



EXAMINATION REPORT
OF

**ANCHOR PROPERTY AND CASUALTY
INSURANCE COMPANY**

NAIC Company Code: 15617

ST. PETERSBURG, FLORIDA

as of
December 31, 2015

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
PRIOR EXAMINATION FINDINGS	2
GENERAL	2
DIVIDENDS	2
CAPITAL STOCK AND CAPITAL CONTRIBUTIONS.....	3
SURPLUS NOTES	3
ACQUISITIONS, MERGERS, DISPOSALS, DISSOLUTIONS AND PURCHASE OR SALES THROUGH REINSURANCE	3
CORPORATE RECORDS	3
CONFLICT OF INTEREST.....	4
MANAGEMENT AND CONTROL.....	5
MANAGEMENT	5
DIRECTORS.....	5
SENIOR OFFICERS	6
AFFILIATED COMPANIES	7
SIMPLIFIED ORGANIZATIONAL CHART	8
FEDERAL INCOME TAX ALLOCATION AGREEMENT.....	9
COST SHARING AGREEMENT	9
EXECUTIVE MANAGEMENT AGREEMENT	10
MANAGING GENERAL AGENCY AND CLAIMS ADMINISTRATION AGREEMENT.....	10
TERRITORY AND PLAN OF OPERATIONS.....	11
TREATMENT OF POLICYHOLDERS	11
REINSURANCE.....	11
REINSURANCE ASSUMED.....	11
REINSURANCE CEDED	12
ACCOUNTS AND RECORDS	12
CUSTODIAN AGREEMENT.....	13
INDEPENDENT AUDITOR AGREEMENT	13
INFORMATION TECHNOLOGY REPORT	13
STATUTORY DEPOSITS	14
FINANCIAL STATEMENTS.....	15
ASSETS	16
LIABILITIES, SURPLUS AND OTHER FUNDS	17

STATEMENT OF INCOME AND CAPITAL AND SURPLUS ACCOUNT	18
RECONCILIATION OF CAPITAL AND SURPLUS.....	19
COMMENTS ON FINANCIAL STATEMENTS.....	20
LIABILITIES	20
CAPITAL AND SURPLUS	20
SUMMARY OF RECOMMENDATIONS.....	21
CONCLUSION.....	22

February 21, 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

Anchor Property and Casualty Insurance Company
5959 Central Avenue, Suite 200
St. Petersburg, Florida 33710

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

SCOPE OF EXAMINATION

This examination covered the period of October 1, 2014 through December 31, 2015. This examination commenced with planning at the Florida Office of Insurance Regulation (Office) on August 22, 2016 to August 26, 2016. The fieldwork commenced on September 12, 2016 and concluded as of February 21, 2017.

The examination was a multi-state examination coordinated with the Texas Department of Insurance and 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 and 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

Some of the findings noted during this examination period have been resolved by the Company subsequent to the examination date. However, the findings or exceptions are discussed in detail in the body of the examination report.

Prior Examination Findings

There were no prior examination findings as this is the first examination of the Company.

COMPANY HISTORY

General

The Company was incorporated in Florida on October 28, 2014, and commenced business on January 13, 2015.

The Company was authorized to transact insurance coverage in Florida on October 28, 2014, and continues to be authorized for the following coverages as of December 31, 2015:

Fire	Inland Marine
Allied Lines	Other Liability
Homeowners Multiple-Peril	

Subsequent Event: The Company was authorized in the Commercial Multiple Peril line of business on March 30, 2016.

Dividends

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

Capital Stock and Capital Contributions

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

Number of authorized common capital shares	2,500,000
Number of shares issued and outstanding	2,500,000
Total common capital stock	\$2,500,000
Par value per share	\$1.00

Control of the Company was maintained by its parent, Anchor Insurance Holdings, Inc. (AIH), a Florida corporation, which owned one hundred percent (100%) of the stock issued by the Company. AIH in turn was owned sixteen & nine tenths percent (16.9%) by Dr. Pramod and Jyoti Kerkar. No other investors owned more than ten percent (10%) of the voting stock of AIH during the period of examination. AIH contributed \$25,000,000 in cash to the Company upon its inception and as of December 31, 2015.

