



**EXAMINATION REPORT  
OF  
STATE FARM FLORIDA INSURANCE COMPANY**

**NAIC Company Code: 10739**

**Winter Haven, Florida  
as of  
December 31, 2015**

**BY THE  
FLORIDA OFFICE OF INSURANCE REGULATION**

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March 30, 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 690-138.005, Florida Administrative Code, and in accordance with the practices and procedures promulgated by the National Association of Insurance Commissioners ("NAIC"), we have conducted an examination as of December 31, 2015, of the financial condition and corporate affairs of

**State Farm Florida Insurance Company**  
7401 Cypress Gardens Blvd.  
Winter Haven, Florida 33888

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, 2015 through December 31, 2015. The Company was last examined by representatives of the Florida Office of Insurance Regulation (Office) covering the period of January 1, 2010 through December 31, 2014. This examination commenced with planning at the Office on June 28, 2016 to June 30, 2016. The fieldwork commenced on July 5, 2016 and concluded as of March 30, 2017.

The examination was a multi-state 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.

The companies listed on the following page were examined concurrently as part of the coordinated examination led by the Illinois Department of Insurance, the Lead State for the group.

<b>Company Name</b>	<b>Domiciliary State</b>
State Farm Mutual Automobile Insurance Company ("SFMAIC")	Illinois
State Farm Fire and Casualty Company ("SFFCC")	Illinois
State Farm General Insurance Company ("SFGIC")	Illinois
State Farm Indemnity Company ("SFIC")	Illinois
State Farm Guaranty Insurance Company ("SFGIC")	Illinois
Oglesby Reinsurance Company ("ORC")	Illinois
State Farm Life Insurance Company ("SFLIC")	Illinois
State Farm Life and Accident Assurance Company (SFLAAC")	Illinois
State Farm Health Insurance Company ("SFHIC")	Illinois
State Farm County Mutual Insurance Company of Texas ("SFCMICT")	Texas
State Farm Lloyds ("SFL")	Texas

## **SUMMARY OF SIGNIFICANT FINDINGS**

### **Current Examination Findings**

The following is a summary of material adverse findings, significant non-compliance findings or material changes in the financial statements:

#### **Accounts and Records**

The Company was not in compliance with Section 626.7492(6)(c), Florida Statutes, which states, "The insurer shall annually obtain a copy of statements of the financial condition of each reinsurance intermediary broker with which it transacts business." The Company did not annually obtain a copy of AON Benfield, Inc.'s statement of their financial condition.

**Subsequent Event:** The Company provided documentation of the 2016 AON, PLC 10-K filing. AON Benfield, Inc.'s statement of financial condition was included within the filing. The Company provided information that obtaining and reviewing the 10-K will be included in future annual reinsurance control procedure.

## Prior Examination Findings

There were no material findings or exceptions noted during the examination as of December 31, 2014.

## COMPANY HISTORY

### General

The Company was incorporated in Florida on December 7, 1998 and commenced business on December 30, 1998.

The Company was authorized to transact insurance in Florida on December 30, 1998 and is currently authorized for the following coverages as of December 31, 2015:

Homeowners Multi-Peril	Earthquake
Commercial Multi-Peril	Other Liability
Inland Marine	Medical Malpractice

### 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, 2015, the Company's capitalization was as follows:

Number of authorized common capital shares	8,000,000
Number of shares issued and outstanding	6,075,000
Total common capital stock	\$516,375,000
Par value per share	\$85.00

Control of the Company was maintained by its parent, SFMAIC, which owned one-hundred percent (100%) of the stock issued by the Company.

### **Surplus Notes**

The Company issued two surplus debentures to SFMAIC in 2004. One surplus note was issued for \$250,000,000 on September 30, 2004 with an interest rate of seven percent (7%), and the second surplus note was issued for \$500,000,000 on November 8, 2004 with an interest rate of seven percent (7%).

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

The Company had no 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 recorded minutes of the Board adequately documented its meetings and approval of Company transactions and events, in compliance with the Handbook adopted by Rule 69O-138.001, Florida Administrative Code, 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 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 below:

#### Directors

<b>Name</b>	<b>City, State</b>	<b>Principal Occupation</b>
Julie Ann Bolton <sup>(a)</sup>	Saint Louis, Missouri	Vice President - Underwriting Operations, SFMAIC
Timothy Patrick McFadden	Vienna, Virginia	Senior Vice President, SFMAIC
Kevin Harper McKay	Bloomington, Illinois	Senior Vice President, SFMAIC
Christy Ann Moberly	Normal, Illinois	Senior Vice President - Agency and Marketing, SFMAIC
Robert Hun Sang Yi	Bloomington, Illinois	Senior Vice President, SFMAIC

(a) Resigned on July 29, 2016 and was replaced by Kimberly Ann Sterling as a Director on August 19, 2016.

