FINANCIAL SERVICES COMMISSION

RON DESANTIS
GOVERNOR

JIMMY PATRONIS
CHIEF FINANCIAL OFFICER

ASHLEY MOODY
ATTORNEY GENERAL

NICOLE "NIKKI" FRIED
COMMISSIONER OF AGRICULTURE

OFFICE OF INSURANCE REGULATION

DAVID ALTMAIER
COMMISSIONER

VIA ELECTRONIC MAIL: leman@flhi.com

June 24, 2020

Mr. Leman Miles Porter
President
First Protective Insurance Company ("Company")
500 International Parkway
Lake Mary, FL 32746

Dear Mr. Porter:

Enclosed is a copy of the Report of Examination ("Report") of your Company for the period ending December 31, 2018. Pursuant to the provisions of Chapter 624.319(1), Florida Statutes, your Company is entitled to a hearing prior to the filing of the Report by the Office of Insurance Regulation ("the Office"), provided such hearing is requested in writing within thirty (30) days of the receipt of this letter.

Should the Company take exception to the findings of this Report, a statement in writing pursuant to Rule 69N-121.066, Florida Administrative Code, outlining the specific objections and the mitigating circumstances must accompany the request for hearing referenced above. At the hearing, the Office will consider the written objections and mitigating circumstances only, it being understood and agreed that all other portions of the Report are accepted as being accurate reflections of the facts appearing in the books and records of your Company.

It is further understood and agreed that the Company will comply with the recommendations and will correct the areas of criticisms set forth in this Report. Should this present difficulties, the Company should immediately respond in writing and set forth a plan for timely compliance.

• • •
DANIEL W. APPLEGARTH • CHIEF FINANCIAL EXAMINER • PROPERTY & CASUALTY FINANCIAL OVERSIGHT
200 EAST GAINES STREET • TALLAHASSEE, FLORIDA 32399-0329 • (850) 413-4272 (OFFICE) • (850) 661-7170 (CELL)
WEBSITE: WWW.FLOIR.COM • EMAIL: DAN.APPLEGARTH@FLOIR.COM

If the Office has not received written objections to this Report which conform to the requirements of Rule 69N-121.066, Florida Administrative Code, within thirty (30) days after receipt by the Company of this Report, the Office will consider the Company to have forfeited its right to a hearing and will file the Report as a public document.

Sincerely,

Daniel W Applegarth

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

Enclosure

cc: Virginia Christy, Director, Office, virginia.christy@floir.com
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Robin Roberts, Examiner-in-Charge, Eide Bailly, rroberts@eidebailly.com
Benjamin Treuil, Chief Financial Officer, Company, btreuil@flhi.com

EXAMINATION REPORT

OF

FIRST PROTECTIVE INSURANCE COMPANY

NAIC Company Code: 10897

Lake Mary, Florida
as of
December 31, 2018

BY THE

FLORIDA

OFFICE OF INSURANCE REGULATION

TABLE OF CONTENTS

March 10, 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 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, 2018, of the financial condition and corporate affairs of

First Protective Insurance Company
500 International Parkway
Lake Mary, Florida 32748

hereinafter referred to as "the Company" or "FPIC." 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 May 1, 2019, and concluded as of March 10, 2020. The Company's last full scope exam by representatives of the Office covered the period of January 1, 2011 through December 31, 2013.

The examination was 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 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.

The Examination was performed under the holding company system approach and on a coordinated basis. The lead state was Florida, and representatives of the Illinois Department of Insurance also participated. The coordinated examination involved both the Company and an Illinois domiciled insurance affiliate (collectively known as the Frontline Insurance Group or "the Group").

All accounts and activities of the Company 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 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

The findings or exceptions are discussed in detail in the body of the examination report.

Previous Examination Findings

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

COMPANY HISTORY

General

The Company was incorporated in Florida on March 16, 1998 and commenced business on April 30, 1998, as First Protective Insurance Company. The Company merged with Fidelity Fire & Casualty Company ("FFCC") effective April 1, 2015, with the Company being the surviving entity. The merger was approved by the Office on March 19, 2015.

