



**EXAMINATION REPORT
OF
ASCENDANT COMMERCIAL INSURANCE, INC.**

NAIC Company Code: 13683

**Coral Gables, Florida
as of
December 31, 2017**

**BY THE
FLORIDA
OFFICE OF INSURANCE REGULATION**

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May 9, 2019

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, 2017, of the financial condition and corporate affairs of

Ascendant Commercial Insurance, Inc.
2199 Ponce De Leon Blvd Suite 500
Coral Gables, FL, 33134

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, 2013 through December 31, 2017 and commenced with planning at the Florida Office of Insurance Regulation (“Office”) on September 17, 2018 to September 20, 2018. The fieldwork commenced on October 29, 2018, and concluded as of May 9, 2019. The Company’s last full scope exam by representatives of the Office covered the period of January 1, 2012 through December 31, 2012.

The examination was a statutory financial examination 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 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, 2017.

Previous Examination Findings

There were no findings, exceptions or corrective action to be taken by the Company for the examination as of December 31, 2012.

COMPANY HISTORY

General

The Company was incorporated in Florida on August 31, 2009 and commenced business on September 1, 2009. The Company was authorized to transact the following insurance coverage in Florida on September 1, 2009 and continued to be authorized as of December 31, 2017:

Workers compensation	Other liability (including Product Liability)
Commercial auto liability	Commercial auto physical damage

Dividends

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

Capital Stock and Capital Contributions

As of December 31, 2017, the Company's capitalization was as follows:

Number of authorized common capital shares	1,000
Number of shares issued and outstanding	1,000
Total common capital stock	\$1,000
Par value per share	\$1.00

Control of the Company was maintained by its parent, Ascendant Holdings, LLC, which owned one hundred (100%) of the stock issued by the Company, which in turn was one hundred (100%) owned by an individual, Pablo L. Cejas.

Surplus Notes

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

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

The Company had no acquisitions, mergers, disposals, and purchase or sales through reinsurance 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, 2017, are shown below:

Directors

Name	City, State	Principal Occupation, Company Name
Pablo Leandro Cejas	Coral Gables, Florida	Chief Executive Officer, Ascendant Commercial Insurance, Inc.
Paul Leandro Cejas	Miami Beach, Florida	Chief Executive Officer & Chairman, PLC Investments, Inc.
Helene Christianne Cejas	Washington D.C.	Assistant General Counsel, Capital One Bank
Hilary Charles Candela	Miami, Florida	Director of Finance and Development, Ascendant Commercial Insurance, Inc.
Jose Cristobal Romano	Miami, Florida	Chief Operating Officer, Baptist Health South Florida

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

Senior Officers

Name	City, State	Title
Pablo Leandro Cejas	Coral Gables, Florida	Chief Executive Officer and President
Jorge Enrique Gonzalez	Miami, Florida	Chief Financial Officer
Helene Christianne Cejas	Washington DC	Secretary

The Company's Board appointed two internal committees. Following were the principal internal board committees and their members as of December 31, 2017:

Investment Committee

Name	City, State	Title, Company Name
Pablo Leandro Cejas ¹	Coral Gables, Florida	Chief Executive Officer, Ascendant Commercial Insurance, Inc.
Paul Leandro Cejas	Miami Beach, Florida	Chief Executive Officer & Chairman, PLC Investments, Inc.
Helene Christianne Cejas	Washington D.C.	Assistant General Counsel, Capital One Bank
Hilary Charles Candela	Miami, Florida	Director of Finance and Development, Ascendant Commercial Insurance, Inc.
Jose C Romano	Miami, Florida	Chief Operating Officer, Baptist Health South Florida

¹ Chairman

Audit Committee

Name	City, State	Principal Occupation, Company Name
Pablo Leandro Cejas ¹	Coral Gables, Florida	Chief Executive Officer, Ascendant Commercial Insurance, Inc.
Paul Leandro Cejas	Miami Beach, Florida	Chief Executive Officer & Chairman, PLC Investments, Inc.
Helene Christianne Cejas	Washington D.C.	Assistant General Counsel, Capital One Bank

Hilary Charles Candela	Miami, Florida	Director of Finance and Development, Ascendant Commercial Insurance, Inc.
Jose Cristobal Romano	Miami, Florida	Chief Operating Officer, Baptist Health South Florida

¹ Chairman

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

Holding Company System

The latest holding company registration statement was filed with the State of Florida on May 31, 2018, as required by Section 628.801, Florida Statutes, and Rule 69O-143.046, Florida Administrative Code.

