

REPORT ON EXAMINATION
OF
CASTLEPOINT FLORIDA INSURANCE
COMPANY

FORT LAUDERDALE, FLORIDA

AS OF

DECEMBER 31, 2013

BY THE
FLORIDA OFFICE OF INSURANCE REGULATION

TABLE OF CONTENTS

LETTER OF TRANSMITTAL	-
SCOPE OF EXAMINATION	1
SUMMARY OF SIGNIFICANT FINDINGS	2
CURRENT EXAM FINDINGS.....	2
PRIOR EXAM FINDINGS.....	2
SUBSEQUENT EVENTS	2
HISTORY	5
GENERAL	5
DIVIDENDS TO STOCKHOLDERS.....	6
CAPITAL STOCK AND CAPITAL CONTRIBUTIONS.....	6
SURPLUS NOTES	7
ACQUISITIONS, MERGERS, DISPOSALS, DISSOLUTIONS AND PURCHASE OR SALES THROUGH REINSURANCE	7
CORPORATE RECORDS	7
CONFLICT OF INTEREST.....	7
MANAGEMENT AND CONTROL	7
MANAGEMENT	7
AFFILIATED COMPANIES	9
SIMPLIFIED ORGANIZATION CHART.....	10
REINSURANCE AGREEMENT.....	11
TAX ALLOCATION AGREEMENT.....	11
SERVICES AGREEMENT	11
PROGRAM UNDERWRITING AGENCY AGREEMENT	12
FIDELITY BOND AND OTHER INSURANCE	12
PENSION, STOCK OWNERSHIP AND INSURANCE PLANS	12
TERRITORY AND PLAN OF OPERATIONS	13
TREATMENT OF POLICYHOLDERS	13
COMPANY GROWTH	13
PROFITABILITY OF COMPANY	14
LOSS EXPERIENCE	14
REINSURANCE	14
ASSUMED	15
CEDED	15
ACCOUNTS AND RECORDS	15
CUSTODIAL AGREEMENT	15
INDEPENDENT AUDITOR AGREEMENT	16

INFORMATION TECHNOLOGY REPORT	16
STATUTORY DEPOSITS	16
FINANCIAL STATEMENTS PER EXAMINATION.....	16
ASSETS.....	17
LIABILITIES, SURPLUS AND OTHER FUNDS	18
STATEMENT OF INCOME	19
COMPARATIVE ANALYSIS OF CHANGES IN SURPLUS.....	20
COMMENTS ON FINANCIAL STATEMENTS.....	21
LIABILITIES	21
CAPITAL AND SURPLUS	21
CONCLUSION.....	22

May 12, 2015

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

Dear Sir:

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, 2013, of the financial condition and corporate affairs of:

**CASTLEPOINT FLORIDA INSURANCE COMPANY
500 WEST CYPRESS CREEK ROAD
FORT LAUDERDALE, FLORIDA 33309**

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, 2012 to December 31, 2013. The Company was last examined by representatives of the Florida Office of Insurance Regulation (Office) as of December 31, 2011. This examination commenced with planning at the Office on May 26, 2014 to May 30, 2014. The fieldwork commenced on June 2, 2014 and concluded as of May 12, 2015.

This financial examination was an association 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 Company by obtaining information about the Company including corporate governance, identifying and assessing inherent risks within the Company, 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.

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

This report of examination is confined to significant adverse findings, a material change in the financial statements or other information of regulatory significance or requiring regulatory action. The report comments on matters that involved departures from laws, regulations or rules, or which were deemed to require special explanation or description.

SUMMARY OF SIGNIFICANT FINDINGS

Current Exam Findings

There were no material findings or exceptions noted during the examination as of December 31, 2013.

Prior Exam Findings

The following is a summary of material findings or exceptions contained in the Office's prior examination report as of December 31, 2011.