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, 2018, the Company's capitalization was as follows:

Number of authorized common capital shares	500,000
Number of shares issued and outstanding	200,000
Total common capital stock	$3,000,000
Par value per share	$15.00

The Company secured a $15 million capital contribution from PWC Financial, Inc. on December 31, 2019.

The Company was wholly owned and controlled by its parent, PWC Financial, Inc. ("PWC"), which in turn was owned by various shareholders, including Leman Miles Porter (21.29%), Willis Thomas

King, Jr. (20.50%), Lanier Miles Porter (16.98%), Dwayne Williams (5.14%), Emily Roberts King (4.82%), Louis Victor Vendittelli (3.04%), Harold Mark Humphrey (2.22%), and Benjamin Andrew Treuil (0.77%). The remaining 25.24% is held by other investors, each owning less than 5% of the outstanding shares of PWC. The named shareholders served in various capacities on the board of directors and/or as a senior officers of the Company.

Surplus Notes

The Company had five surplus notes in the amount of $11,017,500 outstanding at December 31, 2018. Information specific to each of the surplus notes is listed in the chart below.

#	Issue Date	Amount	Interest Rate	Holder	Maturity Date
1	12/31/2003	1,500,000	3%	PWC	On Demand
2	12/31/2005	3,267,500	3%	Frontline Insurance Managers	On Demand
3	9/30/2006	4,000,000	6.5%	Frontline Insurance Managers	On Demand
4	12/31/2009	1,000,000	Prime + 1%	Frontline Insurance Managers	1/1/2020
5	4/30/2011	1,250,000	2%	Frontline Insurance Managers	1/1/2020
	Total	$11,017,500			

Surplus Notes 4 and 5 listed above were originally issued by FFCC and were re-executed by the Company on April 1, 2015 naming FPIC as the maker of the notes.

Subsequent Event: Surplus notes 4 and 5 listed in the chart above matured January 1, 2020. The Boards of PWC and Frontline Insurance Managers, Inc. (FIMI) agreed to forgive the interest due for the surplus notes through December 31, 2018.

Acquisitions, Mergers, Disposals, Dissolutions

The Company merged with FFCC effective April 1, 2015 with the Company being the surviving entity. The merger transaction was approved by the Office on March 19, 2015. The merger transaction included the Company re-executing the two FFCC surplus notes in the amounts of $1 million and $1.25 million, in its own name.

MANAGEMENT AND CONTROL

Corporate Governance

The Company's Board of Directors ("Board") serving as of December 31, 2018, are shown below:

Directors			
Name	**City**	**State**	**Principal Occupation, Company Name**
Lanier Miles Porter	Longwood	FL	Chief Executive Officer, FPIC & Frontline Unlimited Holdings Corporation President, PWC Financial, Inc.
Leman Miles Porter	Longwood	FL	President & Treasurer, Frontline Unlimited Holdings Corporation President, FPIC
Willis Thomas King, Jr.	Longwood	FL	Chairman of the Board PWC Financial, Inc. & FPIC
Benjamin Andrew Treuil	Longwood	FL	Chief Financial Officer, Frontline Unlimited Holdings Corporation & FPIC
Dwayne Richard Williams	Winter Springs	FL	Executive Vice President & Secretary, Frontline Unlimited Holdings Corporation Executive Vice President FPIC Principal and Director, PWC Financial, Inc.
Louis Victor Vendittelli	Longwood	FL	General Counsel, FPIC Frontline Insurance Unlimited Company
Emily Roberts King	Longwood,	FL	Risk Manager, Frontline Insurance Managers, Inc. Director, Frontline Unlimited Holdings Corporation
Harold Mack Humphrey	Palmetto Bay	FL	Retired
Warren Putman Hudson	Sarasota	FL	Retired

Senior Officers elected and serving the Company as of December 31, 2018:

Senior Officers			
Name	**City**	**State**	**Title**
Leman Miles Porter	Longwood	FL	President & Secretary
Lanier Miles Porter	Longwood	FL	Chief Executive Officer
Benjamin Andrew Treuil	Longwood	FL	Chief Financial Officer
Dwayne Richard Williams	Winter Springs	FL	Executive Vice President & Treasurer
Willis Thomas King, Jr.	Longwood	FL	Chairman of the Board

The following committees listed below were designated by the Company's Board of Directors as of December 31, 2018. The chairman of each of the committees is the first person listed.

