

**REPORT ON EXAMINATION**  
**OF**  
**FLORIDA FAMILY**  
**INSURANCE COMPANY**  
**NAPLES, FLORIDA**

**AS OF**  
**DECEMBER 31, 2002**

**BY THE**  
**OFFICE OF INSURANCE REGULATION**

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Tallahassee, Florida  
April 2, 2004

Kevin M. McCarty  
Director  
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 (FS), 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, 2002, of the financial condition and corporate affairs of:

**FLORIDA FAMILY INSURANCE COMPANY  
720 GOODLETTE ROAD NORTH, SUITE 720  
NAPLES, FLORIDA 34102**

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, 2000 through December 31, 2002. The Company was last examined by representatives of the Florida Office of Insurance Regulation (Office) as of December 31, 1999. This examination commenced, with planning at the Office, on January 21, 2004, to January 24, 2004. The fieldwork commenced on January 27, 2004, and was concluded as of March 27, 2004. The examination included any material transactions and/or events occurring subsequent to the examination date and noted during the course of the examination.

This financial examination was a statutory financial examination conducted in accordance with the Financial 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 (FAC), with due regard to the statutory requirements of the insurance laws and rules of the State of Florida.

In this examination, emphasis was directed to the quality, value and integrity of the statement assets and the determination of liabilities, as those balances affect the financial solvency of the Company.

The examination included a review of the corporate records and other selected records deemed pertinent to the Company's operations and practices. In addition, the NAIC IRIS ratio report, the A.M. Best Report, the Company's independent audit reports and certain work papers prepared by the Company's independent certified public accountant (CPA) were reviewed and utilized where applicable within the scope of this examination.

We valued and/or verified the amounts of the Company's assets and liabilities as reported by the Company in its annual statement as of December 31, 2002. Transactions subsequent to year-end 2002 were reviewed where relevant and deemed significant to the Company's financial condition.

This report of examination is confined to financial statements and comments on matters that involve departures from laws, regulations or rules, or which are deemed to require special explanation or description.

Based on the review of the Company's control environment and the materiality level set for this examination, reliance was placed on work performed by the Company's CPAs, after verifying the statutory requirements, for the following accounts:

Unearned Premiums  
Reinsurance

### **Status of Adverse Findings from Prior Examination**

The following is a summary of significant adverse findings contained in the Office's prior examination report as of December 31, 1999, along with resulting action taken by the Company in connection therewith:

#### **Management Contract**

The agreement with David L. Hardy & Company was executed without obtaining prior approval from the Office as required by the Consent Order, Case No. 14446-95-C.

**Resolution:** The Company provided documentation indicating approval from the Office for the agreement executed with David L. Hardy.

## **Reinsurance**

The proportional reinsurance agreement between the Company, Hannover Re and E & S Re did not contain an acceptable insolvency clause as required by the NAIC Accounting Practices and Procedures Manual. The reinsurance agreements maintained by the Company had not been properly executed.

**Resolution:** The Company provided a properly executed reinsurance agreement containing an acceptable insolvency clause.

## **Accounts & Records**

The Annual Statement incorrectly reported information and values in both Schedule F-Part 3, Schedule P-Part 1(Col. 10) and the Exhibit of Premiums and Losses (Page 15GT. Col. 4).

**Resolution:** The Company maintained proper accounting records as required.

## **Agents' Balances**

The Company was not in compliance with Rule 690-138.024(2), FAC relating to the aging of its agents' balances.

**Resolution:** The Company currently uses a system-generated report to age agents' balances on a policy-by-policy basis.

## **Interest, Dividends and Real Estate Income Due and Accrued**

An additional \$29,938 of Interest, dividends and real estate income due and accrued, was not included as an admitted asset by the Company.

**Resolution:** At December 31, 2002, the Company properly reported interest, dividends and real estate income in the annual statement.

### **Aggregate Write-ins for other than Invested Assets**

A travel advance, in the amount of \$250 was included as an admitted asset by the Company. This was in violation of Section 625.031, FS.