General

The Company's loss and loss adjustment expense reserves were determined to be deficient in the amount of \$497,000 as of December 31, 2011. **Resolution:** The finding was remediated.

SUBSEQUENT EVENTS

On January 3, 2014, Tower Group International, Ltd. ("Tower Group International"), ultimate parent of the Company, entered into a Merger Agreement with ACP Re, Ltd. ("ACP Re") and London Acquisition Company, LTD, a wholly owned subsidiary of ACP Re. ACP Re will acquire 100% of the outstanding stock of Tower Group International for \$3 per share. Additionally, New York based AmTrust Financial Services ("AmTrust") will acquire the renewal rights and assets of

Tower Group International's commercial lines insurance operations, and specialty personal lines insurer National General Holdings Corporation ("National General"), also based in New York, will acquire the renewal rights and assets of Tower Group International's personal lines insurance operations. According to the terms of the Merger Agreement, Tower Group International will be the surviving corporation in the merger and a wholly owned subsidiary of ACP Re.

Concurrent with the execution of the Merger Agreement, several subsidiaries of Tower Group International, including the Company, entered into cut-through reinsurance agreements with AmTrust and National General.

The Merger Agreement was approved by the respective companies' Boards of Directors and was conditioned upon certain criteria being met, which included but were not limited to the approval of Tower Group International's shareholders, government approvals and each party's compliance with covenants and agreements contained in the Merger Agreement.

On April 10, 2014, the Office received an application for the indirect acquisition of the Company by London Acquisition Company, LTD, a subsidiary of ACP Re, pursuant to Section 628.461, Florida Statutes. The application was approved by the Office pursuant to Section 628.461, Florida Statutes, on September 12, 2014.

On May 8, 2014, Tower Group International announced an amendment to the Merger Agreement, which included but was not limited to: reduction of the per share price; reduction of the termination fee Tower Group International would be required to pay under certain circumstances; extension of the shareholder vote on the merger to no later than November 15,

2014; providing that further adverse developments of the insurance companies reserves would not be an influential factor in the termination of the agreement; and elimination of the condition that at least 85% of shareholders had to approve the merger.

On May 9, 2014, A.M. Best downgraded the financial strength rating of Tower Group International and certain subsidiaries, including the Company, to C++ from B.

The Merger Agreement was approved by Tower Group International's shareholders at a special meeting held on August 6, 2014.

On May 9, 2014, the Audit Committee of the Board of Directors of Tower Group International dismissed its independent public accounting firm and approved the engagement of a new independent public accounting firm beginning with the quarter ending March 31, 2014. The change in independent public accounting firms was disclosed in a Form 8K filed by Tower Group International on May 14, 2014. No disagreements with the prior independent public accounting firm were noted. The new independent public accounting firm is charged with producing the 2013 statutory audit report for the Tower Insurance Group of companies.

On August 27, 2014, AmTrust filed a Form D with the Office regarding the following agreements:

- Loss Portfolio Transfer Agreement
- Commercial Lines LPTA Administrative Services Agreement
- Personal Lines LPTA Administrative Services Agreement
- Commercial Lines Quota Share Reinsurance Agreement

- Personal Lines Quota Share Reinsurance Agreement
- Commercial Lines Managing General Agent Agreement
- Personal Lines Managing General Agent Agreement

The Form D was approved by the Office on September 15, 2014.

On August 28, 2014, A.M. Best downgraded the financial strength rating of Tower Group International and certain subsidiaries, including the Company, to C from C++.

On September 15, 2014, it was announced that the acquisition of Tower Group International by ACP Re was finalized.

On September 17, 2014, A.M. Best upgraded the Company's financial strength rating to B- from C after the announcement that ACP Re completed the acquisition of Tower Group International.

On December 4, 2014, A.M. Best upgraded the Company's financial strength rating to A- from B-.

HISTORY

General

The Company was incorporated in Florida on January 10, 2009, and commenced business on February 19, 2009, as CastlePoint Florida Insurance Company.