Audit Committee			
Name	**City**	**State**	**Title, Company Name**
Lanier Miles Porter	Longwood	FL	Chief Executive Officer, Frontline Unlimited Holdings Corporation FPIC President, PWC Financial, Inc.
Emily Roberts King	Longwood	FL	Risk Manager, Frontline Insurance Managers, Inc. Director, Frontline Unlimited Holdings Corporation
Harold Mack Humphrey	Palmetto Bay	FL	Retired

Investment Committee			
Name	**City**	**State**	**Title, Company Name**
Willis Thomas King, Jr.	Longwood	FL	Chairman of the Board, PWC Financial, Inc. FPIC
Lanier Miles Porter	Longwood	FL	Chief Executive Officer, Frontline Unlimited Holdings Corporation FPIC President, PWC Financial, Inc.
Leman Miles Porter	Longwood	FL	President & Treasurer, Frontline Unlimited Holdings Corporation President, FPIC
Benjamin Andrew Treuil	Longwood	FL	Chief Financial Officer, Frontline Unlimited Holdings Corporation FPIC
Dwayne Richard Williams	Winter Springs	FL	Executive Vice President and Secretary, Frontline Unlimited Holdings Corporation Executive Vice President, FPIC Principal & Director, PWC Financial, Inc.

Holding Company System

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

Management Agreement

The Company entered into a management agreement with its parent, PWC on January 1, 2006 The agreement was amended effective April 1, 2015, to provide certain management services. The 2015 amendment defined the compensation to PWC as 5.0% of the Company's total annual earned premium whereas the prior agreement's compensation rate was 5.0% of net written premium. Compensation is paid in twelve monthly installments. The agreement continues in force and effect for an indefinite number of successive one-year periods unless and until terminated by agreement of the parties or by written notice by either party to the other. Any termination date shall not be effective unless at least ninety (90) days notice has been given. As described in the management agreement, PWC's duties included:

- Corporate organization;
- Investment management including retaining and monitoring qualified individuals or firms to invest and manage monies of FPIC and to provide investment advice;
- Financial management including developing budgets, collecting historical data and preparing comparative analyses;
- Accounting and tax services including oversight of any independent contractors selected to perform accounting and tax services;
- Legal advice;
- Corporate management services;
- Human resource services including oversight and review of qualified employees and prospective employees necessary to conduct FPIC's business;
- Corporate expense oversight including the review and processing of business expenditure reimbursement requests
- Benefit plan management;
- Actuarial services including oversight of qualified actuaries;
- Regulatory liaison services including communication with the Office or other agencies or governmental authorities on behalf of FPIC;
- Reinsurance services including advising FPIC regarding reinsurance coverage, structure and placement, and other ministerial functions.

PWC may not act as an insurance or managing general agent for FPIC or otherwise produce or underwrite business on behalf of FPIC; adjust, defend, settle or pay claims against or of FPIC; bind reinsurance on behalf of FPIC; or engage in policy administration.

During the period of examination, the following amounts were incurred by the Company under this Management Agreement:

Year	Amount
2018	$19,815,018
2017	17,699,659
2016	14,520,129
2015	8,944,846
2014	5,564,055
Total	$66,543,707

Managing General Agency Agreement

The Company entered into a Managing General Agency Agreement with its affiliate, FIMI, on January 1, 2006, to market, underwrite and manage the Company's property and casualty insurance programs.

Under the terms of the Agreement, FIMI's duties and responsibilities in conducting the insurance business are defined and include, but are not limited to, development of underwriting guidelines and marketing and sales materials, solicitation and evaluation of policy applications, premium billing and collection, policy cancellation, appointment of sub-producers, agent licensure and claims servicing either directly or through designated representatives. Additional duties include administration, record keeping and reporting, compliance with insurance rules and regulations, providing the Company with all the information required for the Company to file policy forms for approval, hold meetings with the Company, joint development of a disaster recovery plan, and claims administration and settlement.

FIMI is responsible for timely and proper claims adjudication in exchange for a monthly fee equal to 15.5% of the Company's gross incurred losses excluding catastrophe losses. FIMI is paid a monthly fee equal to 1% of the Company's gross paid catastrophe losses plus an inspection/adjusting fee per adjusted claim pursuant to rates set annually on June 1. The inspection/adjusting fees may be modified as needed based on market conditions by mutual written consent.

