REPORT ON EXAMINATION

OF

PRIVILEGE UNDERWRITERS
RECIPROCAL EXCHANGE
WHITE PLAINS, NEW YORK

AS OF
DECEMBER 31, 2008

BY THE
OFFICE OF INSURANCE REGULATION
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Tallahassee, Florida

September 24, 2009

Kevin M. McCarty
Commissioner
Office of Insurance Regulation
State of Florida
Tallahassee, Florida 32399-0326

Dear Sir:

Pursuant to your instructions, in compliance with Chapter 629 and Section 624.316, Florida Statutes, 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, 2008, of the financial condition and corporate affairs of:

PRIVILEGE UNDERWRITERS RECIPROCAL EXCHANGE
ONE NORTH LEXINGTON AVENUE
WHITE PLAINS, NEW YORK 10601

Hereinafter referred to as, the “Reciprocal”. Such report of examination is herewith respectfully submitted.
SCOPE OF EXAMINATION

This examination covered the period of January 1, 2008, through December 31, 2008. The Reciprocal was last examined by representatives of the Florida Office of Insurance Regulation (Office) as of December 31, 2007. This is a second year examination. The examination commenced with planning at the Office on July 20, 2009, to July 23, 2009. The fieldwork commenced on August 3, 2009, and concluded as of September 24, 2009.

This financial examination was a statutory financial examination conducted in accordance with the Financial Condition Examiners Handbook, Accounting Practices and Procedures Manual and annual statement instructions promulgated by the NAIC as adopted by Rules 69O-137.001(4) and 69O-138.001, Florida Administrative Code, with due regard to the statutory requirements of the insurance laws and rules of the State of Florida.

The Financial Condition Examiners Handbook requires that the examination be planned and performed to evaluate the financial condition and identify prospective risks of the Reciprocal by obtaining information about the Reciprocal including corporate governance, identifying and assessing inherent risks within the Reciprocal, and evaluating system controls and procedures used to mitigate those risks. An examination also includes assessing the principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation and management's compliance with Statutory Accounting Principles and annual statement instructions when applicable to domestic state regulations.

Risk-focused examinations consist of a seven-phase process that can be used to identify and assess risk, assess the adequacy and effectiveness of strategies/controls used to mitigate risk and assist in determining the extent and nature of procedures and testing to be utilized in order to
complete the review of that activity. The process should generally include a determination of the quality and reliability of the corporate governance structure and risk management programs. In addition, it can be used for verification of specific portions of the financial statements or other limited-scope reviews, increased focus on, and can result in increased substantive testing of, accounts identified as being at high risk of misstatement. Conversely, the risk assessment process should result in decreased focus on, and fewer substantive tests on the accounts identified as being at low risk of misstatement. The risk-focused surveillance process can be used to assist examiners in targeting areas of high-risk.

In this examination, emphasis was directed to the quality, value and integrity of the statement of assets and the determination of liabilities, as those balances affect the financial solvency of the Reciprocal as of December 31, 2008. Transactions subsequent to year-end 2008 were reviewed where relevant and deemed significant to the Reciprocal’s financial condition.

All accounts and activities of the Reciprocal were considered in accordance with the risk-focused examination process.

The examination included a review of the corporate records and other selected records deemed pertinent to the Reciprocal’s operations and practices. In addition, the NAIC IRIS ratio reports, the A.M. Best Report, the Reciprocal’s independent audit reports and certain work papers prepared by the Reciprocal’s independent certified public accountant (CPA) and other reports as considered necessary were reviewed and utilized where applicable within the scope of this examination.
This report of examination was confined to financial statements and comments on matters that involved departures from laws, regulations or rules, or which were deemed to require special explanation or description.

**Status of Adverse Findings from Prior Examination**

There were no exceptions or findings in the examination as of December 31, 2007.

**HISTORY**

**General**

The Reciprocal was organized in Florida on January 23, 2007, as a reciprocal insurer and commenced business on January 29, 2007, as Privilege Underwriters Reciprocal Exchange. The Reciprocal was a non-assessable unincorporated aggregation of subscribers governed by a Subscribers Advisory Committee (SAC) which is similar to a board of directors.

