

REPORT ON EXAMINATION
OF
COMP OPTIONS INSURANCE
COMPANY, INC.
JACKSONVILLE, FLORIDA

AS OF
DECEMBER 31, 2013

BY THE
FLORIDA OFFICE OF INSURANCE REGULATION

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March 13, 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 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, 2013, of the financial condition and corporate affairs of:

**COMP OPTIONS INSURANCE COMPANY, INC.
5011 GATE PARKWAY
BUILDING 100, SUITE 100
JACKSONVILLE, FLORIDA 32256**

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, 2009 through December 31, 2013. The Company was last examined by representatives of the Florida Office of Insurance Regulation (Office) as of December 31, 2008. This examination commenced with planning at the Office on November 3, 2014 to November 7, 2014. The fieldwork commenced on November 6, 2014, and concluded as of March 13, 2015.

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 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

The following is a summary of material adverse findings, significant non-compliance findings, or material changes in the financial statements noted during this examination.

Change among Company Principal Management

The Company did not provide written notification to the Office for all changes among the principal officers, as required by Section 628.261, Florida Statutes.

Related Party Agreement Settlement Provision

The Company's Quota Share Reinsurance Agreement, Excess of Loss Reinsurance Agreement, Claims Administration Agreement and Related Services Agreement, all related party agreements as of December 31, 2013, did not contain a settlement provision with a specified due date as required by Statements of Statutory Accounting Principles (SSAP) No. 25.

Prior Exam Findings

The following is a summary of significant adverse findings contained in the Office's prior examination report as of December 31, 2008, along with resulting action taken by the Company in connection therewith.

Accounts and Records

The Company had a custodial agreement with Bank of New York Mellon that did not contain certain provisions that are required under Rule 69O-143.042, Florida Administrative Code sections (j) and (o). Resolution: The Company amended the custodial agreement to include the required provisions under Rule 69O-143.042, Florida Administrative Code sections (j) and (o).

SUBSEQUENT EVENTS

The Company was acquired through a 100% stock purchase agreement by AmTrust Financial Services, Inc. (AmTrust) on October 1, 2014. As a result of the acquisition, changes have been made to the management and Board of the Company subsequent to the examination date.

HISTORY

General

The Company was incorporated in Florida on July 28, 1997, and commenced business on September 2, 1997, as Comp Options Insurance Company, Inc.

The Company was party to Consent Order 81655-05-CO filed August 15, 2006, regarding jurisdiction over subject matter for excessive profits. The Company filed an amendment with the Office. Upon review of the amendment the Office determined excessive profits were not realized.

The Company was a party to Consent Order 105930-09-CO filed August 27, 2009 and April 2, 2010, regarding excessive profits for the statutory period covering 2004, 2005 and 2006. The Company refunded the excessive profits to policyholders as noted by Consent Order filing 105930-09-CO filed on April 2, 2010.

Subsequent Consent Order filing to exam period: The Company was party to Consent Order 161063-14-CO filed October 26, 2014, regarding the acquisition of Comp Options Insurance Company by AmTrust. The Company complied with the Consent Order and continued to maintain a deposit of no less than \$250,000 with the Bureau of Collateral Management.

The Company was authorized to transact the following insurance coverage in Florida on September 9, 1997 and continued to be authorized as of December 31, 2013:

Workers' Compensation

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

Subsequent Event: The Articles of Incorporation were amended subsequent to the exam period. The amended articles were filed October 20, 2014 to reflect the changes in Officers and/or Directors, as a result of the Company's acquisition by AmTrust.

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	5,000,000
Number of shares issued and outstanding	1,000,000
Total common capital stock	\$1,000,000
Par value per share	\$1.00

Control of the Company was maintained by its former parent, Diversified Health Services, Inc., who owned 100% of the stock issued by the Company, who in turn was 100% owned by Blue Cross and Blue Shield of Florida, Inc. (Florida Blue), a Florida corporation.