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

### Senior Officers

<b>Name</b>	<b>City, State</b>	<b>Title</b>
James Murray Thompson <sup>(b)</sup>	Menomonee Falls, Wisconsin	President and Chief Executive Officer, State Farm Florida Insurance Company
Paul Joseph Smith <sup>(c)</sup>	Bloomington, Illinois	Vice President and Treasurer, State Farm Florida Insurance Company
Lynne Madden Yowell	Hudson, Illinois	Vice President, Secretary, and Associate General Counsel, State Farm Florida Insurance Company

(b) Resigned on January 6, 2016 and was replaced by Timothy Patrick McFadden as President and Chief Executive Officer on January 7, 2016.

(c) Resigned on January 2, 2016 and was replaced by Jon Charles Farney as Vice President and Treasurer on January 2, 2016.

The Company's Board appointed several internal committees. The principal internal Board committees and their members as of December 31, 2015 are on the following pages.

### **Executive Committee**

<b>Name</b>	<b>City, State</b>	<b>Title</b>
James Murray Thompson <sup>(1)</sup>	Menomonee Falls, Wisconsin	President and Chief Executive Officer, State Farm Florida Insurance Company
Kevin Harper McKay	Bloomington, Illinois	Senior Vice President, State Farm Florida Insurance Company
Robert Hun Sang Yi	Bloomington, Illinois	Senior Vice President, State Farm Florida Insurance Company

<sup>1</sup> Chairman; resigned on January 6, 2016 and was replaced by Timothy Patrick McFadden as President and Chief Executive Officer on January 7, 2016.

The Company maintained an audit committee, as required by Section 624.424(8)(c), Florida Statutes. The Audit Committee of SFMAIC has been deemed by the State Farm Mutual Board of Directors as the Audit Committee for State Farm Florida Insurance Company.

### **Audit Committee (of SFMAIC)**

<b>Name</b>	<b>City, State</b>	<b>Title</b>
Gary L. Perlin <sup>(1)</sup>	Fairfax Station, Virginia	Retired Chief Financial Officer, Capital One Financial Corporation
W. Steven Jones	Chapel Hill, North Carolina	Professor of Organizational Behavior and Strategy, University of North Carolina
Allan R. Landon	Park City, Utah	Assistant Dean, David Eccles School of Business, University of Utah
John D. Zeglis	Culver, Indiana	Former Chairman and Chief Executive Officer of AT&T Wireless

<sup>1</sup> Chairman

## Investment Committee

Name	City, State	Title
James M. Thompson <sup>(1)</sup>	Menomonee Falls, Wisconsin	President and Chief Executive Officer, State Farm Florida Insurance Company
Julie A. Bolton <sup>(2)</sup>	St. Louis, Missouri	Vice President - Underwriting Operations, State Farm Florida Insurance Company
Robert Hun Sang Yi	Bloomington, Illinois	Senior Vice President, State Farm Florida Insurance Company

<sup>1</sup> Chairman; resigned on January 6, 2016 and was replaced by Timothy Patrick McFadden as President and Chief Executive Officer on January 7, 2016.

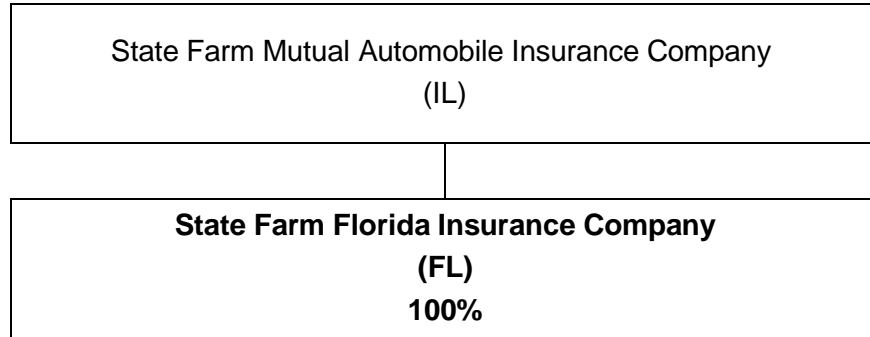
<sup>2</sup> Resigned on July 29, 2016 and was replaced by Kimberly Ann Sterling as a Director on August 19, 2016.

## Affiliated Companies

A holding company registration statement was filed with the Illinois Department of Insurance on April 27, 2016 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.