Surplus Notes

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

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

The Company did not have any 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 Company was not in compliance with Section 607.1601, Florida Statutes. Based on a review of board minutes and documentation provided, separate board minutes did not exist for the Company during the examination scope period, and more importantly, separate board meetings were not held by the

Company directors and there were no separate and specific approvals of the Company board. While all Company directors were present, all matters concerning the Company were discussed and documented at the Anchor Insurance Holdings, Inc. level and within Anchor Insurance Holdings, Inc. board minutes. Therefore, the governance and responsibilities of directors of the Company appear to be have been directed and enacted by the directors of Anchor Insurance Holdings, Inc., of which, not all have been pre-approved by the Office.

Subsequent Event: During 2017, the Company established and maintained separate board meetings and documented minutes.

Corporate Governance - Regulation

The Company was not in compliance with its Consent Order CASE No: 162844-14-CO filed October 24, 2014. Item 21(t) states "Upon the issuance of the Certificate of Authority to APPLICANT, APPLICANT shall further comply with the following: (t) For the first three (3) years following Applicant's receipt of a Certificate of Authority, any change in officers and directors of APPLICANT shall be subject to the prior written approval of the OFFICE ".

Subsequent Event: John Wortman was appointed president on February 1, 2016 without prior Office approval. The Office's approval was on June 28, 2016. Kevin Pawlowski was hired as Chief Operating Officer on February 9, 2016. The Office's approval was on May 16, 2016.

Conflict of Interest

The Company adopted 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 shown on the following page.

Directors

Name	City, State	Principal Occupation
Dr. Pramod Datta Kerkar	Tarpon Springs, Florida	General Manager & Member, Colony Crossing, LLC President & Manager, Woodberry Plaza, LLC
Varnavas Louis Zagaris	Tarpon Springs, Florida	President Chair, Board of Directors, Sulco Corp.
Brendan Keilty Moeller	St. Petersburg, Florida	Vice President, RT Specialty
Richard Alan Roberts	Lithia, Florida	President, Roberts Seward, Speed & Company, PA

The Company had less than five (5) directors at December 31, 2015, which was not in accordance with Section 628.231(1), Florida Statutes.

Subsequent Event: Daniel Shawn Bowman was approved by the Office and added as a director on May 16, 2016.

In accordance with the Company's bylaws, the Board appointed the following senior officers:

Senior Officers

Name	City, State	Title
Mitchell Sattler ^(a)	Sarasota, Florida	President, Chief Executive Officer, Anchor Property & Casualty Insurance Company
Jennifer Lynn Pintacuda ^(b)	Bradenton, Florida	Chief Financial Officer, Anchor Property & Casualty Insurance Company

(a) Resigned December 31, 2015.

(b) Resigned on November 1, 2016 and was replaced by Michael Terry as CFO on January 17, 2017 without Office approval.

Subsequent Events: John Wortman was appointed President by the Company on February, 1, 2016. Kevin Pawlowski was hired as Chief Operating Officer on February 9, 2016.

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

Audit Committee

Name	City, State	Title
Daniel Bowman ¹	St. Petersburg, Florida	Director, Anchor Insurance Holdings, Inc.
Kimberly Pollick	Clearwater, Florida	Director, Anchor Insurance Holdings, Inc.
Richard Roberts	Lithia, Florida	Director, Anchor Insurance Holdings, Inc.
Jyoti Kerkar ²	Palm Harbor, Florida	Director, Anchor Insurance Holdings, Inc.

¹ Chairman. Daniel Bowman participated on the committee as of June 15, 2015. He was approved by the Office and added as a director on May 16, 2016.

² Jyoti Kerkar is not a director of the Company at December 31, 2015.

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

Investment Committee

Name	City, State	Title
Daniel Bowman ¹	St. Petersburg, Florida	Director, Anchor Insurance Holdings, Inc.
Jyoti Kerkar ²	Palm Harbor, Florida	Director, Anchor Insurance Holdings, Inc.
Richard Roberts	Lithia, Florida	Director, Anchor Insurance Holdings, Inc.
Loukas Zagaris	Tarpon Springs, Florida	Director, Anchor Insurance Holdings, Inc.
Varnavas Zagaris	Tarpon Springs, Florida	Director, Anchor Property & Casualty Insurance Company

¹ Chairman. Daniel Bowman participated on the committee as of June 15, 2015. He was approved by the Office and added as a director on May 16, 2016.

² Jyoti Kerkar is not a director of the Company at December 31, 2015.