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

Cost Allocation Agreement

On September 1, 2009, the Company entered into a cost allocation agreement with its parent and affiliates. Shared expenses were allocated among the affiliates based on the value of services utilized by each party. Expenses allocated were settled on a monthly basis, due within 60 days of the end of the month in which the expenses were incurred.

Managing General Agent Agreement

On September 1, 2009, the Company appointed affiliate, Ascendant Underwriters, LLC, as its managing general agent (MGA). Ascendant Underwriters, LLC was licensed on September 8, 2009. During 2012 through 2017, all of the Company's business was written through the MGA. Pursuant to the terms of the agreement, Ascendant Underwriters, LLC was authorized to negotiate facultative reinsurance on behalf of the Company. MGA fees were based on 10% of total annual gross written premium plus acquisition expenses and a \$25 policy fee. In 2017, the Company made payments to the MGA totaling \$7,821,041.

Claims Administration Services Agreement

On September 1, 2009, the Company entered into a claims administration services agreement with affiliate, Ascendant Claims Services, LLC. Pursuant to the terms of the agreement, Ascendant Claims Services, LLC is authorized to adjust and settle claims for fees ranging from \$150 to \$850 per claim, depending on the nature of the claim, plus 50% of subrogation proceeds and hourly rates for dispute resolutions and investigations. Fees paid by the Company in 2017 for claims administration totaled \$3,084,251.

ACCOUNTS AND RECORDS

The Company maintained its principal operational offices in Coral Gables, Florida.

Thomas Howell Ferguson PA, an independent Certified Public Accountant (CPA), audited the Company's statutory basis financial statements annually for all years under examination in accordance with Section 624.424(8), Florida Statutes. Supporting work papers were prepared by the CPA as required by Rule 69O-137.002, Florida Administrative Code.

The Company's accounting records were maintained on Quick Books Enterprise. Journal entries are manually recorded to the accounting system based on reports from auxiliary systems or import files generated by the claims and policy management systems.

The Company and non-affiliates had the following agreements:

Custodial Agreement

The Company maintained a custodial agreement with UBS Financial Services Inc. executed on July 21, 2015. The agreement was in compliance with Rule 69O-143.042, Florida Administrative Code.

Independent Auditor Agreement

The Company contracted with Thomas Howell Ferguson PA to perform the annual audit of its financial statements.

Reinsurance Intermediary Agreement

The Company contracted with reinsurance intermediary, AON, to perform various reinsurance brokerage services for quota share and excess of loss programs for workers' compensation, auto liability and general liability business.

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 adequately documented its meetings and approval of Company transactions and events, in compliance with the NAIC Financial Condition Examiners Handbook adopted by Rule 690-138.001, Florida Administrative Code and including the authorization of investments as required by Section 625.304, Florida Statutes.