**State Farm Florida Insurance Company**  
**Simplified Organizational Chart**  
**December 31, 2015**



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

### **Short-term Investment Pooling Agreement**

The parent, SFMAIC, along with SFFCIC, SFGIC, SFIC, SFGIC, SFL, SFCMICT, SFLIC, SFLAAC, SFALIC, ORL and the Company created a limited liability company effective March 15, 2001 under the name State Farm Liquidity Pool, LLC, so that each affiliated company may participate as a member in a Short-term Investment Pooling Agreement. The pool reduced the need for transactions between affiliates and reduced transaction costs.

### **Operating Agreement – Liquidity Pool**

The Company and other affiliated members of the State Farm Liquidity Pool, LLC entered into an Operating Agreement - Liquidity Pool effective March 15, 2001. This agreement allows for the transaction of all business related to participation in permitted investments as specified in the pooling agreement. In accordance with applicable laws, this agreement provides all necessary and appropriate financial and administrative services and support for such activities and other powers as necessary.

### **Trainee Agent Compensation Cost Allocation Agreement**

The Company and SFMAIC had a Trainee Agent Cost Allocation Agreement, effective January 1, 1999, which itemized the cost and value of services rendered by the parent to the Company for the compensation of trainee agents. SFMAIC provided for the developmental financing costs and compensation of the trainee agents selling and servicing State Farm products under the provision of the applicable trainee agents agreement between the parent and the trainee agents. The Company agreed to pay the parent an amount equal to all compensation of trainee agents with respect to the Company's business that would have been paid to these agents as if they were non-trainee agents. The Trainee Agent Compensation Allocation Agreement was terminated in 2015 because there were no longer trainee agents. Fees incurred under this agreement during 2015 amounted to \$0.

## **Common Clearing Account Agreement**

The Company and its affiliates entered into a Common Clearing Account Agreement, effective July 20, 2008, that implemented a comprehensive cash balance system, whereby premium payments and other cash receipts were deposited into one or more deposit clearing accounts pending transmittal by electronic funds transfer to the operating bank account of the company to whom the funds belonged. The Company and its affiliates also implemented a comprehensive cash disbursement system whereby disbursements were processed through one or more common disbursement clearing accounts. The operating bank account of the Company on whose behalf the disbursement was made was adjusted accordingly.

## **Demand Line of Credit Agreement**

SFMAIC established a revocable Demand Line of Credit Agreement on July 21, 2006 for the use of the Company. Pursuant to the agreement, the Company may borrow up to the aggregate principal amount \$500,000,000 at any one time. As of December 31, 2015, the Company had not drawn upon this line of credit.

## **Services and Facilities Agreement**

The Company and SFMAIC entered into a Services and Facilities Agreement, effective January 1, 2007 and updated January 1, 2013, in which SFMAIC provides services and facilities to the Company. Under the agreement, the parent renders certain services, such as underwriting advice and related services, policy issuing and billing services, internal auditing, records retention services and provides certain facilities for the Company to the extent not already provided by itself or by another servicing company. The Company agrees to reimburse all reasonable expenses incurred and allocated by the parent for the performance and provision of the services and facilities on an equitable and reasonable basis in conformity with customary insurance accounting principles consistently applied, within sixty (60) days of the end of the calendar month in which such expenses were incurred. Fees incurred under this agreement during 2015 amounted to \$69,664,611.

## **Federal Income Tax Allocation Agreement**

The Company and its affiliates entered into a Federal Income Tax Allocation Agreement, effective November 1, 2014, to file a consolidated federal income tax return and allocate the total consolidated federal income tax liability in accordance with Section 1552(a)(2) of the Internal Revenue Code. The consolidated federal income tax liability was apportioned to each company in accordance with an agreement authorized by each company's Board of Directors. As of December 31, 2015, the method of allocation was based upon separate return calculations for regular and alternative minimum tax with current credits for net losses and tax credits used by the consolidated group.

## **Florida Corporate Income Tax Allocation Agreement**

The Company and its affiliates entered into a Florida Corporate Income Tax Allocation Agreement, effective January 1, 2015, whereby the Company is party to a consolidated Florida corporate income tax return, and the consolidated Florida corporation income tax liability is allocated to each corporation pro rata based upon what each separate corporation's Florida corporation income tax liability would have been if no consolidated Florida corporate income tax return were filed.

## **Illinois Insurance Corporation Income Tax Allocation Agreement**

The Company and its affiliates entered into an Illinois Insurance Corporation Income Tax Allocation Agreement, effective January 1, 2015, whereby the Company is party to a consolidated Illinois corporate income tax return, and the consolidated Illinois corporation income tax liability is allocated to each corporation pro rata based upon what each separate corporation's Illinois corporation income tax liability would have been if no consolidated Illinois corporate income tax return were filed.