FIMI is entitled to 40% of any recoveries from subrogation claims brought by the Company.
The Company is responsible for all legal fees and costs, including but not limited to fees for consultants and experts.

FIMI fees for providing underwriting, marketing, and administration services, equal 10% of the Company's net earned premium. In addition, FIMI fees for payment of agent commissions for business written equals a stated percentage of 11.5% to 13% of net written premium, varying by state. FIMI retains as collected from policyholders, a $2 installment fee for payments made under the installment payment option and a non-refundable MGA fee per bound policy for policy service fee in accordance with the laws of each state in which the Company transacts business. The Managing General Agency Agreement specifies that the per-policy fee shall not exceed the amount authorized by each state and shall be a component of the Company's rate filing, if required by applicable state laws of each state in which the Company transacts business. FIMI is entitled to any fees associated with any extension of credit to insureds.

This agreement was replaced with the Second Amended Managing General Agency Agreement, effective December 12, 2014. The Second Amended Managing General Agency Agreement was not filed with the Office for prior approval, as required by Rule 69O-143.047, Florida Administrative Code. The Company filed the executed copies with the Office on February 17, 2015. The agreement continues in force until terminated within the guidelines of the agreement.

The Second Amended Managing General Agency Agreement was amended twice during the current examination period. Addendum 1, effective September 30, 2016 and executed January 23, 2017, revised the General Agent fee paid to FIMI from 10% of the Company's net written premium to 5% of the Company's net written premium and 5% of the Company's net earned premium in exchange for underwriting, marketing and related administrative services. The Company submitted Addendum Number 1 to its Second Amended Managing General Agency Agreement on December 21, 2016. The Office issued a no objections letter January 20, 2017, and the executed copy was received February 1, 2017. Addendum 2, effective January 1, 2017 and executed April 13, 2018, revised the General Agent fee paid to FIMI to 10% of the Company's net earned premium. Sections 1.4(d) Billings and 1.4(e) Service Fee Payments of the agreement were deleted and Section 8.1 Funds Held was revised. The Company submitted Addendum Number 2 to its Second Amended Managing General Agency Agreement on March 16, 2018. The Office issued a no objections letter April 13, 2018 and the executed copy was received April 18, 2018.

During the period of examination, the following amounts were paid by the Company under the Managing General Agency Agreement:

Year	Policy Services Agency Duties	Commission Administration	Claims Adjusting Administrative Services	Total
2018	$ 44,588,560	$ 47,252,616	$ 20,011,338	$111,852,514
2017	31,869,888	44,970,319	15,383,022	92,223,229
2016	24,493,497	38,002,491	12,336,598	74,832,586
2015	33,583,973	29,932,886	9,621,663	73,138,522
2014	12,280,742	11,828,876	3,917,061	28,026,679

Reinsurance Intermediary Broker Services Agreement

The Company entered into an agreement with FIMI, effective May 16, 2007, to provide reinsurance intermediary broker services for the following treaties: property catastrophic excess of loss, property per risk excess of loss, reinstatement premium protection, and multiple line quota share. FIMI received the standard brokerage amount from the reinsurer, based on the gross ceded reinsurance premium for each treaty.

FIMI entered into an agency agreement with Cross Atlantic Intermediaries (Bermuda) Limited ("CAI") effective July 1, 2016 whereby CAI acts as agent on Bermuda reinsurance agreements placed through FIMI on behalf of the Company and its affiliate, Frontline Insurance Unlimited Company ("FIUC"). The agency agreement specifies that CAI understands FIMI is not an insurance company, cannot function as one and must follow the requirements of the Company and FIUC as documented in the agreement. CAI's compensation is paid directly by the reinsurer. It is worth noting that Willis T. King, Jr. and Lanier M. Porter, who have major ownership interests in the Company and its holding company system, comprise two-thirds CAI's Board of Directors. However, the examination did not see any evidence of CAI ownership by either person.