**Resolution:** The Company complied with this directive and non-admitted the asset.

### **Losses & Loss Adjustment Expenses**

The Company was unable to produce a claim reserve detail as of December 31, 1998. As a result, the accuracy of the Claims Reserves Summary could not be verified.

**Resolution:** The Company produced a claim reserve detail as of December 31, 2002.

### **Other Expenses**

An accrual in the amount of \$3,572 was incorrectly included in Other expenses.

**Resolution:** The Company correctly reported accruals in Other expenses.

The Company also had unrecorded liabilities of \$84,003 relating to payments of invoices for 1998 and 1999 expenses that were not received by the Company until after year end December 31, 1999.

**Resolution:** The Company properly recorded current liabilities.

### **Taxes, Licenses and Fees**

The Company understated its liability for premium taxes by \$35,000.

**Resolution:** The Company accurately reported its liability for premium taxes at December 31, 2002.

### **Unearned Premiums**

The Company incorrectly listed direct unearned premium reserves for fire on the Exhibit of Premiums and Losses.

**Resolution:** The Company correctly reported unearned premiums at December 31, 2002.

### **Provision for Reinsurance**

The Company incorrectly reported two unauthorized reinsurance companies, Mid Ocean Reinsurance and Tempest Reinsurance, as authorized.

**Resolution:** The Company reported the above reinsurers as unauthorized at December 31, 2002.

## **HISTORY**

### **General**

The Company was incorporated on March 19, 1996 under the laws of the State of Florida, as a non-assessable mutual property and casualty insurer. The Company commenced business on May 1996, with the name of Florida Family Mutual Insurance Company.

During 2001, in conjunction with approval of the Office, the policyholders of Florida Family Mutual Insurance Company approved a conversion of the Company from a non-assessable mutual insurer to a stock insurer. In a separate related agreement between the Company and Florida Family Insurance Services LLC (FFIS), and as specified in the terms of the demutualization offering, FFIS exchanged the entire \$5 million debenture for approximately 98.9% of the shares of Florida Family Insurance Company.

In accordance with Section 624.401(1), FS, the Company was authorized to transact the following insurance coverage in Florida on December 31, 2002:

Fire	Multi Peril
Allied Lines	Inland Marine
Homeowners	Private Passenger Auto Liability
Private Passenger Auto Physical Damage	

The Company stopped writing personal lines of automobile business during 2001.

During 1996 through 1998, the Company took out approximately 27,748 policies (endorsements & renewals included) from the Florida Residential Property and Casualty Joint Underwriting Association (FRPCJUA) (now known as Citizens Property Insurance Corporation). At December 31, 2002, the Company retained 7,844 (28%) of the take-out policies.

The articles of incorporation and the bylaws were amended during 2001.

### **Capital Stock**

As of December 31, 2002, the Company's capitalization was as follows:

Number of authorized common capital shares	6,000,000
Number of authorized preferred capital shares	10,000,000
Number of shares issued and outstanding-common	234,522
Number of shares issued and outstanding-preferred	0
Total common & preferred capital stock shares issued	\$2,345,220
Par value per share for common	\$10.00
Par value per share for preferred	\$1.00

Total Surplus as regards policyholders is accurately reported; however, the Company did not properly report the components of Common capital stock, Gross paid in & contributed surplus and Unassigned funds in the annual statement. The Common capital stock account should contain an amount equal to the number of shares issued times the par values. Gross paid in and contributed

surplus is the amount of capital received in excess of the par value of the stock issued. Expenses relating to the issuance of capital stock are charged to unassigned funds.

The control of the Company was maintained by FFIS which owned 98.9% of the stock (following the conversion) and individual shareholders (former policyholders) who owned 1.1 percent of the Company.

### **Profitability of Company**

With net earned premiums of \$11,601,081, the Company reported a net underwriting gain of \$1,092,071 and after tax net income of \$1,294,234 in 2002. Cash and invested assets increased by approximately \$2 Million compared to 2001 as a result of positive cash flow provided by operations. Earned premiums decreased by \$1.6 Million compared to 2001. The Company stated the decrease was due to discontinuation of personal lines automobile business. The Company stopped writing personal lines automobile business during 2001. Underwriting expenses increased due to the inclusion of managing general agency (MGA) fees paid to the Company's MGA. Investment income decreased 15% in 2001 and did not recover during 2002 as interest rates declined steadily.