The Reciprocal was managed by its Attorney-in-Fact (AIF), Pure Risk Management, L.L.C. The AIF managed all of the operations of the Reciprocal and was owned by Privilege Underwriters, Inc.

The Reciprocal was initially capitalized with $10 Million of surplus notes.

The Reciprocal was party to Consent Order 88701-06-CO, filed January 16, 2007, regarding the application for the issuance of a Certificate of Authority. The Reciprocal was in compliance with that order.
The Reciprocal was party to Consent Order 90182-07-CO, filed September 11, 2007, in order to enter into a subordinated surplus debenture with Privilege Underwriters, Inc. for up to $30 Million. The Office approved this transaction.

The Reciprocal was party to Consent Order 96856-08-CO, filed July 30, 2008, regarding the application of 1492 Capital, LLC to obtain an indirect controlling interest of the Reciprocal through the acquisition of shares of Privilege Underwriters, Inc., the parent of the AIF. The Office approved this acquisition.

The Reciprocal was authorized to transact the following insurance coverage in Florida on December 31, 2008:

- Homeowners multi peril
- Inland marine
- Other liability
- Private passenger auto physical damage
- Private passenger auto liability

The SAC Charter was not amended during the period covered by this examination.

**Capital Stock**

The Reciprocal was a non-assessable reciprocal and therefore had no capital stock.
Profitability of Reciprocal

The following table shows the profitability trend (in dollars) of the Reciprocal for the period of operations, as reported in the filed annual statements.

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Premiums Earned</td>
<td>6,864,333</td>
<td>1,989,299</td>
</tr>
<tr>
<td>Net Underwriting Gain/(Loss)</td>
<td>(2,991,775)</td>
<td>(2,956,544)</td>
</tr>
<tr>
<td>Net Income</td>
<td>(3,804,559)</td>
<td>(3,410,591)</td>
</tr>
<tr>
<td>Total Assets</td>
<td>59,882,064</td>
<td>59,393,434</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>12,020,861</td>
<td>10,269,770</td>
</tr>
<tr>
<td>Surplus As Regards Policyholders</td>
<td>47,861,203</td>
<td>49,123,664</td>
</tr>
</tbody>
</table>

Dividends to Stockholders

The Reciprocal was organized as a non-assessable reciprocal insurer and therefore had no stockholders.

Management

The annual SAC meeting was held in accordance with Section 629.201, Florida Statutes. A document titled “Powers of the Subscriber’s Advisory Committee” sets forth the terms and conditions upon which the SAC shall operate. Members serving as the SAC of December 31, 2008, were:
The Committee Members in accordance with the Reciprocal’s bylaws appointed the following senior officers:

**Senior Officers**

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ross Buchmueller</td>
<td>President</td>
</tr>
<tr>
<td>Martin Hartley</td>
<td>Executive Vice President &amp; COO</td>
</tr>
<tr>
<td>Jeffrey Paraschac</td>
<td>Senior Vice President &amp; CFO</td>
</tr>
</tbody>
</table>

**Conflict of Interest Procedure**

The Reciprocal adopted a policy statement requiring annual disclosure of conflicts of interest in accordance with the NAIC Financial Condition Examiners Handbook.

**Corporate Records**

The recorded minutes of the SAC were reviewed for the period under examination through the end of field work. The recorded minutes of the SAC adequately documented its meetings and approval of Reciprocal transactions and events in accordance with Section 607.1601, Florida
Statutes, including the authorization of investments as required by Section 625.304, Florida Statutes.

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

The Reciprocal had no acquisitions, mergers, disposals, dissolutions or purchases or sales through reinsurance during the period under examination.

**Surplus Debentures**

The Reciprocal had the following surplus debenture as of December 31, 2008.

State Board of Administration of Florida issued $17,000,000 on June 13, 2007 with an interest rate of 5.00% due June 13, 2027.

The surplus note has restrictions which require the approval of the Office prior to any payment of interest or repayment of principal.