Reinsurance Allocation Agreement

The Company and affiliate FIUC entered into an agreement, effective July 1, 2018, to memorialize the allocation of reinsurance premiums and loss recoveries for multi-cedant reinsurance agreements. Pursuant to the terms of the agreement, each party pays its respective reinsurance premium based upon the agreed upon allocation as of the effective date. The Company pays 92% of the bond premium and 89% of excess of loss catastrophe reinsurance. FIUC pays 8% of the bond premium and 11% of the excess of loss catastrophe reinsurance premium. The agreement remains in effect until terminated.

ACCOUNTS AND RECORDS

The Company maintained its principal operational offices in Lake Mary, Florida.

The Company and non-affiliates had the following agreements:

Custodial Agreement

The Company maintained a custodial agreement with Raymond James and Associates, Inc. executed by the Company on March 1, 2016. This replaced the prior custodial agreement with Merrill Lynch executed April 2, 2012.

Consulting Services Agreement

The Company maintained a consulting services agreement with Cardinal Investment Advisors, LLC ("Cardinal"), effective August 1, 2011. Cardinal provides consulting services on a full-service retainer basis in exchange for an annual fee plus travel-related expenses.

Discretionary Investment Management Agreement

The Company maintained a discretionary investment management agreement with BlackRock Investment Management, LLC ("BlackRock"), executed by the Company June 8, 2010. The agreement is for specific accounts held in the Company's investment portfolio. BlackRock has the discretion to determine purchases and sales of the portfolio investments on behalf of the Company, subject to the Company's investment guidelines. BlackRock is a registered investment advisor under the Investment Advisors Act of 1940, as amended. Fees are paid in accordance with an agreed upon fee schedule.

Master Services Agreement

The Company maintained a master services agreement with Torrent Technologies ("Torrent") effective January 1, 2008. The agreement was rewritten January 4, 2012 with a service inception date of January 1, 2011. Torrent provides access to the technology used to administer and service flood insurance through the National Flood Insurance Program in exchange for a percentage of the net premiums written and incurred losses.

Reinsurance Intermediary Authorization Agreement

The Company entered into a reinsurance intermediary authorization agreement with FIUC and an unaffiliated reinsurance broker on May 17, 2018. As of December 31, 2018, the only reinsurance agreement placed under this agreement was a CAT Excess of Loss Bond Companion written on CAI paper.

Independent Auditor Agreement

An independent CPA, Thomas Howell Ferguson, P.A., audited the Company's statutory basis financial statements annually for all years under examination.