Subsequent Event: On October 1, 2014, the Company was acquired by AmTrust, a Delaware corporation. AmTrust acquired 100% of the Company's stock through a stock purchase agreement.

The former parent contributed \$2,500,000 in cash and \$7,000,000 to the Company during 2012 and 2011, respectively.

Surplus Notes

The Company had a contribution to surplus in the form of a surplus note from Florida Blue totaling \$1,400,000 for the period under examination.

Subsequent Event: As the Company was acquired by AmTrust, the Company obtained approval from the Office to pay off the surplus note early. The surplus note was paid off on September 30, 2014.

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. However, subsequent to the exam period, the Company was acquired by AmTrust on October 1, 2014 through a 100% stock purchase agreement.

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
Jon Richard Urbanek Jacksonville, Florida	SVP, Blue Cross and Blue Shield of Florida, Inc., Health Insurance Markets
Charles Divita III Jacksonville, Florida	SVP, Finance and CFO
Darnell Smith Jacksonville, Florida	Group VP, Blue Cross and Blue Shield of Florida, Inc.
James Carl Modaff Ponte Vedra Beach, Florida	Group VP, Blue Cross and Blue Shield of Florida, Inc.
Elana Gail Schrader Ponte Vedra Beach, Florida	Physician and VP, Employer Markets
Deanna Marie McDonald Jacksonville, Florida	Group VP, Enterprise Strategy and Cost Management

Subsequent Event: The Company was acquired by AmTrust Financial Services, Inc. and, as a result, the following directors were appointed: Stephen Barry Ungar, Donald Thomas DeCarlo, Jay Jerome Miller, Harry Schlachter and Barry Dov Zyskind.

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

Senior Officers

Name	Title
Joseph Christopher Santore Jr	President & CEO
Deanna Marie McDonald (a)	Treasurer
Jarrold Wendell Harmon (b)	Secretary

(a) Resigned on March 31, 2014, and was replaced by James Carl Modaff. James Modaff resigned on October 1, 2014, and was replaced by Kerry James Heitz as Treasurer on October 1, 2014, as a result of the acquisition.

(b) Resigned on October 1, 2014 and was replaced by Barry Wolff Moses as Assistant Secretary on October 1, 2014, as a result of the acquisition. Also, Mr. Moses was appointed as Vice President.

Subsequent Event: As a result of acquisition, Stephen Barry Ungar was appointed as Secretary and Elissa Maria Pacheco was appointed as Executive Vice President.

The Company's Board appointed several internal committees. Following were the principal internal board committees and their members as of December 31, 2013:

Audit Committee

John Ramil ¹
Tracy Leinbach
Leerie T. Jenkins
Gonzalo F. Valdes-Fauli

Investment Committee

Chris Doerr ¹
Bill Coats
Chuck Divita
Gary Healy
Mark McGowan
Deanna McDonald
Quent Healy
Jim Modaff

¹ Chairman

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

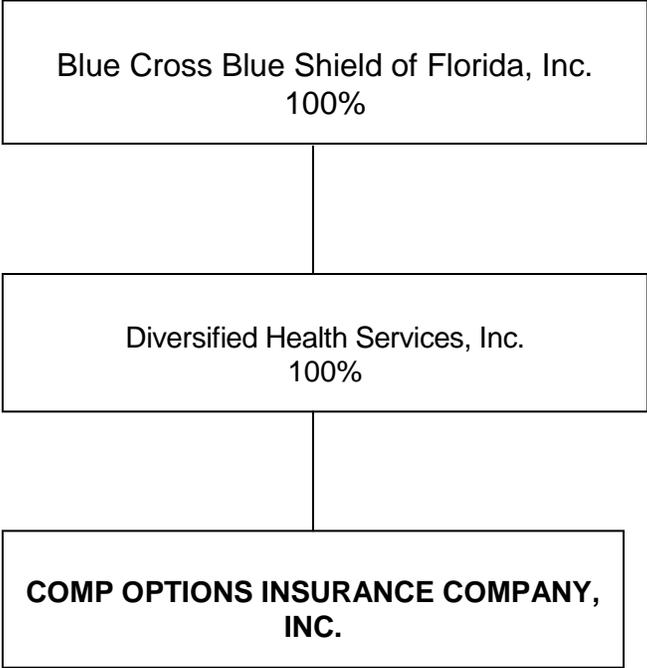
Affiliated Companies

The most recent holding company registration statement was filed with the Office on November 14, 2014 as required by Section 628.801, Florida Statutes.