Affiliated Companies

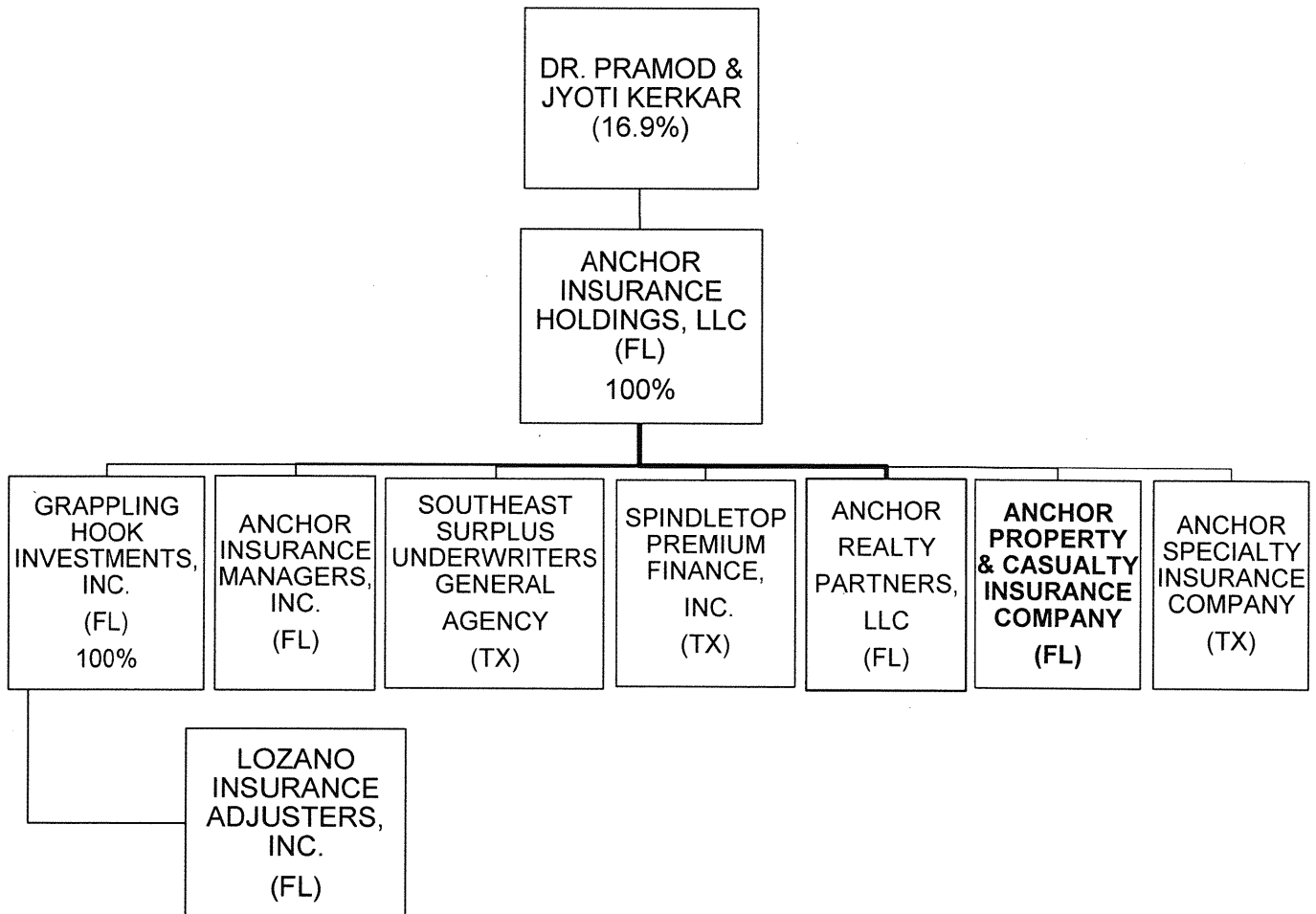
A holding company registration statement was filed with the Office on April 7, 2015, as required by Section 628.801, Florida Statutes, and Rule 69O-143.046, Florida Administrative Code.

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.

Anchor Property and Casualty Insurance Company

Simplified Organizational Chart

December 31, 2015



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

Federal Income Tax Allocation Agreement

A Federal Income Tax Allocation Agreement was made and entered into as of October 1, 2014, by and between Anchor Insurance Holdings, Inc. ("AIH"), Anchor Property and Casualty Insurance Company ("Company"), Anchor Insurance Managers, Inc., Ranchers and Farmers Insurance Company (N/K/A Anchor Specialty Insurance Company), Southeast Surplus Underwriters General Agency, Inc., and Spindletop Premium Finance, Inc. AIH filed the U.S. Income Tax Return for the 2015 fiscal year on a consolidated basis, with allocation made on a separate return basis. Each member of the group recorded an inter-company income tax receivable or payable with AIH. Within thirty (30) days of the remittance by AIH of any income tax payment to the taxing authorities, all inter-company tax receivables/payables were required to be settled.