**AFFILIATED COMPANIES**

The Reciprocal became a member of an insurance holding company system as defined by Rule 69O-143.045(3), Florida Administrative Code on August 5, 2008, when PURE Insurance Company was formed. The latest holding company registration statement was filed with the State of Florida on July 22, 2009, as required by Section 628.801, Florida Statutes, and Rule 69O-143.046, Florida Administrative Code.
An organizational chart as of December 31, 2008, reflecting the holding company system, is shown below. Schedule Y of the Reciprocal's 2008 annual statement provided a list of all related companies of the holding company group.

PRIVILEGE UNDERWRITERS RECIPROCAL EXCHANGE
ORGANIZATIONAL CHART
DECEMBER 31, 2008

Privilege Underwriters, Inc.

100% 100%
PURE Risk Management, LLC PURE Insurance Company

Privilege Underwriters Reciprocal Exchange

PURE Risk Management, LLC serves as Attorney-in-fact for Privilege Underwriters Reciprocal Exchange.

The following agreements were in effect between the Reciprocal and its affiliates:
Subscribers Agreement and Power of Attorney

Each new Subscriber signed a Subscriber's Agreement and Power of Attorney which appointed Pure Risk Management, LLC as the AIF, which allowed the AIF to conduct the lawful business of the Reciprocal. Each Subscriber agreed to make a surplus contribution for five years. The surplus contribution was a percentage of the policy premium and was 10% for Homeowner and Watercraft policies and 4% for all other policies.

Agency Agreement

The Reciprocal and Privilege Underwriters, Inc. (PUI) entered into an agency agreement whereby PUI receives a 10% commission on policies written for policies with commission and will enter into a distinct professional services agreement with the member for non-commission policies. The Reciprocal will not be involved in the collection of fees between PUI and the member.

Reinsurance Pooling Agreement

The Reciprocal was party to a reinsurance pooling agreement with PURE Insurance Company as noted in the reinsurance section.

FIDELITY BOND AND OTHER INSURANCE

The AIF managed the affairs of the Reciprocal. The AIF filed with the Office a bond in the sum of $100,000 in aggregate form in favor of the State of Florida, for the benefit of all persons damaged as a result of a breach by the AIF from the conditions of the bonds. This adequately adhered to the suggested minimum amount of coverage as required in Section 629.121, Florida Statutes.
The Reciprocal also maintained Directors and Officers (D&O) liability insurance coverage limits of $5,000,000 and deductibles ranging from $25,000 to $50,000. In addition to the primary D&O coverage, the Reciprocal had D&O liability limit excess amount up to $20,000,000.

PENSION, STOCK OWNERSHIP AND INSURANCE PLANS

The Reciprocal had no employees and therefore had no pension, stock ownership or insurance plans.

STATUTORY DEPOSITS

The following securities were deposited with the State of Florida as required by Section 624.411, Florida Statutes:

<table>
<thead>
<tr>
<th>STATE</th>
<th>Description</th>
<th>Par Value</th>
<th>Market Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>FL</td>
<td>US Treasury Notes</td>
<td>$ 540,000</td>
<td>$ 576,788</td>
</tr>
<tr>
<td></td>
<td>TOTAL FLORIDA DEPOSITS</td>
<td>$ 540,000</td>
<td>$ 576,788</td>
</tr>
<tr>
<td>SC</td>
<td>US Treasury Notes</td>
<td>$ 121,000</td>
<td>$ 134,801</td>
</tr>
<tr>
<td></td>
<td>TOTAL OTHER DEPOSITS</td>
<td>$ 121,000</td>
<td>$ 134,801</td>
</tr>
<tr>
<td></td>
<td>TOTAL STATE DEPOSITS</td>
<td>$ 661,000</td>
<td>$ 711,589</td>
</tr>
</tbody>
</table>

INSURANCE PRODUCTS

The Reciprocal was authorized to transact insurance in the State of Florida. The Certificate of Authority to transact insurance business in Florida was issued to the AIF in accordance with Section 629.091, Florida Statutes.
Territory

The Reciprocal was authorized to transact insurance in the following states at December 31, 2008:

- Connecticut
- Florida
- New Jersey
- New York
- South Carolina
- District of Columbia

The Company became licensed in Georgia and Maryland during 2009.

