

**LIMITED SCOPE EXAM REPORT**  
**OF**  
**TYPTAP INSURANCE COMPANY**

**NAIC COMPANY CODE 15885**

**OCALA, FLORIDA**

**As Of**

**DECEMBER 2018**

**BY THE**

**FLORIDA OFFICE OF INSURANCE REGULATION**



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May 12, 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 a limited scope information technology (IT) review as of December 31, 2018 for:

**TypTap Insurance Company**  
**3001 SE Maricamp Road**  
**Ocala, Florida 3447**

as provided in the Scope of Services Agreement, and hereinafter referred to as "TypTap" or "the Company".

Such report of examination is herewith respectfully submitted.

## SCOPE OF EXAMINATION

This was a limited scope examination of TypTap Insurance Company as directed by the Florida Office of Insurance Regulation (“the Office”). Representatives of the Office last performed a limited scope examination of the Company as of December 31, 2017 and a full scope examination as of December 31, 2016.

To the extent applicable, we conducted our limited scope examination in accordance with the guidance of the National Association of Insurance Commissioners (NAIC) Financial Condition Examiner’s Handbook, the NAIC Accounting Practices and Procedures Manual and the Florida Administrative Code. This examination was limited to particular risk areas of operational processes and the focus is less comprehensive than a full-scope examination. This report is for a limited-scope examination, and is not intended to communicate all matters of importance for an understanding of the Company’s financial condition.

Field work commenced on January 6, 2020 and concluded as of March 11, 2020. Our limited scope examination only included material events occurring subsequent to December 31, 2018 and noted during the course of the examination as they related solely to the areas within the limited scope of the examination detailed in the following paragraph.

The Office requested that the scope of this examination cover a review of IT controls over the Company’s use of emerging technologies for:

- Distribution and marketing
- Data strategy
- Data analytics, algorithms and artificial intelligence for business processes
  - Underwriting
  - Claims management

- Balance sheet management
- New products
- Expansion into other states

## HISTORY

### General

The Company was incorporated in Florida on January 28, 2015, and commenced business on January 15, 2016.

TypTap was authorized to transact the following lines of business in Florida as of December 31, 2018:

- Homeowners Multi-Peril
- Allied Lines

The Company offered a stand-alone flood insurance product to Florida homeowners through independent agents as an alternative to the National Flood Insurance Program offered by the Federal Emergency Management Agency (FEMA). The Company's policies are written for Flood Zones A, V and X as defined by FEMA.

The Company utilizes Harmony, an internally developed policy administration/agency/quoting system that is browser and API- based and hosted in the cloud. In 2018 Harmony provided these services only for the TypTap Multi-Peril (HO3) product.

**Subsequent Event:** As of June 19, 2019, the Company was authorized to transact fire insurance coverage in Florida.

## INFORMATION TECHNOLOGY REPORT

Claude Granese and David Gordon of INS Services, Inc. performed an assessment of the information controls in place over emerging technologies in 2018, and to a limited degree in 2019, by utilizing the Company's responses to the Information Technology Planning Questionnaire, and CPA and Sarbanes–Oxley (SOX) work papers for 2018.

Due to the nature of the findings, the results of this assessment were noted in the Information Technology Report provided to the Company.

## CONCLUSION

The insurance examination included practices and procedures of a limited-scope for TypTap 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
David Gordon, CISA, CIA, CFE, CDFE	IT Specialist	INS Services, Inc.

Respectfully submitted,



Claude B. Granese, CPA, CISA, CITP, CRISC, CGMA  
IT Specialist  
INS Services, Inc.  
Representing the Florida Office of Insurance Regulation



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