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.

**COMP OPTIONS INSURANCE COMPANY, INC.
SIMPLIFIED ORGANIZATIONAL CHART**

DECEMBER 31, 2013



The following agreements were in effect between the Company and its former affiliates as of December 31, 2013:

Tax Allocation Agreement

The Company, along with its former parent, filed a consolidated federal income tax return. As of December 31, 2013, the method of allocation between the Company and its former parent was apportioned among the members of the group in accordance with the primary method set forth in IRC §1552(a) (1) and Treasury Regulation §1.1552-1(a) (1) and (b) the supplementary method set forth in Treasury Regulation §1.1502.33(d). Payments for allocable shares were made no later than 60 days after the date of filing the consolidated return.

Marketing and Administrative Services Agreement

The Company entered into a Marketing and Administrative Services Agreement with its former parent, Florida Blue, on October 1, 1997, to provide certain management services. The agreement continued in force until termination of the agreement by either party. The Company reimbursed Florida Blue for all payments made on behalf of the Company; and the Company paid indirect expenses allocated to it by means of a cost allocation system. As of December 31, 2013, the cost allocation system was 6% of direct revenue and 3% of indirect revenue.

Claims Administration and Related Services Agreement

The Company entered into a Claims Administration and Related Services Agreement with its former parent on December 10, 2012 to provide certain third party administration services for Florida Blue. The agreement continued in force on a biannual basis and was subject to renewal.

Florida Blue provided a set payment of \$140,000 annually, to be paid in 12 monthly installments, for services provided by the Company.

Quota Share Reinsurance Agreement

The Company entered into a Quota Share Reinsurance Agreement with its former parent on August 1, 2003 whereby Florida Blue assumed 50% of premiums, policyholder dividends and claims losses including medical, up to the first \$250,000 in exchange for a 35% ceding commission paid to the Company.

Excess of Loss Reinsurance Agreement

The Company entered into an Excess of Loss Reinsurance Agreement with its former parent. The most recent reinsurance treaty was entered into on November 1, 2012 whereby Florida Blue assumed losses on a per loss per occurrence basis in excess of the Company's retention of \$250,000. Florida Blue's maximum loss was \$5,000,000. The Company paid a deposit premium of \$1,200,000 in quarterly installments of \$300,000.

FIDELITY BOND AND OTHER INSURANCE

The Company was a named insured on the fidelity bond coverage maintained by Florida Blue, up to \$40,000,000 with a deductible of \$500,000, which reached the suggested minimum as recommended by the NAIC.

The Company was also a named insured on the Errors and Omissions (E&O) liability insurance maintained by Florida Blue. Coverage included limits of \$20,000,000 and a retention of \$5,000,000.

The Company was a named insured on the General Liability insurance maintained by Florida Blue, which included an aggregate limit of \$2,000,000 with deductibles ranging from \$500 to \$1,000.

PENSION, STOCK OWNERSHIP AND INSURANCE PLANS

The Company did not maintain pension, stock ownership or insurance plans during the period of this examination. The former parent company sponsored a defined benefit plan and a defined contribution plan at the parent level.

TERRITORY AND PLAN OF OPERATIONS

The Company was authorized to transact insurance in the following states. However, the Company only wrote business in the State of Florida as of December 31, 2013.