According to the Five-Year Historical Data reported in the annual statement, the Company shows positive net income for the years 1998 through 2002. The Company also reported positive net underwriting gains for the above years with the exception of the year 2001, in which the net underwriting loss was \$466,734.

## **Dividends to Stockholders**

During the period under this examination, the Company did not declare or pay dividends to its stockholders.

## **Management**

The annual shareholder meeting for the election of directors was not held in accordance with Sections 607.1601 and 628.231, FS. The Company did not notify the Office regarding the resignation of certain directors. The directors serving as of December 31, 2002, were:

### **Directors**

<b>Name and Location</b>	<b>Principal Occupation</b>
Walter Dale Hardy Naples, Florida	President Florida Family Insurance Company
Michael Garrett West Rockford, Illinois	President Michael G. West and Associates
William Tuttle Montei Madison, Wisconsin	Chief Executive Officer Physicians Insurance Company of Wisconsin
Phillip Edwin Bash Barrington, Illinois	Retired
William Henry Wiggs Arlington Heights, Illinois	Chief Financial Officer Florida Family Insurance Company

The Board of Directors in accordance with the Company's bylaws appointed the following senior officers:

## Senior Officers

<b>Name</b>	<b>Title</b>
Walter Dale Hardy	President
William Henry Wiggs	Chief Financial Officer
Peter Joseph Corrigan	Chief Underwriting Officer
Lydia Gale Creydt	Chief Information Officer
Beth Smith Jones	Treasurer/Corporate Secretary
Walter Vernon Rice	Vice President
Anthony Obie McCarty	Vice President

The Company's board appointed several internal committees in accordance with Section 607.0825, FS. Following are the principal internal board committees and their members as of December 31, 2002:

<b>Executive Committee</b>	<b>Audit Committee</b>	<b>Investment Committee</b>
Rick Hardy <sup>1</sup>	Mike West <sup>1</sup>	Bill Montei <sup>1</sup>
William Wiggs	Bill Montei	Rick Hardy
Bill Montei	Philip Bash	William Wiggs
		Mike West
		Philip Bash

### **Proxy Committee**

Rick Hardy<sup>1</sup>

<sup>1</sup> Chairman

## **Conflict of Interest Procedure**

The Company adopted a policy statement requiring annual disclosure of conflicts of interest, in accordance with Section 607.0832, FS. However, the statement had not been signed by all directors and officers listed on the jurat page of the annual statement on an annual basis.

## **Corporate Records**

The recorded minutes of the shareholder, board of directors, and executive and investment committee meetings were reviewed for the period under examination. The recorded minutes of the board adequately documented its meetings and approval of Company transactions in accordance with Section 607.1601, FS, including the authorization of investments as required by Section 625.304, FS. The majority of the minutes of the board of director's meetings were not signed and none were dated.

After the demutualization in 2001, there was no organizational meeting held to elect Company Directors as required by Section 607.0205, FS.

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

There were no acquisitions, mergers, disposals, dissolutions, and purchase or sales through reinsurance during the period under examination.

## **Surplus Debentures**

During 1996, the Company was capitalized through the infusion of \$5 Million by FFIS in exchange for a surplus debenture. The Company converted from a mutual to a stock company in early 2001. Under the terms of the demutualization offering, in a separate agreement between the Company and FFIS, the entire \$5 Million debenture was exchanged for approximately 98.9% of the shares of the Company.

## **AFFILIATED COMPANIES**

The Company was a member of an insurance holding company system as defined by Rule 69O-143.045(3), FAC. The latest holding company registration statement was filed with the State of Florida on February 7, 2003, as required by Section 628.801, FS, and Rule 69O-143.046, FAC.