Treatment of Policyholders

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

The Reciprocal 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.

Assumed

The Reciprocal had no assumed business at December 31, 2008.

Ceded

The Reciprocal ceded risk on a quota share and excess of loss basis to various third party reinsurers. Quota share agreements were entered into for each line of business, Florida
Hurricane Catastrophe Fund (FHCF) and property excess of loss reinsurance for catastrophic events. Effective June 1, 2008, the Reciprocal had a number of reinsurance agreements with various subscribers under an amended and revised contract with Guy Carpenter. Various quota share percentages for each line of business were ceded under separate agreements.

The reinsurance contracts were reviewed by the Reciprocal’s appointed actuary and were utilized in determining the ultimate loss opinion.

The Reciprocal participated in a 50% pooling agreement with its affiliate PURE Insurance Company (PIC), whereby PIC assumed 50% of the business net of outside reinsurance. This contract was effective at the inception of PIC on August 5, 2008.

**ACCOUNTS AND RECORDS**

The Reciprocal maintained its principal operational offices in White Plains, New York, where this examination was conducted.

An independent CPA audited the Reciprocal’s statutory basis financial statements annually for the years 2007 and 2008, 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 Reciprocal’s accounting records were maintained on a computerized system. The Reciprocal’s balance sheet accounts were verified with the line items of the annual statement submitted to the Office.
The Reciprocal and non-affiliates had the following agreements:

**Custodial Agreement**

The Reciprocal entered into a custodial agreement with TD Bank, NA, dated October 10, 2008. The agreement contained all the requirements of Rule 69O-143.042.

**Attorney-in-Fact Agreement**

The Reciprocal, being a non-assessable reciprocal insurer and as prescribed by Chapter 629, Florida Statutes, entered into an Attorney-in-Fact agreement with the AIF, Pure Risk Management, LLC on January 24, 2007. The agreement provided, in general, that the AIF manage the affairs of the Reciprocal to include premiums and claims administration services and periodic reporting of the Reciprocal’s financials to the SAC.

For providing the services, excluding claim handling, AIF was paid a percentage of the total gross written premium and for claim handling services was paid a percentage of gross earned premium. Loss adjustment expense in excess of $2,500 per claim, were paid by the Reciprocal.

**Independent Auditor Agreement**

The Reciprocal engaged Amper, Politzer & Mattia, LLP to perform the statutory audits of its financial statements for the year under examination, as required by Section 624.424(8), Florida Statutes and Rule 69O-137.002, FAC.

**Information Technology Report**

Deanna Leyden, CFE, CISA, CICA performed an evaluation of the information technology and computer systems of the Reciprocal. Results of the evaluation were noted in the Information Technology Report provided to the Reciprocal.
FINANCIAL STATEMENTS PER EXAMINATION

The following pages contain financial statements showing the Reciprocal’s financial position as of December 31, 2008, and the results of its operations for the year then ended as determined by this examination. Adjustments made as a result of the examination are noted in the section of this report captioned, “Comparative Analysis of Changes in Surplus.”
# PRIVILEGE UNDERWRITERS RECIPROCAL EXCHANGE