Florida
Delaware

Pennsylvania
New Jersey

Maryland

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 experienced growth during the period under examination and had new business growth of approximately \$23 million in 2013. The Company anticipates further growth under the new parent company, AmTrust. The new parent company is the fourth largest workers' compensation provider in the State of Florida and the sixth largest in the nation. The Company has also reduced operating expenses in the years 2012 and 2013 and anticipates continued cost saving efforts. Premiums earned increased 50% since 2012 and the Company experienced a positive net income in 2013. Surplus showed varied growth throughout the examination period and the Company had a strong premium-to-surplus ratio in 2013.

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	2011	2010	2009
Premiums Earned	23,732,971	15,759,395	14,155,748	13,170,636	13,762,088
Net Underwriting Gain/(Loss)	2,089,056	(1,175,683)	(9,669,286)	(3,015,126)	3,031,892
Net Income	988,799	(8,339,051)	(5,109,395)	(2,002,940)	(2,702,970)
Total Assets	81,571,570	64,467,076	68,398,574	54,810,468	55,822,810
Total Liabilities	53,185,390	37,371,716	46,537,231	33,706,637	28,282,144
Surplus As Regards Policyholders	28,386,180	27,095,360	21,861,344	21,103,829	27,540,666

LOSS EXPERIENCE

During the current examination period, the Company showed favorable trends overall. This was a result of lower paid and case-incurred levels for prior accident years than management had anticipated, after reserves strengthened in 2012. The one and two-year net loss developments at the end of the current examination period were favorable at \$194,000 and adverse at \$1,696,000, 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

As of December 31, 2013, the Company's ceded reinsurance program consisted of an affiliated quota share and excess of loss agreements and an excess of loss treaty with various unaffiliated commercial reinsurers through reinsurance intermediary, Guy Carpenter & Company, Inc.

The Company ceded risk on a quota share and excess of loss basis to Florida Blue. The Company maintained a 50% quota share agreement with its former parent, whereby the former

parent assumed 50% of premiums, policyholder dividends and claims losses including medical, up to the first \$250,000 in exchange for a 35% ceding commission paid to the Company.

The Company ceded risk to its former parent through an excess of loss reinsurance treaty. The treaty indicated a retention of \$250,000 on a per loss, per occurrence basis with an ultimate net loss on a per loss, per occurrence basis of up to \$5,000,000. In addition to workers' compensation, the excess of loss treaty also covered Employer's Liability business, which has a maximum loss per occurrence of \$1,000,000.

The Company also maintained an excess of loss treaty with a several unaffiliated commercial reinsurers of which Guy Carpenter & Company, Inc. acts as the intermediary. The excess of loss treaty covers Workers' Compensation and Employer's Liability. The treaty includes two layers, the first has a Company retention of \$5,000,000 on a per loss, per occurrence basis. The Reinsurer's ultimate net loss on a per loss occurrence is \$5,000,000 with an aggregate ultimate net loss of all loss occurrences of \$15,000,000. The next layer has a Company retention of \$10,000,000 on a per loss, per occurrence basis. The Reinsurer's ultimate net loss on a per loss occurrence is \$10,000,000 with an aggregate ultimate net loss of all loss occurrences of \$20,000,000.

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 Jacksonville, Florida.

The Company's accounting records were prepared using PeopleSoft software to support all financial reporting functions as of December 31, 2013. The Company used CompSuite for their policy management and claims system as of December 31, 2013. Prior to September 2013, policy management was maintained using CompVision software and iVOS software was used for claims management. Additionally, CompSuite software supported the Company's producer management and data warehouse. The CompSuite and iVOS systems ran in a parallel environment until January 2014.

The Company and non-affiliates had the following agreements:

Custodial Agreement

The Company maintained a custodial agreement with the Bank of New York Mellon effective November 1, 2006 and amended on November 1, 2010. The agreement was in compliance with Rule 69O-143.042, Florida Administrative Code.

Escrow Agreement

The Company maintained an escrow agreement with US Bank National Association effective February 25, 2013. The agreement provided for an escrow deposit to be maintained with US Bank Trust National Association in compliance with applicable deposit requirements of the Delaware Insurance Code.