The Company was party to Consent Order 100214-08-CO filed December 12, 2008, regarding the application for the issuance of a Certificate of Authority. The Company was in compliance with this Consent Order.

The Company was authorized to transact the following insurance coverages in Florida on February 19, 2009, and continued to be authorized as of December 31, 2013:

Commercial Automobile Liability
Workers Compensation

The Articles of Incorporation and the Bylaws were not amended during the period covered by this examination.

Dividends to Stockholders

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

Capital Stock and Capital Contributions

As of December 31, 2013, the Company's capitalization was as follows:

Number of authorized common capital shares	100,000
Number of shares issued and outstanding	100,000
Total common capital stock	\$100,000
Par value per share	\$1.00

The Company was wholly owned and controlled by CastlePoint Insurance Company, who in turn was 50% owned by CastlePoint Management Corp., a Delaware corporation, and 50% owned by CastlePoint Reinsurance Company, Ltd., a Bermuda corporation. The ultimate parent was Tower Group International.

The parent contributed \$9,900,000 in cash to the Company as of December 31, 2013.

Surplus Notes

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

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

The Company had no acquisitions, mergers, disposals, 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 NAIC Financial Condition Examiners 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 NAIC Financial Condition Examiners 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, 2013, were:

Directors

Name and Location	Principal Occupation
Bruce Wesley Sanderson ^(a) Mt. Sinni, New York	Senior Vice President-Marketing & Distribution Tower Insurance Company of New York
William Edward Hitselberger ^(a) West Windsor, New Jersey	Executive Vice President and Chief Financial Officer Tower Group International, Ltd.
Elliot Scott Orol ^(a) New York, New York	Senior Vice President, General Counsel & Secretary Tower Group International, Ltd.
William Franklin Dove ^(a) Princeton, New Jersey	Senior Vice President and Chief Actuary Tower Group International, Ltd.
Catherine Mary Wragg ^(a) Jersey City, New Jersey	Senior Vice President – Human Resources Tower Insurance Company of New York

^(a)After the acquisition of Tower Group International, Ltd. by ACP Re, the Board of Directors of the Company consisted of the following individuals:

- William Edward Hitselberger
- William W. Fox, Jr. (resigned on October 24, 2014)
- Michael Karfunkel
- Stephan Barry Ungar
- Jon Lester Shebel
- Herbert J. Lemmer (elected on October 24, 2014)

In accordance with the Company's bylaws, the Board appointed the following senior officers:

Senior Officers

Name	Title
Bruce Wesley Sanderson	President
William Edward Hitselberger	Executive Vice President & Chief Financial Officer
Elliot Scott Orol	Senior Vice President, General Counsel & Secretary

The Company's Board did not appoint internal committees. Tower Group International established an Audit Committee which serves as the Audit Committee for each insurance company within the holding company system. Following were the members of the Audit Committee as of December 31, 2013:

Audit Committee

Austin P. Young, III ¹
William A. Robbie
Jan R. VanGorder

¹ Chairman

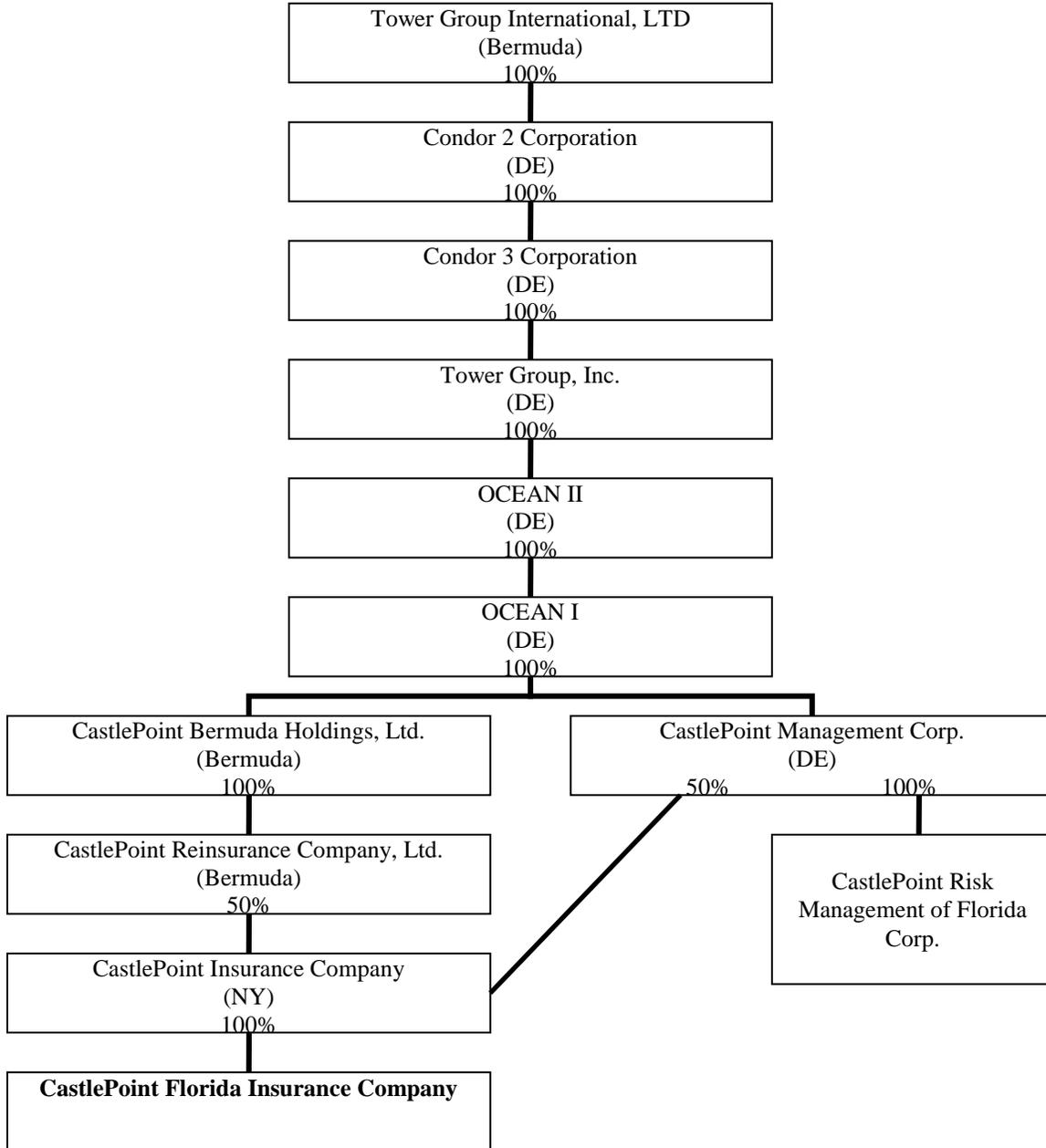
The Company maintained an audit committee, as required by Section 624.424(8) (c), Florida Statutes.

Affiliated Companies

The most recent holding company registration statement was filed with the Office on May 5, 2014, as required by Section 628.801, Florida Statutes, and Rule 69O-143.046, Florida Administrative Code.

A simplified organizational chart as of December 31, 2013, reflecting the holding company system, is shown on the following page. Schedule Y of the Company's 2013 annual statement provided a list of all related companies of the holding company group.

**CASTLEPOINT FLORIDA INSURANCE COMPANY
SIMPLIFIED ORGANIZATIONAL CHART
DECEMBER 31, 2013**



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

Reinsurance Agreement

The Company entered into a Second Amended and Restated Quota Share Reinsurance Agreement with CastlePoint Insurance Company, the Company's parent and an Accredited Reinsurer, effective February 19, 2009. Under the agreement, the Company cedes 90% of its net business to CastlePoint Insurance Company and pays a ceding commission equal to 25% of the premium ceded. CastlePoint Insurance Company is responsible for all liabilities on the business assumed. The Company ceded premiums totaling \$45,681,655 to CastlePoint Insurance Company in 2013.