Corporate Records Review

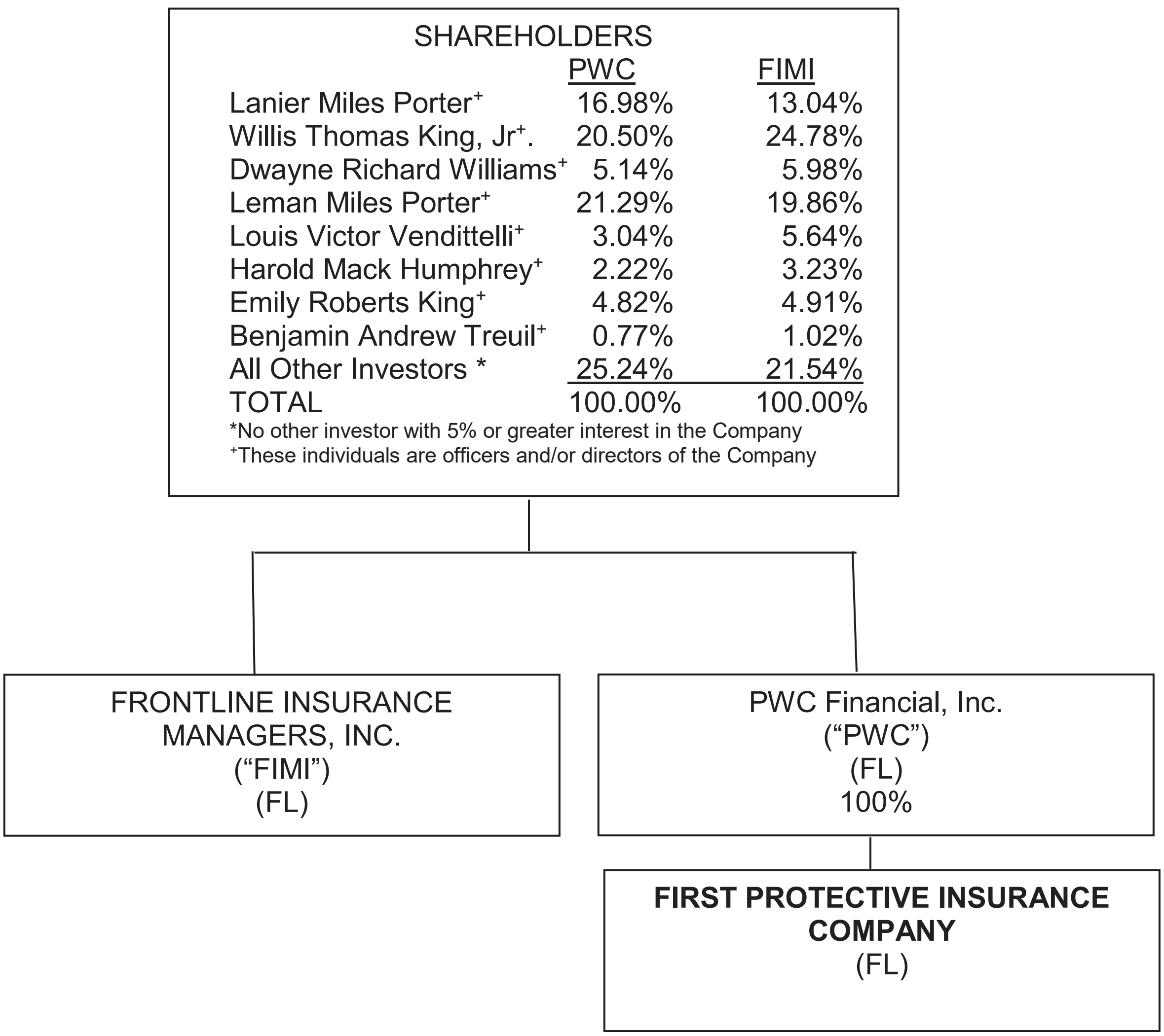
The recorded minutes of the Shareholder(s), Board of Directors (Board) and certain internal committees were reviewed for the period under examination. The recorded minutes of the Board documented its meetings and approval of Company transactions and events.

An organizational chart as of December 31, 2018, reflecting the Frontline Insurance Group ("Group") holding company system (of which the Company is a member) is shown on pages 13 and 14. Control of the Group is maintained through the common ownership of Misters Lanier Miles Porter, Willis Thomas King, Jr., and Leman Miles Porter.

Frontline Insurance Group

December 31, 2018

(Pages 13 and14)



Frontline Insurance Unlimited Company

SHAREHOLDERS

	FUHC	FUIM
Lanier Miles Porter	20.41%	20.41%
Willis Thomas King, Jr.	30.61%	30.61%
Leman Miles Porter	41.84%	41.84%
All Other Investors *	7.14%	7.14%
TOTAL	100.00%	100.00%

*No other investor with 5% or greater interest in the Company

FRONTLINE UNLIMITED INSURANCE MANAGERS, INC.
(“FUIM”)
(FL)

FRONTLINE UNLIMITED HOLDINGS CORPORATION
(“FUHC”)
(FL) (100%)

FRONTLINE INSURANCE UNLIMITED COMPANY
(IL)

TERRITORY AND PLAN OF OPERATIONS

The Company was authorized to transact insurance in the following states:

Alabama	Delaware	Florida
Georgia	Maryland	North Carolina
South Carolina	Virginia	

The Company was not writing business in Delaware, Georgia, Maryland, or Virginia as of December 31, 2018.

The Company was authorized for the following lines of business as of December 31, 2018:

Fire	Mobile Home Multi-Peril
Allied Lines	Mobile Home Physical Damage
Homeowners Multi-Peril	Other Liability
Commercial Multi-Peril	

The Company was authorized to transact Miscellaneous Casualty insurance coverage in Florida on May 28, 2014. This authorization for that line of business was withdrawn effective September 20, 2016.