Master Services Agreement

The Company had a master's services agreement with CompServices, Inc. effective August 1, 2013. The agreement provided for IT services such as, but not limited to, iSeries and software platform, training, custom reporting, sales assistance and data migration and data conversion.

SIU Consulting Agreement

The Company had an anti-fraud consulting agreement with Brumell Investigations, Inc. effective January 22, 2013. The agreement provided for insurance fraud investigation consulting services.

Third Party Administration Services Agreement

The Company had multiple third party administration service agreements with counties and school boards across the State to provide workers' compensation and employer's liability claims administration services. Agreements are negotiated prior to the end of the contract period for a mutually agreed upon term.

Independent Auditor Agreement

An independent CPA audited the Company's statutory basis financial statements annually for the years 2013, 2012 and 2011, 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.

Reinsurance Intermediary Agreement

The Company maintained an agreement with reinsurance intermediary Guy Carpenter & Company, Inc., which was executed on November 1, 2012. The reinsurance intermediary agreement met the requirements of Section 626.7492(4)(5), Florida Statutes.

INFORMATION TECHNOLOGY REPORT

David Mills, CISA, CHEIT, CRISC, MCSE and Rafaela Boehm, CPA, CISA 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 and with various state officials as required or permitted by law:

STATE	Description	Par Value	Market Value
FL	USTNTS, 4.5%, 2/15/2016	<u>\$ 600,000</u>	<u>\$ 651,912</u>
TOTAL FLORIDA DEPOSITS		\$ 600,000	\$ 651,912
DE	iShares Barclays Credit Bond ETF	<u>\$ 119,850</u>	<u>\$ 119,697</u>
TOTAL OTHER DEPOSITS		\$ 119,850	\$ 119,967
TOTAL SPECIAL DEPOSITS		<u>\$ 719,850</u>	<u>\$771,609</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."

COMP OPTIONS INSURANCE COMPANY, INC.
Assets
DECEMBER 31, 2013

	Per Company	Examination Adjustments	Per Examination
Bonds	\$39,613,048		\$39,613,048
Cash and Short-Term Investments	12,569,060		12,569,060
Investment Income due and accrued	99,464		99,464
Agents' Balances:			
Uncollected premium	486,371		486,371
Deferred premium	23,378,118		23,378,118
Reinsurance:			
Reinsurance recoverable	3,412,517		3,412,517
Other receivable under reinsurance	381,243		381,243
Uninsured plans receivable	874,816		874,816
Net deferred tax asset	687,619		687,619
Aggregate write-in for other than invested assets	69,314		69,314
	<hr/>		
Totals	\$81,571,570	\$0	\$81,571,570
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COMP OPTIONS INSURANCE COMPANY, INC.
Liabilities, Surplus and Other Funds
DECEMBER 31, 2013

	Per Company	Examination Adjustments	Per Examination
Losses	\$11,779,835		\$11,779,835
Loss adjustment expenses	3,049,325		3,049,325
Commissions Payable	3,214,308		3,214,308
Other expenses	2,002,340		2,002,340
Taxes, licenses and fees	542,196		542,196
Current federal & foreign income taxes	1,011,629		1,011,629
Unearned premium	11,740,325		11,740,325
Advance Premium	24,219		24,219
Ceded reinsurance premiums payable	14,314,612		14,314,612
Amounts withheld	3,398,022		3,398,022
Payable to parent, subsidiaries and affiliates	1,928,444		1,928,444
Aggregate write-ins for liabilities	180,135		180,135
Total Liabilities	\$53,185,390	\$0	\$53,185,390
Common capital stock	\$1,000,000		\$1,000,000
Surplus note	1,400,000		1,400,000
Gross paid in and contributed surplus	31,700,000		31,700,000
Unassigned funds (surplus)	(5,713,820)		(5,713,820)
Surplus as regards policyholders	\$28,386,180	\$0	\$28,386,180
Total liabilities, surplus and other funds	\$81,571,570	\$0	\$81,571,570