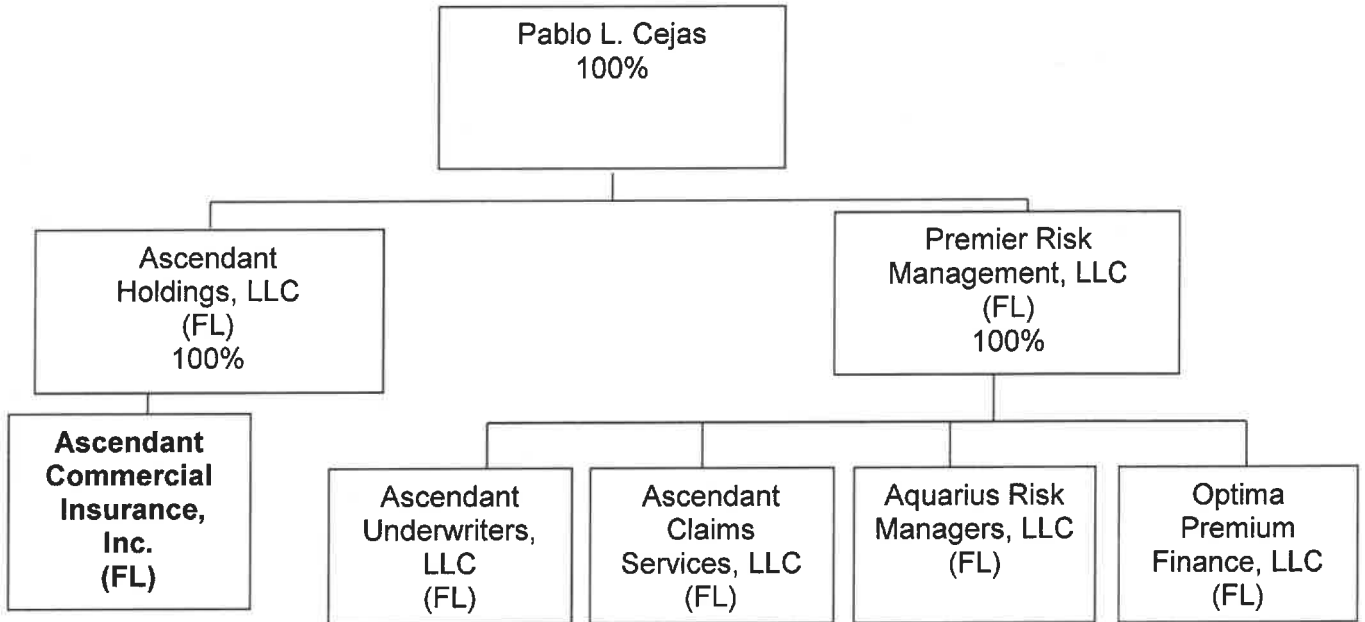
Conflict of Interest

The Company adopted a policy statement requiring periodic disclosure of conflicts of interest in accordance with the NAIC Financial Condition Examiners Handbook adopted by Rule 690-138.001, Florida Administrative Code.

An organizational chart as of December 31, 2017, reflecting the holding company system, is shown on the following page. Schedule Y of the Company's 2017 annual statement provided a list of all related companies of the holding company group.

**ASCENDANT COMMERCIAL INSURANCE INC.
ORGANIZATIONAL CHART**

DECEMBER 31, 2017



TERRITORY AND PLAN OF OPERATIONS

The Company was authorized to transact insurance only in Florida.

Treatment of Policyholders

The Company established procedures for handling written complaints in accordance with Section 626.9541(1)(j), 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)(i)3a, Florida Statutes.

REINSURANCE

The reinsurance agreements reviewed complied with NAIC standards with respect to the standard insolvency clause, arbitration 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 had a multi-tiered reinsurance program in place as of December 31, 2017 with a few reinsurers. The Company's program had both excess of loss and quota share contracts in place.

INFORMATION TECHNOLOGY REPORT

Phil Schmoyer, CISA, AES, Senior Manager, Baker Tilly Virchow Krause, LLP, 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 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	\$ 345,598	\$ 345,598
TOTAL FLORIDA DEPOSITS		\$ 345,598	\$ 345,598
TOTAL SPECIAL DEPOSITS		\$ 345,598	\$ 345,598

FINANCIAL STATEMENTS

The examination does not attest to the fair presentation of the financial statements included herein. If an adjustment is identified during 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 Office, are reflected on the following pages.

ASCENDANT COMMERCIAL INSURANCE, INC.
Assets
December 31, 2017

	Per Company	Examination Adjustments	Per Examination
Bonds	\$9,104,368		\$9,104,368
Stocks:			
Preferred	214,060		214,060
Common	710,584		710,584
Cash and Short-Term Investments	13,019,234		13,019,234
Investment Income due and accrued	72,201		72,201
Agents' Balances:			
Uncollected premium	2,091,966		2,091,966
Deferred premium	35,655,468		35,655,468
Reinsurance recoverable	88,567		88,567
Net Deferred tax asset	1,160,005		1,160,005
EDP Equipment	70,221		70,221
Interest and dividend income due & accrued			0
Receivable from parents, subsidiaries and affiliates	1,837,933		1,837,933
Aggregate write-in for other than invested assets			0
Totals	\$64,024,607	\$0	\$64,024,607

**ASCENDANT COMMERCIAL INSURANCE, INC.
Liabilities, Surplus and Other Funds**

DECEMBER 31, 2017

	Per Company	Examination Adjustments	Per Examination
Losses	\$23,329,470		\$23,329,470
Loss adjustment expenses	2,272,461		2,272,461
Other expenses	2,539,529		2,539,529
Taxes, licenses and fees	169,561		169,561
Current Federal & Foreign Income Tax	226,200		226,200
Unearned premium	11,394,448		11,394,448
Advanced premium	162,302		162,302
Ceded reinsurance premiums payable	8,630,231		8,630,231
Remittances and items not allocated	17,907		17,907
Payable to parent, subsidiaries and affiliates	3,955,299		3,955,299
Liability for amounts held under uninsured plans	25,640		25,640
Total Liabilities	\$52,723,048	\$0	\$52,723,048
Common capital stock	\$1,000		\$1,000
Gross paid in and contributed surplus	9,539,000		9,539,000
Unassigned funds (surplus)	1,761,559		1,761,559
Surplus as regards policyholders	\$11,301,559	\$0	\$11,301,559
Total liabilities, surplus and other funds	\$64,024,607	\$0	\$64,024,607