Subsequent Event: Select parties of the Affiliated Group terminated the Federal Income Tax Agreement entered into as of October 1, 2014, and entered into the Amended Federal Income Tax Allocation Agreement ("Agreement") as of December 31, 2015 to be effective for the tax year 2015 and thereafter. The Agreement was made and entered into as of March 10, 2016, by and between the same parties in the previous agreement, with the addition of Anchor Specialty Insurance Company (f/k/a Ranchers and Farmers Insurance Company), Grappling Hook Investments, Inc. and Lozano Insurance Adjusters, Inc. Each party to the agreement is referred to collectively as the "Parties". The Office had no objections to the Company entering into the Agreement.

Cost Sharing Agreement

The Company entered into a Cost Sharing Agreement on October 14, 2014, with AIH and Anchor Insurance Managers, Inc. The agreement allocated cost based upon the scope of work and responsibilities performed for the respective affiliated companies. The costs were to be determined each calendar quarter and billed to the other party or parties within thirty (30) days after the end of each calendar quarter. The parties billed for their share of the cost allocation were contracted to pay the amount within sixty (60) days after the end of each calendar quarter.

Subsequent Event: Select parties of the Affiliated Group terminated the Cost Sharing Agreement entered into as of October 1, 2014, and entered into the Amended Cost Sharing Agreement ("Agreement") as of February 16, 2016. The amended Agreement is by and between the same parties in the previous agreement, with the addition of Anchor Specialty Insurance Company (f/k/a Ranchers and Farmers Insurance Company), Grappling Hook Investments, Inc. and Lozano Insurance Adjusters, Inc. Each party to the Agreement is referred to collectively as the "Parties". The Office had no objections to the Company entering into the Amended Cost Sharing Agreement.

Executive Management Agreement

The Company entered into an Executive Management Agreement with AIH on October 27, 2014, to provide certain management services. AIH was contracted to provide the Company management and administrative services concerning its business, subject to the terms and conditions stated within the agreement and the corporate policies promulgated from time to time by the Company's Board of Directors. The Company shall pay to AIH as compensation for service rendered to the Company under the terms of this agreement up to zero & five tenths percent (0.5%) of direct written premium. The term of the agreement shall commence as of the effective date and continue for an initial term of three (3) years and successive three (3) year renewal terms. The agreement will automatically renew until either party gives written notice of termination to the other at least one hundred and eighty (180) days prior to end of the term. Fees incurred under this agreement during 2015 amounted to \$352,091.

Managing General Agency and Claims Administration Agreement

The Company entered into a Managing General Agency ("MGA") and Claims Administration Agreement with its affiliate, Anchor Insurance Managers ("AIM") on October 27, 2014. The term of the agreement will continue for a period of three (3) years from the effective date unless otherwise sooner terminated. AIM will have the option to renew the term of this agreement for an additional two (2) year period after the initial term, as well as thereafter, by providing at least ninety (90) days' notice to the Company. The Company shall pay AIM five percent (5%) of the Company's total written annual premium for claims services rendered. This is not inclusive of the

Allocated Loss Adjustment Expenses, and does not apply to class action suits, catastrophic events, or subrogation or salvage activities. Additionally, this will not include the MGA policy fee, not to exceed \$25 per policy, EMT charges, or other non-commissionable fees. Fees incurred under this agreement during 2015 amounted to \$9,327,651.

TERRITORY AND PLAN OF OPERATIONS

As of December 31, 2015, the Company was authorized to transact insurance only in the State of Florida.

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

Reinsurance Assumed

The Company has assumed policies under a policy assumption agreement with Citizens Property Insurance Corporation ("Citizens") since the organization of the Company in 2014, exclusively

under the provisions of the state approved depopulation program designed to reduce Florida's exposure to property loss.

As of December 31, 2015, the Company had assumed an aggregate of approximately 30,966 policies, net of cancellations, through participation in the Citizens depopulation program. Citizens generally offers depopulations on a monthly basis. During 2015, the Company assumed premiums of \$35,000,000 under six (6) separate assumed reinsurance transactions.