COMP OPTIONS INSURANCE COMPANY, INC.
Statement of Income
DECEMBER 31, 2013
Underwriting Income

Premiums earned		\$23,732,971
	Deductions:	
Losses incurred		\$11,693,566
Loss expenses incurred		1,605,570
Other underwriting expenses incurred		8,344,779
Aggregate write-ins for underwriting deductions		0
Total underwriting deductions		<u>\$21,643,915</u>
Net underwriting gain or (loss)		\$2,089,056

Investment Income

Net investment income earned		\$897,684
Net realized capital gains or (losses)		220
Net investment gain or (loss)		<u>\$897,904</u>

Other Income

Net gain or (loss) from agents' or premium balances charged off		\$0
Finance and service charges not included in premiums		0
Aggregate write-ins for miscellaneous income		0
Total other income		<u>\$0</u>

Net income before dividends to policyholders and before federal & foreign income taxes		\$2,986,960
Dividends to policyholders		1,743,045
Net Income, after dividends to policyholders, but before federal & foreign income taxes		<u>\$1,243,915</u>
Federal & foreign income taxes		255,116
Net Income		<u><u>\$988,799</u></u>

Capital and Surplus Account

Surplus as regards policyholders, December 31 prior year		\$27,095,360
Net Income		\$988,799
Net unrealized capital gains or losses		0
Change in net deferred income tax		(180,105)
Change in non-admitted assets		482,126
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		<u>\$1,290,820</u>
Surplus as regards policyholders, December 31 current year		<u><u>\$28,386,180</u></u>

A comparative analysis of changes in surplus is shown below.

**COMP OPTIONS INSURANCE COMPANY, INC.
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	\$28,386,180
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	<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			\$28,386,180

COMMENTS ON FINANCIAL STATEMENTS

Liabilities

Losses and Loss Adjustment Expenses \$14,829,160

An outside actuarial firm appointed by the Board of Directors, 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 consulting actuary, Chris Burkhalter, FCAS, MAAA of Bickerstaff, Whatley, Ryan & Burkhalter Consulting Actuaries, 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 \$28,386,180, exceeded the minimum of \$4,108,845 required by Section 624.408, Florida Statutes.

SUMMARY OF RECOMMENDATIONS

Change among Company Principal Management

We recommend that the Company appropriately notify the Office for all changes among the principal officers in accordance with Section 628.261, Florida Statutes.

Related Party Agreement Settlement Provision

We recommend that the Company amend the Quota Share Reinsurance Agreement, Excess of Loss Reinsurance Agreement, Claims Administration agreement and Related Services Agreement to include a settlement provision in compliance with SSAP No. 25.

Subsequent Event: On October 1, 2014, the Company was acquired by AmTrust. As a result, the Excess of Loss and Quota Share Reinsurance agreements with the former parent company have been terminated as of September 30, 2014. The Claims Administration and Related Services Agreement expired on December 31, 2014 and was renewed through December 31, 2016.

CONCLUSION

The insurance examination practices and procedures as promulgated by the NAIC have been followed in ascertaining the financial condition of **Comp Options Insurance Company, Inc.** 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 \$28,386,180, which exceeded the minimum of \$4,108,845 required by Section 624.408, Florida Statutes.

In addition to the undersigned, David Palmer, CFE, Examination Manager, of Lewis & Ellis, Inc., Joseph R. May, CPA, CFE, Examiner-In-Charge, Sharon Stuber, CPA and Taylor Phillips, Participating Examiners, of Carr, Riggs & Ingram, LLC; participated in the examination. Additionally, Chris Burkhalter, FCAS, MAAA, consulting actuary of Bickerstaff, Whatley, Ryan & Burkhalter Consulting Actuaries, and David Mills, CISA, CGEIT, CRISC, MCSE, IT Manager and Rafaela Boehm, CPA, CISA, IT Specialist of Carr, Riggs & Ingram, LLC participated in the examination.

Respectfully submitted,

Robin Brown, CFE
Chief Examiner
Florida Office of Insurance Regulation