Tax Allocation Agreement

The Company entered into an Income Tax Allocation Agreement with Tower Group, Inc. effective September 12, 2008. The Company, along with its parent, CastlePoint Insurance Company, and affiliates, filed a consolidated federal income tax return. On December 31, 2013, the method of allocation between the Company and its parent was on a separate-entity basis. The Company is required to pay Tower Group, Inc. its share of each installment within ten days of receiving notice of payment due, but in no event later than two days before the due date for each installment.

Services Agreement

The Company entered into a Services Agreement with CastlePoint Management Corp. on January 14, 2009, to maintain data processing systems and equipment, an office or offices, and a staff of employees sufficient in number and qualifications to perform the duties set forth in the agreement. The Company reimburses CastlePoint Management Corp. for actual expenses, including salaries of its employees, and other expenses typically included with the term "other writing expenses" in

performing the services for the Company. Amounts were due and payable within forty-five days of the end of each calendar quarter.

Program Underwriting Agency Agreement

The Company entered into a Program Underwriting Agency Agreement with its affiliate, CastlePoint Risk Management of Florida, Corp., on February 19, 2009. The agreement continues in force until cancelled or terminated according to the provisions of the contract. Management Agreement and Service Contract fees of \$9,669,077 were based on a provisional commission of 19.5% of direct written premium for Workers Compensation and 21% of direct written premium for Commercial Automobile Liability.

FIDELITY BOND AND OTHER INSURANCE

The Company was covered under a fidelity bond issued to Tower Group International with coverage up to \$5,000,000 deductible amount, which exceeded the suggested minimum as recommended by the NAIC. The Company was covered under Employment Practices Liability and Insurance Company Professional Liability insurance coverage up to \$10,000,000 issued to Tower Group, Inc.

PENSION, STOCK OWNERSHIP AND INSURANCE PLANS

There were no pension, stock ownership or insurance plans in place at the Company during the period of this examination.

TERRITORY AND PLAN OF OPERATIONS

The Company was authorized to transact insurance only in the State of Florida.

Treatment of Policyholders

The Company established procedures for handling written complaints in accordance with Section 626.9541(1) (j), Florida Statutes. The Company maintained a claims procedure manual that included detailed procedures for handling each type of claim in accordance with Section 626.9541(1) (i) 3a, Florida Statutes.

COMPANY GROWTH

The Company saw a slight decrease in premiums written through the affiliated insurance agency, CastlePoint Risk Management of Florida, Corp., which was a wholly owned subsidiary of CastlePoint Management Corp., a member of the holding company. The Company had a 90% quota share reinsurance agreement in place for all premiums written which transferred risk to the Company's parent, CastlePoint Insurance Company. The quota share reinsurance agreement was effective February 19, 2009. CastlePoint Insurance Company received approval as an Accredited Reinsurer on October 16, 2008.

Profitability of Company

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

	2013	2012
Premiums Earned	5,161,048	4,959,235
Net Underwriting Gain/(Loss)	(828,543)	(1,091,100)
Net Income	(1,069,461)	(991,926)
Total Assets	28,653,203	39,053,204
Total Liabilities	21,759,055	31,176,350
Surplus As Regards Policyholders	6,894,148	7,876,854

LOSS EXPERIENCE

During the current examination period, the Company showed unfavorable development overall. This was the result of more claims being reported for prior accident years than management anticipated. The one and two-year net loss developments at the end of the current examination period were both unfavorable at \$618,000 and \$1,521,000, respectively.

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 Company did not assume any reinsurance during the period of this examination.