Reinsurance Ceded

As of December 31, 2015, the Company's ceded reinsurance program consisted of catastrophe excess of loss reinsurance provided by agreements with various commercial reinsurers through reinsurance intermediary Tiger Risk. The Company also participated in the Florida Hurricane Catastrophe Fund ("FHCF").

The Company's reinsurance was segmented into layers of coverage to protect for excess property catastrophe losses and loss adjustment expenses. The Company's 2015 reinsurance program incorporated the mandatory coverage required by law to be placed with the FHCF, as well as private reinsurance below, alongside and above the FHCF layer and aggregate reinsurance coverage.

ACCOUNTS AND RECORDS

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

The Company and non-affiliates had the agreements on the following page.

Custodian Agreement

The Company maintained a Custodian Agreement with Synovus Trust Company N.A., executed on January 27, 2015. The agreement complied with Rule 69O-143.042, Florida Administrative Code.

Independent Auditor Agreement

An independent CPA, Dixon Hughes Goodman ("DHG"), audited the Company's statutory basis financial statements annually for the years 2014 and 2015 in accordance with Section 624.424(8), Florida Statutes. Supporting work papers were prepared by DHG as required by Rule 69O-137.002, Florida Administrative Code.

INFORMATION TECHNOLOGY REPORT

Richard Sowalsky, CISA, CPA, and Rachel Myslinski, from Baker Tilly Virchow Krause, LLP performed an evaluation of the information technology and computer systems of the Company. Results of this 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	Cash	\$ 4,636.12	\$ 4,636.12
FL	USTBDS	\$ 300,000.00	\$ 300,000.00
TOTAL FLORIDA DEPOSITS		\$ 304,636.12	\$ 304,636.12
TOTAL SPECIAL DEPOSITS		\$ 304,636.12	\$ 304,636.12

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 Florida Office of Insurance Regulation, are reflected on the following pages.

Anchor Property and Casualty Insurance Company

Assets

December 31, 2015

	Per Company	Examination Adjustments	Per Examination
Bonds	\$38,157,301		\$38,157,301
Stocks:			
Preferred	1,149,922		1,149,922
Common	1,165,105		1,165,105
Real Estate:			
Properties occupied by Company	3,700,019		3,700,019
Cash and Short-Term Investments	14,228,124		14,228,124
Other investments	2,000,000		2,000,000
Receivables for securities	3,317		3,317
Interest and dividend income due & accrued	281,979		281,979
Agents' Balances:			
Uncollected premium	783,581		783,581
Deferred premium	2,606,790		2,606,790
Net Deferred Tax Asset	1,850,748		1,850,748
Aggregate write-in for other than invested assets	180,491		180,491
Totals	\$66,107,377		\$66,107,377

Anchor Property and Casualty Insurance Company
Liabilities, Surplus and Other Funds
December 31, 2015

	Per Company	Examination Adjustments	Per Examination
Losses	\$5,531,668		\$5,531,668
Loss adjustment expenses	798,194		798,194
Other expenses	126,986		126,986
Taxes, licenses and fees	114,173		114,173
Current federal and foreign income taxes	688,653		688,653
Unearned premium	25,383,290		25,383,290
Advanced Premiums	427,233		427,233
Ceded reinsurance premiums payable	4,147,936		4,147,936
Payable to parent, subsidiaries and affiliates	1,248,664		1,248,664
Aggregate write-ins for liabilities	1,001,717		1,001,717
Total Liabilities	\$39,468,514		\$39,468,514
Common capital stock	\$2,500,000		\$2,500,000
Gross paid in and contributed surplus	22,500,000		22,500,000
Unassigned funds (surplus)	1,638,863		1,638,863
Surplus as regards policyholders	\$26,638,863		\$26,638,863
Total liabilities, surplus and other funds	\$66,107,377		\$66,107,377

Anchor Property and Casualty Insurance Company
Statement of Income and Capital and Surplus Account
December 31, 2015