ASCENDANT COMMERCIAL INSURANCE, INC.
Statement of Income
December 31, 2017

Underwriting Income

Premiums earned		\$22,281,940
	Deductions:	
Losses incurred		\$14,623,913
Loss expenses incurred		1,285,863
Other underwriting expenses incurred		6,296,363
Aggregate write-ins for underwriting deductions		0
Total underwriting deductions		<u>\$22,206,139</u>
Net underwriting gain or (loss)		\$75,801

Investment Income

Net investment income earned		\$389,888
Net realized capital gains or (losses)		<u>(122,583)</u>
Net investment gain or (loss)		\$267,305

Other Income

Net gain or (loss) from agents' or premium balances charged off		(\$250,464)
Finance and service charges not included in premiums		1,688,719
Aggregate write-ins for miscellaneous income		
Total other income		<u>\$1,438,255</u>
Net income before dividends to policyholders and before federal & foreign income taxes		\$1,787,361
Dividends to policyholders		
Net Income, after dividends to policyholders, but before federal & foreign income taxes		<u>\$1,781,361</u>
Federal & foreign income taxes		<u>827,502</u>
Net Income		<u><u>\$953,859</u></u>

Capital and Surplus Account

Surplus as regards policyholders, December 31 prior year		\$10,626,768
Net Income		\$953,859
Net unrealized capital gains or losses		58,832
Change in net deferred income tax		
Change in non-admitted assets		(386,374)
Change in provision for reinsurance		48,474
Aggregate write-ins for gains and losses in surplus		0
Examination Adjustment		
Change in surplus as regards policyholders for the year		<u>\$674,791</u>
Surplus as regards policyholders, December 31 current year		<u><u>\$11,301,559</u></u>

Ascendant Commercial Insurance Inc.
Reconciliation of Capital and Surplus
December 31, 2017

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

Capital/Surplus Change during Examination Period			
	<u>Increase</u>	<u>Decrease</u>	
Surplus at December 31, 2012, per Examination			\$6,692,004
Net Income	\$5,045,475		\$5,045,475
Change in net unrealized capital gain	\$47,911		\$47,911
Change in deferred income tax	\$96,349		\$96,349
Change in non-admitted assets		(\$580,180)	(\$580,180)
Net increase (or decrease)			<u>\$4,609,555</u>
Surplus at December 31, 2017, per Examination			<u>\$11,301,559</u>

COMMENTS ON FINANCIAL STATEMENT ITEMS

Liabilities

Losses and Loss Adjustment Expenses

Brad St. Pierre, FCAS, MAAA was appointed by the Board, rendered an opinion that the amounts carried in the balance sheet as of December 31, 2017, 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 consulting actuary, Michael Dubin, FCAS, FSA, FCA, MAAA of Baker Tilly Virchow Krause, LLP, reviewed the loss and loss adjustment expense work papers provided by the Company and was in concurrence with this opinion.

Capital and Surplus

The amount of capital and surplus reported by the Company of \$11,301,559, exceeded the minimum of \$5,000,000 required by Section 624.408, Florida Statutes.

CONCLUSION

The insurance examination practices and procedures as promulgated by the NAIC have been followed in ascertaining the financial condition of **Ascendant Commercial Insurance, Inc.** as of December 31, 2017, consistent with the insurance laws of the State of Florida.

Per examination of the annual financial statements, the Company's surplus as regards policyholders was \$11,301,559 which exceeded the minimum of \$5,000,000 required by Section 624.408, Florida Statutes.

In addition to the undersigned, the following individuals participated on the examination:

Phil Schmoyer, CFE, AES, CISA	Examiner-in-Charge and IT Specialist	Baker Tilly Virchow Krause, LLP
John Hinton	Participating Examiner	Baker Tilly Virchow Krause, LLP
Paige Mayo	IT Examiner	Baker Tilly Virchow Krause, LLP
Connie Hare, AFE	Examination Manager	Office
Casey Hengstebeck	Participating Examiner	Office
Michael Dubin, FCAS, FSA, FCA, MAAA	Actuarial Specialist	Baker Tilly Virchow Krause, LLP

Respectfully submitted,



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