## Assets

**DECEMBER 31, 2008**

<table>
<thead>
<tr>
<th></th>
<th>Per Company</th>
<th>Examination Adjustments</th>
<th>Per Examination</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bonds</td>
<td>$48,789,859</td>
<td>$0</td>
<td>$48,789,859</td>
</tr>
<tr>
<td>Cash and Short term investments</td>
<td>1,010,193</td>
<td></td>
<td>$1,010,193</td>
</tr>
<tr>
<td>Investment income due and accrued</td>
<td>444,295</td>
<td></td>
<td>444,295</td>
</tr>
<tr>
<td>Agents' Balances:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Uncollected premium</td>
<td>1,539,193</td>
<td></td>
<td>1,539,193</td>
</tr>
<tr>
<td>Deferred premium</td>
<td>6,573,741</td>
<td></td>
<td>6,573,741</td>
</tr>
<tr>
<td>Amounts recoverable from reinsurers</td>
<td>886,740</td>
<td></td>
<td>886,740</td>
</tr>
<tr>
<td>Receivable from parents, subsidiaries and affiliates</td>
<td>638,043</td>
<td></td>
<td>638,043</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td>$59,882,064</td>
<td>$0</td>
<td>$59,882,064</td>
</tr>
<tr>
<td></td>
<td>Per Company</td>
<td>Examination Adjustments</td>
<td>Per Examination</td>
</tr>
<tr>
<td>--------------------------------------</td>
<td>-------------</td>
<td>-------------------------</td>
<td>-----------------</td>
</tr>
<tr>
<td>Losses</td>
<td>$1,947,712</td>
<td>$0</td>
<td>$1,947,712</td>
</tr>
<tr>
<td>Loss adjustment expenses</td>
<td>483,757</td>
<td></td>
<td>483,757</td>
</tr>
<tr>
<td>Commissions payable</td>
<td>464,935</td>
<td></td>
<td>464,935</td>
</tr>
<tr>
<td>Other expenses</td>
<td>522,591</td>
<td></td>
<td>522,591</td>
</tr>
<tr>
<td>Taxes, licenses and fees</td>
<td>236,374</td>
<td></td>
<td>236,374</td>
</tr>
<tr>
<td>Unearned premium</td>
<td>3,589,739</td>
<td></td>
<td>3,589,739</td>
</tr>
<tr>
<td>Ceded reinsurance premiums payable</td>
<td>1,439,283</td>
<td></td>
<td>1,439,283</td>
</tr>
<tr>
<td>Funds held by company under reinsurance treaties</td>
<td>3,336,470</td>
<td></td>
<td>3,336,470</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>$12,020,861</td>
<td>$0</td>
<td>$12,020,861</td>
</tr>
<tr>
<td>Common capital stock</td>
<td>$0</td>
<td></td>
<td>$0</td>
</tr>
<tr>
<td>Surplus notes</td>
<td>51,000,000</td>
<td></td>
<td>51,000,000</td>
</tr>
<tr>
<td>Gross paid in and contributed surplus</td>
<td>4,356,122</td>
<td></td>
<td>4,356,122</td>
</tr>
<tr>
<td>Unassigned funds (surplus)</td>
<td>(7,494,919)</td>
<td></td>
<td>(7,494,919)</td>
</tr>
<tr>
<td>Surplus as regards policyholders</td>
<td>$47,861,203</td>
<td></td>
<td>$47,861,203</td>
</tr>
<tr>
<td>Total liabilities, surplus and other funds</td>
<td>$59,882,064</td>
<td>$0</td>
<td>$59,882,064</td>
</tr>
</tbody>
</table>
PRIVILEGE UNDERWRITERS RECIPROCAL EXCHANGE
Statement of Income
DECEMBER 31, 2008

Underwriting Income

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Premiums earned</td>
<td>$6,864,333</td>
</tr>
<tr>
<td>Deductions:</td>
<td></td>
</tr>
<tr>
<td>Losses incurred</td>
<td>2,986,676</td>
</tr>
<tr>
<td>Loss expenses incurred</td>
<td>533,951</td>
</tr>
<tr>
<td>Other underwriting expenses incurred</td>
<td>6,365,480</td>
</tr>
<tr>
<td>Total underwriting deductions</td>
<td>$9,886,107</td>
</tr>
<tr>
<td>Net underwriting gain or (loss)</td>
<td>($2,991,774)</td>
</tr>
</tbody>
</table>