	Underwriting Income	
Premiums earned		\$28,597,437
	Deductions:	
Losses incurred		\$9,969,625
Loss expenses incurred		4,946,366
Other underwriting expenses incurred		11,740,181
Aggregate write-ins for underwriting deductions		
Total underwriting deductions		<u>\$26,656,172</u>
Net underwriting gain or (loss)		\$1,941,265
	Investment Income	
Net investment income earned		\$699,940
Net realized capital gains or (losses)		(20,116)
Net investment gain or (loss)		<u>\$679,824</u>
	Other Income	
Net gain or (loss) from agents' or premium balances charged off		(\$13,918)
Finance and service charges not included in premiums		0
Aggregate write-ins for miscellaneous income		0
Total other income		<u>(\$13,918)</u>
Net income before dividends to policyholders and before federal & foreign income taxes		\$2,607,171
Dividends to policyholders		
Net Income, after dividends to policyholders, but before federal & foreign income taxes		<u>\$2,607,171</u>
Federal & foreign income taxes		<u>2,687,137</u>
Net Income		<u>(\$79,966)</u>
	Capital and Surplus Account	
Surplus as regards policyholders, December 31 prior year		\$24,723,271
Net Income		(79,966)
Change in net unrealized capital gains or losses		1,944
Change in net deferred income tax		1,851,749
Change in non-admitted assets		141,865
Change in provision for reinsurance		0
Examination Adjustment		0
Change in surplus as regards policyholders for the year		<u>\$1,915,592</u>
Surplus as regards policyholders, December 31 current year		<u><u>\$26,638,863</u></u>

Anchor Property and Casualty Insurance Company
Reconciliation of Capital and Surplus
December 31, 2015

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

Surplus at December 31, 2014, per Examination			\$24,723,271
	<u>Increase</u>	<u>Decrease</u>	
Net Income (loss)		(\$79,966)	
Change in net unrealized capital gain (loss)	\$1,944		
Change in net deferred income tax	\$1,851,749		
Change in non-admitted assets	\$141,865		
Net increase (or decrease)	\$1,995,558	(\$79,966)	
Net Increase/(Decrease) in surplus as regards policyholders			\$1,915,592
Surplus at December 31, 2015, per Examination			<u>\$26,638,863</u>

COMMENTS ON FINANCIAL STATEMENTS

Liabilities

Losses and Loss Adjustment Expenses

An actuarial firm, Pinnacle Actuarial Resources, Inc., 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 expense obligations of the Company under the terms of its policies and agreements.

The Office's consulting actuary, Ronald T. Kuehn, FCAS, MAAA, CERA, CPCU, ARM, FCA, and Todd H. Dashoff, ACAS, MAAA, ARM, of Huggins Actuarial Services, Inc., reviewed the loss and loss adjustment expense work papers provided by the Company and they were in concurrence with this opinion.

Capital and Surplus

As of December 31, 2015, the amount of capital and surplus reported by the Company of \$26,638,863, exceeded the minimum of \$15,000,000 required by Section 624.408, Florida Statutes and the \$20,000,000 required by Consent Order 162844-14-CO.

SUMMARY OF RECOMMENDATIONS

Corporate Governance - Number of Directors

We recommend the Company ensure at least five (5) directors are elected to comply with Section 628.231(1), Florida Statutes.

Corporate Governance - Election of Directors

We recommend the Company elect directors according to their Bylaws and comply with Section 628.231(2), Florida Statutes by documenting within the Company's Director's minutes.

Corporate Governance – Records

We recommend the Company comply with Section 607.1601, Florida Statutes by maintaining minutes of all meetings of its board of directors, a record of all actions taken by the Company's board of directors and record of all actions taken by a committee of the board of directors.

Corporate Governance - Regulation

We recommend the Company comply with its Consent Order CASE No: 162844-14-CO by getting prior written approval of any change in officers and directors until October 24, 2017.

CONCLUSION

The insurance examination practices and procedures as promulgated by the NAIC have been followed in ascertaining the financial condition of **Anchor Property and Casualty 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 policyholders was \$26,683,838, which exceeded the minimum of \$15,000,000 required by Section 624.408, Florida Statutes and the \$20,000,000 required by Consent Order 162844-14-CO.

In addition to the undersigned, John Romano, CFE, CPA, CIA, Examiner-in-Charge, John Shofran, CFE, and Rachel Myslinski, CPA, Participating Examiners, of Baker Tilly, also participated in the examination. Members of the Office who participated in the examination include Connie Hare, CFE (Fraud), AFE, Financial Examiner/Analyst Supervisor, Examination Manager, and Chris Brown, Financial Examiner/Analyst II, Participating Examiner. Additionally, Ronald T. Kuehn, FCAS, MAAA, CERA, CPCU, ARM, FCA, Todd Dashoff, ACAS, MAAA, ARM of Huggins Actuarial Services Inc. and Richard Sowalsky, CISA, IT Specialist of Baker Tilly Virchow Krause LLP, are recognized for participation in the examination.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Brian Sewell", written in a cursive style.

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