Ceded

The Company ceded risk under a 90% quota share reinsurance agreement to CastlePoint Insurance Company, the Company's parent and an Accredited Reinsurer. The reinsurance agreement was effective February 19, 2009, and covers all new and renewal business of the Company. Additionally, the Company was party to quota share and excess of loss reinsurance agreements with various reinsurers. 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 Fort Lauderdale, Florida.

The Tower Insurance Group maintains its accounts and records on an electronic data processing basis.

Custodial Agreement

The Company maintained a custodial agreement with the Northern Trust Company executed on October 25, 2011. The agreement was in compliance with Rule 69O-143.042, Florida Administrative Code.

Independent Auditor Agreement

An independent CPA audited the Company's statutory basis financial statements for the year ended December 31, 2012, in accordance with Section 624.424(8), Florida Statutes. Supporting workpapers were prepared by the CPA as required by Rule 69O-137.002, Florida Administrative Code.

INFORMATION TECHNOLOGY REPORT

LeeAnne Creevy and Adam Sarote, IT Specialists with Risk & Regulatory Consulting, LLC performed an evaluation of the information technology and computer systems of the Tower Insurance Group. Results of the evaluation were noted in the Information Technology Report provided to the Company.

STATUTORY DEPOSITS

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

STATE	Description	Par Value	Market Value
FL	Washington Hwy-F, 5.0%, 09/01/20	\$ 250,000	\$ 288,400
FL	Kansas City-A-Ref, 5.0%, 02/01/19	<u>50,000</u>	<u>57,765</u>
TOTAL SPECIAL DEPOSITS		<u>\$ 300,000</u>	<u>\$ 346,165</u>

FINANCIAL STATEMENTS PER EXAMINATION

The following pages contain financial statements showing the Company's financial position as of December 31, 2013, 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."

CASTLEPOINT FLORIDA INSURANCE COMPANY
Assets
DECEMBER 31, 2013

	Per Company	Examination Adjustments	Per Examination
Bonds	\$5,948,434		\$5,948,434
Cash and Short-Term Investments	8,651,137		8,651,137
Interest and dividend income due & accrued	34,801		34,801
Uncollected premiums and agents' balances in the course of collection	1,104,956		1,104,956
Deferred premiums, agents' balances and installments booked but deferred and not yet due	12,239,742		12,239,742
Amounts recoverable from reinsurers	12,905		12,905
Current federal and foreign income tax recoverable and interest thereon	207,555		207,555
Aggregate write-in for other than invested assets	453,673		453,673
	<hr/>		
Totals	\$28,653,203	\$0	\$28,653,203
	<hr/>		

CASTLEPOINT FLORIDA INSURANCE COMPANY
Liabilities, Surplus and Other Funds
DECEMBER 31, 2013

	Per Company	Examination Adjustments	Per Examination
Losses	\$5,732,508		\$5,732,508
Loss adjustment expenses	766,286		766,286
Other expenses	557,137		557,137
Taxes, licenses and fees	775,377		775,377
Unearned premium	2,331,018		2,331,018
Advance premium	8,955		8,955
Dividends declared and unpaid: Policyholders	209,325		209,325
Ceded reinsurance premiums payable	11,208,129		11,208,129
Funds held under reinsurance treaties	57,293		57,293
Amounts withheld	7,855		7,855
Provision for reinsurance	13,000		13,000
Payable to parent, subsidiaries and affiliates	92,172		92,172
Total Liabilities	\$21,759,055	\$0	\$21,759,055
Common capital stock	\$100,000		\$100,000
Gross paid in and contributed surplus	9,900,000		9,900,000
Unassigned funds (surplus)	(3,105,852)		(3,105,852)
Surplus as regards policyholders	\$6,894,148	\$0	\$6,894,148
Total liabilities, surplus and other funds	\$28,653,203	\$0	\$28,653,203

CASTLEPOINT FLORIDA INSURANCE COMPANY
Statement of Income
DECEMBER 31, 2013
Underwriting Income