## **TERRITORY AND PLAN OF OPERATIONS**

The Company was authorized to transact insurance in the states of Florida and Illinois.

### **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)(3)(a), 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 did not assume any reinsurance during the period of this examination.

### **Reinsurance Ceded**

As of December 31, 2015, the Company's ceded reinsurance program consisted of numerous excess of loss, quota share and catastrophe reinsurance provided by agreements with various commercial reinsurers and SFMAIC. Some treaties were placed through reinsurance intermediary, AON Benfield, Inc. ("AON"). The Company also participated in the Florida Hurricane Catastrophe Fund ("FHCF").

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

## **ACCOUNTS AND RECORDS**

The Company maintained its principal operational offices in Winter Haven, Florida.

The Company and non-affiliates had the following agreements:

### **Custodial Agreement**

The Company had an amended and restated Custodial Agreement with Mellon Private Trust Company, N.A., executed on March 15, 2001. The agreement was in compliance with Rule 69O-143.042(2), Florida Administrative Code.

### **Reinsurance Intermediary-Broker Agreement**

The Company entered into a Reinsurance Intermediary-Broker Agreement with AON, effective July 1, 2011. AON was engaged to negotiate and obtain reinsurance on behalf of the Company.

The Company was not in compliance with Section 626.7492(6)(c), Florida Statutes, which states, "The insurer shall annually obtain a copy of statements of the financial condition of each reinsurance intermediary broker with which it transacts business." The Company did not obtain a copy of AON's statement of their financial condition annually.

**Subsequent Event:** The Company provided documentation of the 2016 AON, PLC 10-K filing. AON Benfield, Inc.'s statement of financial condition was included within the filing. The Company provided information that obtaining and reviewing the 10-K will be included in future annual reinsurance control procedure.

## **Independent Auditor Agreement**

An independent CPA, PricewaterhouseCoopers LLP, audited the Company's statutory basis financial statement for the year 2015 in accordance with Section 624.424(8), Florida Statutes.

Supporting workpapers were prepared by the CPA firm as required by Rule 69O-137.002, Florida Administrative Code.

## **INFORMATION TECHNOLOGY REPORT**

Joe Dobias, CISA, IT Specialist of INS Services, Inc., 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:

<b>State</b>	<b>Description</b>	<b>Par Value</b>	<b>Market Value</b>
FL	US Treasury Notes, 4.63%	\$ 2,750,000	\$ 2,836,900
TOTAL FLORIDA DEPOSITS		\$ 2,750,000	\$ 2,836,900

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

**State Farm Florida Insurance Company**

**Assets**

**December 31, 2015**

	Per Company	Examination Adjustments	Per Examination
Bonds	\$1,677,760,383		\$1,677,760,383
Cash and Short-Term Investments	144,962,611		144,962,611
Investment income due and accrued	14,815,981		14,815,981
Agents' Balances:			
Uncollected premium	5,270,043		5,270,043
Deferred premium	89,299,573		89,299,573
Reinsurance recoverable	133,761		133,761
EDP Equipment			0
Current federal and foreign income tax recoverable and interest thereon	15,065,426		15,065,426
Net deferred tax assets	43,660,367		43,660,367
Aggregate write-in for other than invested assets	965,585		965,585
Totals	<u>\$1,991,933,730</u>	<u>\$0</u>	<u>\$1,991,933,730</u>

**State Farm Florida Insurance Company**  
**Liabilities, Surplus and Other Funds**  
**December 31, 2015**

	Per Company	Examination Adjustments	Per Examination
Losses	\$162,664,739		\$162,664,739
Loss adjustment expenses	132,770,583		132,770,583
Other expenses	205,805,589		205,805,589
Taxes, licenses and fees	2,375,259		2,375,259
Borrowed money	26,250,000		26,250,000
Unearned premium	296,068,790		296,068,790
Advance premium	10,520,935		10,520,935
Ceded reinsurance premium payable	41,029,065		41,029,065
Amounts withheld for the account of others	4,996,995		4,996,995
Remittances and items not allocated	822,739		822,739
Provision for reinsurance	30,677		30,677
Drafts outstanding	29,400,092		29,400,092
Payable to parent, subsidiaries and affiliates	12,423,415		12,423,415
Payable for securities	804,678		804,678
Aggregate write-ins for liabilities	32,197,055		32,197,055
<b>Total Liabilities</b>	<b>\$958,160,611</b>	<b>\$0</b>	<b>\$958,160,611</b>
Aggregate write-ins for surplus funds	\$341,250,000		\$341,250,000
Common capital stock	516,375,000		\$516,375,000
Surplus notes	750,000,000		\$750,000,000
Gross paid in and contributed surplus	91,125,000		91,125,000
Unassigned funds (surplus)	(664,976,881)		(664,976,881)
Surplus as regards policyholders	\$1,033,773,119	\$0	\$1,033,773,119
<b>Total liabilities, surplus and other funds</b>	<b>\$1,991,933,730</b>	<b>\$0</b>	<b>\$1,991,933,730</b>