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 cedes certain premiums to other insurance companies under various reinsurance agreements. The reinsurance agreements provide the Company with increased capacity to write larger risks and maintain its exposure to loss within its capital resources. As of December 31, 2018, the Company's reinsurance program consisted of catastrophe ("CAT"), per risk excess of loss ("XOL"), facultative, and quota share coverages.

The Company's catastrophe XOL coverage is provided by a combination of XOL Commercial Reinsurance Agreements, Florida Hurricane Catastrophe Fund ("FCHF") Reinsurance Agreement, and CAT Bond Reinsurance Agreements.

Effective July 1, 2018, the Company entered into a group of multiple cedant catastrophe XOL commercial reinsurance agreements with affiliate FIUC. The agreements provide combined coverage of $635 million of qualified losses and loss adjustment expenses with layered protection. The first layer provides coverage of $305 million in excess of $10 million retention. Additional coverage of $100 million attaching at $315 million and coverage of $230 million attaching at $765 million. The catastrophe XOL treaties, with approximately $1.8 billion term limit, provide coverage for approximately $1.4 million of qualified losses and loss adjustment expenses in excess of the Company's retention. The Company and FIUC share the premiums and losses pursuant to a Reinsurance Allocation Agreement as discussed above.

Additionally, the Company and FIUC entered into a group of multiple cedant CAT bond agreements with Frontline Re Ltd., an unaffiliated independent Bermuda licensed company in June 2018. Frontline Re Ltd. Issued notes, generally referred to as CAT bonds, to investors in amounts equal to the full coverage provided under the reinsurance agreement, proceeds of which were deposited into a reinsurance trust account. The CAT Bond agreements provide $350 million in coverage alongside the FHCF, attaching at $315 million. The attachment point and maximum limit under the agreement are reset annually.

The FCHF reinsurance consisted of approximately $382 million attaching at approximately $264 million of qualified paid losses paying 45% thereon plus an additional allowance for loss adjustment expenses of 5% of covered losses.

INFORMATION TECHNOLOGY REPORT

Michael Nadeau, CPA, CFE, CISA, AES, IT Specialist, of Eide Bailly, 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 confirmed as deposited with the State of Florida, and with various state officials as required or permitted by law:

State	Description		Par Value	Market Value
FL	Cash		$ 1,000,000	$ 1,000,000
FL	Interest		598,980	598,980
TOTAL FLORIDA DEPOSITS			$ 1,598,980	$ 1,598,980
NC	Charlotte, NC, 01/15/2031	5.0%	$ 100,000	$ 106,092
NC	New Hanover County, NC, 12/01/2027	5.0%	$ 100,000	$ 110,239
NC	North Carolina ST Capital, NC, 05/01/2029	4.75%	$ 100,000	$ 101,006
NC	First American TOF, na		$ 1	$ 1
SC	Spartansburg County SD, SC, 03/01/2031	4.00%	125,000	$ 131,974
VA	USTBDS, 5/15/2009, 05/15/2019	3.125%	250,000	250,557.5
TOTAL OTHER DEPOSITS			$ 675,001	$ 699,869
TOTAL STATUTORY DEPOSITS			$ 2,273,980	$ 2,298,848

FINANCIAL STATEMENTS

The following includes the Company's statutory Statement of Assets, Liabilities, Surplus and Other Funds; the statutory Statement of Operations; 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. (Note: Failure of the columns to add to the totals reflected in this Report is due to rounding.)

First Protective Insurance Company
Assets
December 31, 2018

	Per Company	Examination Adjustments	Per Examination
Bonds	$110,401,928		$110,401,928
Stocks:			
Common	20,120,174		20,120,174
Mortgage loans on real estate:			
First iens	3,372,973		3,372,973
Cash, Cash Equivalents and Short-Term Investments	19,014,950		19,014,950
Other invested assets	8,476,020		8,476,020
Investment income due and accrued	1,084,248		1,084,248
Premiums and considerations:			
Uncollected premium	4,748,565		4,748,565
Deferred premium	15,919,634		15,919,634
Reinsurance recoverable	703,649		703,649
Current income tax recoverable	2,828,621		2,828,621
Net deferred tax asset	1,292,177		1,292,177
Aggregate write-in for other than invested assets	411,490		411,490
Totals	$188,374,429	$0	$188,374,429

First Protective Insurance Company
Liabilities, Surplus and Other Funds
December 31, 2018