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

### **Cost Sharing Agreement**

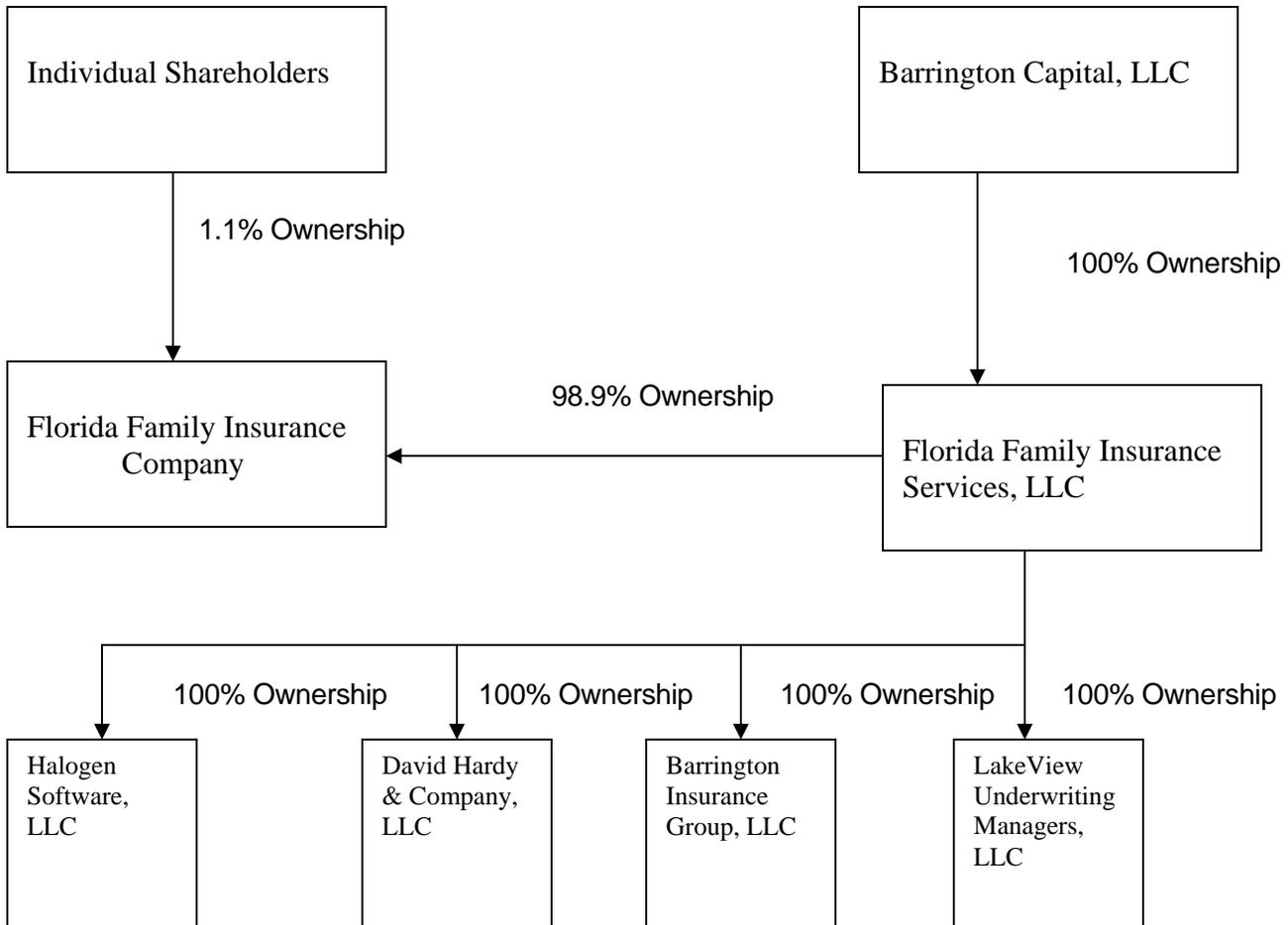
The Company has a cost sharing agreement, effective January 1, 1999, between the Company, FFIS and FFIS subsidiaries. The agreement specified that service and support costs will be determined and charged to the other party. Costs were calculated and determined each quarter.