**State Farm Florida Insurance Company**  
**Statement of Income and Capital and Surplus Account**  
**December 31, 2015**

<b>Underwriting Income</b>		
Premiums earned		\$594,407,281
	<b>Deductions:</b>	
Losses incurred		\$185,570,841
Loss expenses incurred		64,792,840
Other underwriting expenses incurred		155,744,675
Total underwriting deductions		<u>\$406,108,356</u>
Net underwriting gain or (loss)		\$188,298,925
<b>Investment Income</b>		
Net investment income earned		\$2,459,404
Net realized capital gains or (losses)		165,472
Net investment gain or (loss)		<u>\$2,624,876</u>
<b>Other Income</b>		
Net gain or (loss) from agents' or premium balances charged off		(\$16,954)
Finance and service charges not included in premiums		1,853,473
Aggregate write-ins for miscellaneous income		7,502
Total other income		<u>\$1,844,021</u>
Net Income, after dividends to policyholders, but before federal & foreign income taxes		\$192,767,822
Federal & foreign income taxes		<u>12,917,926</u>
Net Income		<u><u>\$179,849,896</u></u>
<b>Capital and Surplus Account</b>		
Surplus as regards policyholders, December 31 prior year		\$894,529,966
Net Income		\$179,849,896
Net unrealized capital gains or losses		(12,156)
Change in net deferred income tax		(48,145,740)
Change in non-admitted assets		1,342,302
Change in provision for reinsurance		(30,677)
Aggregate write-ins for gains and losses in surplus		6,239,528
Examination Adjustment		0
Change in surplus as regards policyholders for the year		<u>\$139,243,153</u>
Surplus as regards policyholders, December 31 current year		<u><u>\$1,033,773,119</u></u>

**State Farm Florida 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.

**Capital/Surplus Change during Examination Period**

Surplus at December 31, 2014, per Examination			\$894,529,966
	<u>Increase</u>	<u>Decrease</u>	
Net income (loss)	\$179,849,896		
Change in net unrealized capital gain (loss)		(\$12,156)	
Change in net deferred income tax		(\$48,145,740)	
Change in non-admitted assets	\$1,342,302		
Change in provision for reinsurance		(\$30,677)	
Aggregate write-ins for gains and losses in surplus	\$6,239,528		
Net increase (or decrease)			<u>\$139,243,153</u>
Surplus at December 31, 2015, per Examination			<u>\$1,033,773,119</u>

## **COMMENTS ON FINANCIAL STATEMENTS**

### **Liabilities**

#### **Losses and Loss Adjustment Expenses**

An actuarial firm appointed by the Board, PricewaterhouseCoopers LLP, 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 consulting actuary, Rebecca Freitag, FCAS, MAAA of Merlinos & Associates, Inc., reviewed the loss and loss adjustment expense work papers provided by the Company and she was in concurrence with this opinion.

#### **Capital and Surplus**

The amount of capital and surplus reported by the Company of \$1,033,773,119, exceeded the minimum of \$63,425,278 required by Section 624.408, Florida Statutes.

## **SUMMARY OF RECOMMENDATIONS**

### **Accounts and Records**

We recommend that the Company adhere to Section 626.7492(6)(c), Florida Statutes, which states the insurer shall annually obtain a copy of statements of the financial condition of each reinsurance broker with which it transacts business.

## CONCLUSION

The insurance examination practices and procedures as promulgated by the NAIC have been followed in ascertaining the financial condition of **State Farm Florida 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 \$1,033,773,119, which exceeded the minimum of \$63,425,278 required by Section 624.408, Florida Statutes.

In addition to the undersigned, Joseph G. Jacobs, CFE, Examiner-in-Charge of INS Regulatory Insurance Services, Inc., 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 Casey Hengstebeck, Reinsurance/Financial Specialist, Participating Examiner. Additionally, Rebecca Freitag, FCAS, MAAA of Merlinos & Associates, Inc., and Joseph Dobias, CISA, IT Specialist of INS Services, Inc., are recognized for participation in the examination.

Respectfully submitted,

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