	Per Company	Examination Adjustments	Per Examination
Losses	$10,766,982		$10,766,982
Loss adjustment expenses	2,577,002		2,577,002
Other expenses	27,364		27,364
Taxes, licenses and fees	273,109		273,109
Unearned premium	28,877,824		28,877,824
Advance premium	8,826,933		8,826,933
Ceded reinsurance premiums payable	54,731,305		54,731,305
Funds held by company under reinsurance treaties	10,995,531		10,995,531
Payable to parent, subsidiaries and affiliates	6,359,902		6,359,902
Aggregate write-ins for liabilities	858,029		858,029
Total Liabilities	$124,293,981	$0	$124,293,981
Common capital stock	$3,000,000		$3,000,000
			$0
Surplus notes	$11,017,500		$11,017,500
Gross paid in and contributed surplus	27,775,000		27,775,000
Unassigned funds (surplus)	22,287,947		22,287,947
Surplus as regards policyholders	$64,080,447	$0	$64,080,447
Total liabilities, surplus and other funds	$188,374,429	$0	$188,374,429

First Protective Insurance Company
Statement of Income
December 31, 2018

Underwriting Income	
Premiums earned	$63,895,840
Deductions	
Losses incurred	$19,815,998
Loss expenses incurred	1,877,554
Other underwriting expenses incurred	49,651,404
Aggregate write-ins for underwriting deductions	0
Total underwriting deductions	$71,344,956
Net underwriting gain or (loss)	($7,449,116)
Investment Income	
Net investment income earned	$3,949,916
Net realized capital gains or (losses)	(136,306)
Net investment gain or (loss)	$3,813,611
Other Income	
Net gain or (loss) from agents' or premium balances charged off	($13,384)
Finance and service charges not included in premiums	243,010
Aggregate write-ins for miscellaneous income	0
Total other income	$229,626
Net income before dividends to policyholders and before federal & foreign income taxes	($3,405,879)
Dividends to policyholders	0
Net Income, after dividends to policyholders, but before federal & foreign income taxes	($3,405,879)
Federal & foreign income taxes	(1,957,695)
Net Income	($1,448,184)
Capital and Surplus Account	
Surplus as regards policyholders, December 31 prior year	$67,994,293
Net Income	($1,448,184)
Net unrealized capital gains or losses	(2,666,678)
Change in deferred income tax	295,272
Change in non-admitted assets	(94,255)
Change in provision for reinsurance	0
Change in excess statutory over statement reserves	0
Surplus adjustments: Paid in	0
Aggregate write-ins for gains and losses in surplus	0
Examination Adjustment	0
Change in surplus as regards policyholders for the year	($3,913,846)
Surplus as regards policyholders, December 31 current year	$64,080,447

First Protective Insurance Company
Reconciliation of Capital and Surplus
December 31, 2018

	Increase	Decrease	
Surplus as regards policyholders			
December 31, 2013 per Examination			$49,749,490
Net Income (loss)	$16,483,024		
Change in net unrealized capital gain (loss)		$1,296,076	
Change in net deferred income tax		$626,476	
Change in non-admitted assets		$229,512	
Net Increase/(Decrease) in surplus as regards policyholders			$14,330,957
Surplus as regards policyholders			
December 31, 2018 per Examination			$64,080,447

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

Derek Freihaut, FCAS, MAAA, Pinnacle Actuarial Resources, Inc., 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 consulting actuary, Daniel A. Reppert, FCAS, MAAA, of Financial Risk Analysts, 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 $64,080,447 exceeded the minimum of $10 million required by Section 624.408, Florida Statutes.

SUBSEQUENT EVENTS

There were no material subsequent events that have not already been disclosed in this report.

CONCLUSION

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

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

Marie Stuhlmuller	Examination Manager	Office
James Menck, CFE	Examination Manager	Eide Bailly, LLP
Wytonia Dennis	Participating Examiner	Office
Michael Nadeau, CISA	IT Specialist	Eide Bailly, LLP
Daniel A. Reppert, FCAS, MAAA	Actuary	Financial Risk Analysts, LLC

Respectfully submitted,

Robin Roberts, CFE
Examiner-in-Charge
Eide Bailly, LLP
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