### **MGA Agreement**

The Company entered into a MGA Agreement with FFIS on September 1, 2000. The agreement specified that FFIS provide certain agent and agency related services, as well as other services in connection with its insurance operations. The agreement specifies that FFIS would receive an 18% commission of written premium, and be reimbursed for the cost of other specific services described within the agreement. The agreement modified and replaced the previous executed MGA Agreement between the Company and FFIS.

A simplified organizational chart as of December 31, 2002, reflecting the holding company system, is shown below. Schedule Y of the Company's 2002 annual statement provided a list of all related companies of the holding company group.

**FLORIDA FAMILY INSURANCE COMPANY  
ORGANIZATIONAL CHART  
DECEMBER 31, 2002**



## FIDELITY BOND AND OTHER INSURANCE

The Company maintained fidelity bond coverage up to \$2,000,000 with a deductible of \$25,000, which adequately covered the suggested minimum amount of coverage for the Company as recommended by the NAIC.

## PENSION, STOCK OWNERSHIP, AND INSURANCE PLANS

The Company had no pension or stock ownership plan. It provided a 401k plan that was available to employees under which the Company matched employee contributions up to 25%. The contribution was remitted to the plan on a monthly basis and was expensed at that time.

## STATUTORY DEPOSITS

The following securities were deposited with the State of Florida as required by Section 624.411, FS, and with various state officials as required or permitted by law:

State	Description	Par Value	Market Value
FL	CD,	\$ 300,000	\$ 300,000
TOTAL FLORIDA DEPOSITS		<u>300,000</u>	<u>300,000</u>
Total Special Deposits		<u>\$ 300,000</u>	<u>\$ 300,000</u>

## **INSURANCE PRODUCTS AND RELATED PRACTICES**

### **Territory and Plan of Operation**

The Company was authorized to transact insurance only in the State of Florida, as provided in Section 624.401(2), FS.

### **Treatment of Policyholders**

The Company had established procedures for handling written complaints in accordance with Section 626.9541(1)(j), FS.

The Company maintained a claims procedure manual that included detailed procedures for handling each type of claim.

## **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 assumed risk from the FRPCJUA.

### **Ceded**

The Company ceded risk on an 80% multi-line quota share basis on all property lines of business.

The Company purchased catastrophe reinsurance from private reinsurers and the Florida Hurricane Catastrophe Fund. The Company followed the practice of purchasing levels of catastrophe reinsurance that, in conjunction with the quota share reinsurance, limit the Company's losses, net of reinsurance, to \$400,000 in the event of natural catastrophe of the size the Company considered reasonably likely to occur. In determining the likelihood of a natural catastrophe and the probable maximum loss expenses of the Company, the Company utilized a nationally recognized computer model.

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

#### **ACCOUNTS AND RECORDS**

An independent CPA audited the Company's statutory basis financial statements annually for the years 2000, 2001 and 2002, in accordance with Section 624.424(8), FS. Supporting work papers were prepared by the CPA as required by Rule 69O-137.002, FAC.

The Company's accounting records were maintained on a computerized system. The Company's balance sheet accounts were verified with the line items of the annual statement submitted to the Office.

The Company maintained its principal operational offices in Naples Florida, where this examination was conducted.

The Company and non-affiliates had the following agreements:

### **Custodial Agreement**

The Company had a custody agreement with Wachovia Bank. The custody agreement did not meet the requirements of Rule 690-143.042, FAC.

### **Independent Auditor Agreement**

The Company had engaged PricewaterhouseCoopers LLP to perform an independent CPA audit.

### **Risk-Based Capital**

The Company reported its risk-based capital at an adequate level.

## **FINANCIAL STATEMENTS PER EXAMINATION**

The following pages contain financial statements showing the Company's financial position as of December 31, 2002, 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."