Premiums earned		\$5,161,048
	Deductions:	
Losses incurred		\$3,755,911
Loss expenses incurred		1,018,360
Other underwriting expenses incurred		1,215,320
Aggregate write-ins for underwriting deductions		0
Total underwriting deductions		<u>\$5,989,591</u>
Net underwriting gain or (loss)		(\$828,543)

Investment Income

Net investment income earned		\$115,575
Net realized capital gains or (losses)		<u>9,109</u>
Net investment gain or (loss)		\$124,684

Other Income

Net gain or (loss) from agents' or premium balances charged off		\$34,808
Finance and service charges not included in premiums		11,824
Aggregate write-ins for miscellaneous income		<u>(45,213)</u>
Total other income		<u>\$1,419</u>

Net income before dividends to policyholders and before federal & foreign income taxes		(\$702,440)
Dividends to policyholders		<u>405,921</u>
Net Income, after dividends to policyholders, but before federal & foreign income taxes		(\$1,108,361)
Federal & foreign income taxes		<u>(38,900)</u>
Net Income		<u><u>(\$1,069,461)</u></u>

Capital and Surplus Account

Surplus as regards policyholders, December 31 prior year		\$7,876,854
Net Income		(\$1,069,461)
Net unrealized capital gains or losses		0
Change in non-admitted assets		51,755
Change in provision for reinsurance		35,000
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		<u>(982,706)</u>
Surplus as regards policyholders, December 31 current year		<u><u>\$6,894,148</u></u>

CASTLEPOINT FLORIDA INSURANCE COMPANY
Comparative Analysis of Changes in Surplus
DECEMBER 31, 2013

The following is a reconciliation of surplus as regards policyholders between that reported by the Company and as determined by the examination.

Surplus as Regards Policyholders December 31, 2013, per Annual Statement	\$6,894,148
---	-------------

	<u>PER COMPANY</u>	<u>PER EXAM</u>	<u>INCREASE (DECREASE) IN SURPLUS</u>
ASSETS:			
No Adjustment			
LIABILITIES:			
No Adjustment			
Net Change in Surplus:			0
Surplus as Regards Policyholders December 31, 2013, Per Examination			\$6,894,148

COMMENTS ON FINANCIAL STATEMENTS

Liabilities

Losses and Loss Adjustment Expenses \$6,498,794

An outside actuarial firm appointed by the Board rendered an opinion that the amounts carried in the balance sheet as of December 31, 2013, 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's consulting actuary, Deborah Rosenberg, FCAS, MAAA of RRC, 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 \$6,894,148, exceeded the minimum of \$4,000,000 required by Section 624.408, Florida Statutes.

CONCLUSION

The insurance examination practices and procedures as promulgated by the NAIC have been followed in ascertaining the financial condition of CastlePoint Florida Insurance Company as of December 31, 2013, consistent with the insurance laws of the State of Florida.

Per examination findings, the Company's surplus as regards policyholders was \$6,894,148, which exceeded the minimum of \$4,000,000 required by Section 624.408, Florida Statutes.

In addition to the undersigned, Alan Griffieth, CPA, CFE, Examiner-In-Charge, of Risk & Regulatory Consulting, LLC, participated in the examination. Additionally, Lisa Chanzit, FCAS, MAAA, ARM, Senior Consulting Actuary, of Risk & Regulatory Consulting, LLC, Deborah Rosenberg, FCAS, MAAA, Consulting Actuary, of Risk & Regulatory Consulting, LLC, Stephan Donk, Staff Examiner and Actuarial Analyst, of Risk & Regulatory Consulting, LLC, and Connie Hare, AFE, and Jonathan Frisard, Financial Examiner/Analyst Supervisor, of the Office participated in the examination.

Respectfully submitted,

Robin Brown, CFE
Chief Examiner
Florida Office of Insurance Regulation