,276	\$ (190,232)

Net Increase/(Decrease) in surplus as regards policyholders 2,265,044

Surplus as regards policyholders December 31, 2018 per Examination \$ 15,972,664

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

COMMENTS ON FINANCIAL STATEMENT ITEMS

Liabilities

Losses and Loss Adjustment Expenses

Klayton N. Southwood, FCAS, MAAA, Willis Towers Watson, appointed by the Board, rendered an opinion that the amounts carried in the balance sheet as of December 31, 2018, made a reasonable provision for all unpaid loss and loss expense obligations of the Company under the terms of its policies and agreements.

The Office's consulting actuary, Solomon Frazier, FSA, FCAS, MAAA, of Taylor-Walker Consulting, LLC, reviewed the loss and loss adjustment expense work papers provided by the Company and he was in concurrence with this opinion.

Capital and Surplus

The amount of capital and surplus reported by the Company of \$15,972,663, exceeded the minimum of \$5,000,000 required by Section 624.408, Florida Statutes.

SUBSEQUENT EVENTS

The following subsequent event was not discussed elsewhere in the report:

On March 11, 2020, The World Health Organization declared the spreading coronavirus (COVID-19) outbreak a pandemic. On March 13, 2020, United States (“U.S.”) President Donald J. Trump declared the coronavirus pandemic a national emergency in the United States. The epidemiological threat posed by COVID-19 is having disruptive effects on the economy, including disruption of the global supply of goods, reduction in the demand for labor, and reduction in the demand for U.S. products and services, resulting in a sharp increase in unemployment. The economic disruptions caused by COVID-19 and the increased uncertainty about the magnitude of the economic slowdown has also caused extreme volatility in the financial markets.

The full effect of COVID-19 on the U.S. and global insurance and reinsurance industry is still unknown at the time of releasing this report. The Office is expecting the COVID-19 outbreak to impact a wide range of insurance products resulting in coverage disputes, reduced liquidity of insurers, and other areas of operations of insurers. The Office, and all insurance regulators, with the assistance of National Association of Insurance Commissioners, are monitoring the situation through a coordinated effort and will continue to assess the impacts of the pandemic on U.S. insurers. The Office has been in communication with the Company regarding the impact of COVID-19 on business operations and the financial position of the Company and no immediate action was deemed necessary at the time of this report.

CONCLUSION

The insurance examination practices and procedures as promulgated by the NAIC have been followed in ascertaining the financial condition of **American Platinum Property and Casualty Insurance Company** as of December 31, 2018, consistent with the insurance laws of the State of Florida.

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

Rachelle Gowins, CFE, MCM	Examination Supervisor	Examination Resources, LLC
Neal Rischall, CFE, JCJ	Participating Examiner	Examination Resources, LLC
Renee Hanshaw, CPA, CFE	Participating Examiner	Examination Resources, LLC
Solomon Frazier, FSA, FCAS, MAAA	Actuary	Taylor-Walker Consulting, LLC
Brent M. Sallay, FCAS, MAAA,	Actuary	Taylor-Walker Consulting, LLC
Steven Sigler, CFE, AES, AMCM, CISA	IT Specialist	Examination Resources, LLC
James Gowins, CISA, AES, AFE, MCM	IT Specialist	Examination Resources, LLC
Jeffrey Rockwell	Examination Manager	Office

Respectfully submitted,



Scott R. Kalna, CFE, AMICM
Examiner in Charge
Examination Resources, LLC
Representing the Florida Office of Insurance Regulation



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