**FLORIDA FAMILY INSURANCE COMPANY  
ASSETS**

**DECEMBER 31, 2002**

Classification	Per Company	Examination Adjustments	Per Examination
Bonds	\$14,250,099		\$14,250,099
Real Estate:			
Other properties	489,500		489,500
Cash:			
On deposit	(551,247)		(551,247)
Short-term investments	10,499,294		10,499,294
Agents' Balances:			
Uncollected premium	884,934		884,934
Federal tax recoverable	386,933		386,933
Guaranty funds receivable	132,418		132,418
EDP Equipment	99,847		99,847
Interest and dividend income due & accrued	216,952		216,952
	<hr/>		
Totals	\$26,408,730	\$0	\$26,408,730
	<hr/> <hr/>		

**FLORIDA FAMILY INSURANCE COMPANY, INC.  
LIABILITIES, SURPLUS AND OTHER FUNDS**

**DECEMBER 31, 2002**

<b>Liabilities</b>	<b>Per Company</b>	<b>Examination Adjustments</b>	<b>Per Examination</b>
Losses	\$1,336,917		\$1,336,917
Loss adjustment expenses	231,231		231,231
Other expenses	296,867		296,867
Taxes, licenses and fees	272,601		272,601
Federal & foreign income taxes	229,429		229,429
Unearned premium	5,690,183		5,690,183
Ceded reinsurance premiums payable	5,659,271		5,659,271
Funds held under reinsurance treaties	4,250,318		4,250,318
	<hr/>		<hr/>
Total Liabilities	\$18,037,013		\$18,037,013
Common capital stock	4,575,147	(2,229,917)	2,345,230
Gross paid in and contributed surplus	0	2,710,977	2,710,977
Unassigned funds (surplus)	3,796,617	(481,146)	3,315,471
	<hr/>		<hr/>
Less treasury stock, at cost:	43	0	43
Surplus as regards policyholders	8,371,721		8,371,721
	<hr/>		<hr/>
Total liabilities, capital and surplus	\$26,408,734	\$0	\$26,408,734
	<hr/> <hr/>		<hr/> <hr/>

**FLORIDA FAMILY INSURANCE COMPANY, INC.  
STATEMENT OF INCOME**

**DECEMBER 31, 2002**

Premiums earned	\$11,601,081
DEDUCTIONS:	
Losses incurred	\$3,519,819
Loss expenses incurred	1,094,749
Other underwriting expenses incurred	5,894,442
Aggregate write-ins for underwriting deductions	0
Total underwriting deductions	<u>\$10,509,010</u>
Net underwriting gain or (loss)	\$1,092,071

**Investment Income**

Net investment income earned	\$849,514
Net realized capital gains or (losses)	0
Net investment gain or (loss)	<u>\$849,514</u>

**Other Income**

Net gain or (loss) from agents' or premium balances charged off	(\$45,472)
Finance and service charges not included in premiums	50,741
Aggregate write-ins for miscellaneous income	1,945
Total other income	<u>\$7,214</u>

Net income before dividends to policyholders and before federal & foreign income taxes	\$1,948,799
Dividends to policyholders	0
Net Income, after dividends to policyholders, but before federal & foreign income taxes	<u>\$1,948,799</u>
Federal & foreign income taxes	<u>654,565</u>

Net Income \$1,294,234

**Capital and Surplus Account**

Surplus as regards policyholders, December 31 prior year \$7,089,073

**Gains and (Losses) in Surplus**

Net Income	\$1,294,234
Net unrealized capital gains or losses	0
Change in net deferred income tax	(28,644)
Change in non-admitted assets	17,101
Change in treasury stock	(43)
Examination Adjustment	0
Change in surplus as regards policyholders for the year	<u>\$1,282,648</u>
Surplus as regards policyholders, December 31 current year	<u><u>\$8,371,721</u></u>

## COMMENTS ON FINANCIAL STATEMENTS

### Liabilities

**Losses and Loss Adjustment Expenses** \$1,568,148

The Company's internal actuary, as directed and appointed by the board of directors, rendered an opinion that the amounts carried in the balance sheet as of December 31, 2002, 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 actuary reviewed work papers provided by the Company and concluded that there was a deficiency of \$ 209,000. This amount was below the materiality level of the examination, hence there was no adjustment to the financial statements presented in this report.