Investment Income

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net investment income earned</td>
<td>($412,207)</td>
</tr>
<tr>
<td>Net realized capital gains or (losses)</td>
<td>(400,577)</td>
</tr>
<tr>
<td>Net investment gain or (loss)</td>
<td>($612,784)</td>
</tr>
<tr>
<td>Net income before dividends to policyholders and</td>
<td></td>
</tr>
<tr>
<td>before federal &amp; foreign income taxes</td>
<td>($3,804,559)</td>
</tr>
<tr>
<td>Dividends to policyholders</td>
<td>0</td>
</tr>
<tr>
<td>Net income, after dividends to policyholders, but</td>
<td></td>
</tr>
<tr>
<td>before federal &amp; foreign income taxes</td>
<td>($3,804,559)</td>
</tr>
<tr>
<td>Federal &amp; foreign income taxes</td>
<td>0</td>
</tr>
<tr>
<td>Net Income</td>
<td>($3,804,559)</td>
</tr>
</tbody>
</table>

Capital and Surplus Account

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surplus as regards policyholders, December 31 pr</td>
<td>$49,123,664</td>
</tr>
<tr>
<td>Net Income</td>
<td>($3,804,559)</td>
</tr>
<tr>
<td>Net unrealized capital gains or losses</td>
<td>(29,750)</td>
</tr>
<tr>
<td>Change in net deferred income tax</td>
<td>1,484,366</td>
</tr>
<tr>
<td>Change in non-admitted assets</td>
<td>(1,611,150)</td>
</tr>
<tr>
<td>Surplus adjustments: Paid in</td>
<td>2,698,671</td>
</tr>
<tr>
<td>Change in surplus as regards policyholders for t</td>
<td>($1,282,452)</td>
</tr>
<tr>
<td>Surplus as regards policyholders, December 31 c</td>
<td>$47,861,202</td>
</tr>
</tbody>
</table>
COMMENTS ON FINANCIAL STATEMENTS

Liabilities

**Losses and Loss Adjustment Expenses**

$2,431,469

An outside actuarial firm, appointed by the SAC, rendered an opinion that the amounts carried in the balance sheet as of December 31, 2008, made a reasonable provision for all unpaid loss and loss expense obligations of the Company under the terms of its policies and agreements.

The contracted actuary reviewed work papers provided by the Company and was in concurrence with this opinion.

**Capital and Surplus**

The amount reported by the Reciprocal of $47,861,203, exceeded the minimum of $4,000,000 required by Section 624.408, Florida Statutes.

A comparative analysis of changes in surplus is shown below.
The following is a reconciliation of Surplus as regards policyholders between that reported by the Company and as determined by the examination.

<table>
<thead>
<tr>
<th></th>
<th>Per Company</th>
<th>Per Exam</th>
<th>Increase in Surplus</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets</td>
<td>No adjustment</td>
<td>$0</td>
<td></td>
</tr>
<tr>
<td>Liabilities</td>
<td>No adjustment</td>
<td>$0</td>
<td></td>
</tr>
</tbody>
</table>

Net Change in Surplus: 0

Surplus as Regards Policyholders
December 31, 2008, Per Examination $47,861,203
SUMMARY OF FINDINGS

Compliance with previous directives
There were no exceptions or findings in the examination as of December 31, 2007

Current examination comments and corrective action
There were no exceptions or findings in the examination as of December 31, 2008.

SUBSEQUENT EVENTS

The Reciprocal obtained a license in the States of Georgia and Maryland during 2009.
CONCLUSION

The insurance examination practices and procedures as promulgated by the NAIC have been followed in ascertaining the financial condition of Privilege Underwriters Reciprocal Exchange as of December 31, 2008, consistent with the insurance laws of the State of Florida.

Per examination findings, the Reciprocal’s Surplus as regards policyholders was $47,861,203, in compliance with Section 624.408, Florida Statutes.

In addition to the undersigned Maurice Fuller, Examiner with the Florida Office of Insurance Regulation and Joanne Campanelli, CFE, Brent Sallay, FCAS, MAAA, Randall Ross, ACAS, MAAA, Stanley Kaplan, CFE and Deanna Leyden, CFE, CISA, CICA of Examination Resources, LLC, participated in the examination.

Respectfully submitted,

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Financial Examiner/Analyst Supervisor
Florida Office of Insurance Regulation