**FLORIDA FAMILY INSURANCE COMPANY, INC.  
COMPARATIVE ANALYSIS OF CHANGES IN SURPLUS**

**DECEMBER 31, 2002**

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 per December 31, 2002, Annual Statement	\$8,371,721
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	<u>PER</u> <u>COMPANY</u>	<u>PER</u> <u>EXAM</u>	<u>INCREASE</u> <u>(DECREASE)</u> <u>IN SURPLUS</u>
ASSETS:			
No adjustments.			
LIABILITIES:			
No adjustments.			
Net Change in Surplus:			0
Surplus as Regards Policyholders December 31, 2002, Per Examination			\$8,371,721

## **SUMMARY OF FINDINGS**

### **Compliance with previous directives**

The Company has taken the necessary actions to comply with the comments made in the 1999 examination report issued by the Office.

### **Current examination comments and corrective action**

The following is a brief summary of items of interest and corrective action to be taken by the Company regarding findings in the examination as of December 31, 2002.

### **Capital Stock**

Total Surplus as regards policyholders is accurately reported; however, the Company did not properly report Common capital stock, Gross paid in & contributed surplus and Unassigned funds in the annual statement. The Common capital stock account should contain an amount equal to the number of shares issued times the par values. Gross paid in and contributed surplus is the amount of capital received in excess of the par value of the stock issued. Expenses relating to the issuance of capital stock are charged to unassigned funds.

**The Company is directed to accurately report Common capital stock, Gross paid in & contributed surplus and Unassigned funds in all future annual and quarterly statements, in accordance with SSAP No. 72.**

## **Management**

The majority of the minutes of the board of director's meetings were not signed and none were dated.

**The Company is directed to have the minutes of the Company's board of directors meeting properly recorded and to provide evidence of such to the Office within 90 days of the issuance of this report.**

Upon the conversion of Florida Family Mutual Insurance Company to Florida Family Insurance Company on March 14, 2001, there was no organization meeting of record to elect Company directors as required by Section 607.0205, FS. All Company directors have subsequently been elected or re-elected to the board of directors.

**The Company is directed to have its directors and officers elected in accordance with the Company's articles of incorporation and bylaws, as required in the future.**

The Company did not notify the Office regarding the resignation of certain directors.

**The Company is directed to notify the Office in writing, of changes of personnel among the directors or principal officers of the insurer in accordance with Section 628.261, FS in all future occurrences.**

### **Conflicts of Interest Statement**

At December 31, 2002, the Company had adopted a policy statement that required annual disclosure of conflicts of interest, in accordance with Section 607,0832, FS. However, the statement had not been signed by all directors and officers on an annual basis.

**The Company is directed to maintain executed policy statements that require annual disclosure of conflicts of interest, in accordance with Section 607. 0832, FS and to provide evidence of such to the Office within 90 days of the issuance of this report.**

### **Custodian Agreement**

The custodian agreement with First Union Bank (Wachovia) is not in compliance with parts 2a, 2b, 2g, 2h, 2j, and 2n of Rule 69O-143.042, FAC.

**The Company is directed to obtain a new custody agreement with First Union Bank to comply with Rule 69O-143.042, FAC and to provide a copy of such to the Office within 90 days of the issuance of this report.**

### **SUBSEQUENT EVENTS**

There have been no material subsequent events.

## CONCLUSION

The customary insurance examination practices and procedures as promulgated by the NAIC have been followed in ascertaining the financial condition of **Florida Family Insurance Company**, as of December 31, 2002, consistent with the insurance laws of the State of Florida.

Per examination findings, the Company's surplus as regards policyholders was \$8,371,721, which was in compliance with Section 624.408, FS.

In addition to the undersigned, John Berry, Financial Examiner/Analyst Supervisor, Maurice Fuller, Financial Examiner/Analyst II, Owen Anderson, Financial Examiner/Analyst II, Samita Lamsal, Financial Examiner/Analyst II and Larry Steinert, FCAS, Actuary, participated in the examination.

Respectfully submitted,

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Roger Kelley  
Financial Examiner/Analyst II  
Florida Office of Insurance Regulation