

**REPORT ON EXAMINATION**

**OF**

**FEDERATED NATIONAL**

**INSURANCE COMPANY**

**LAUDERDALE LAKES, FLORIDA**

**AS OF**

**DECEMBER 31, 2004**

**BY THE**

**OFFICE OF INSURANCE REGULATION**

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Tallahassee, Florida

August 23, 2005

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 (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, 2004, of the financial condition and corporate affairs of:

**FEDERATED NATIONAL INSURANCE COMPANY  
3661 WEST OAKLAND PARK BLVD.  
LAUDERDALE LAKES, FLORIDA 33311**

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, 2002 through December 31, 2004. The Company was last examined by representatives of the Florida Office of Insurance Regulation (Office) as of December 31, 2001. This examination commenced, with planning at the Office, on May 9, 2005, to May 13, 2005. The fieldwork commenced on May 16, 2005, and was concluded as of August 23, 2005. The examination included any material transactions and/or events occurring subsequent to the examination date and noted during the course of the examination.

This 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 (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, 2004. Transactions subsequent to year-end 2004 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.

### **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, 2001, along with resulting action taken by the Company in connection therewith.

#### **Bonds and Stocks - Diversification**

The cost of the Company's investments in bonds with Hilton Hotels Corp. and Lucent Technologies exceeded the amount allowed per Section 625.305(4)(f), FS.

**Resolution:** The Company now has procedures in place to capture proper classification of investments and track the limitations pursuant to Section 625.305(4) (f), FS.

#### **Taxes, Licenses and Fees - Building**

The Company had not paid, nor accrued, property taxes on the building located at 4161 NW 5th St. in Plantation, Florida.

**Resolution:** The Company is in compliance with Sections 193.077 and 193.092, FS. The Company sold the building in September 2003 and its parent leased back the second floor. A

copy of the closing statement, noting the settlement of Broward County property taxes was reviewed.

#### **Taxes, Licenses and Fees - Assessments**

The Company did not accrue property tax assessments.

**Resolution:** The Company is currently accruing for property tax assessments as required by Section 625.3014(4), FS.

#### **Payable to PSA**

The Company did not offset amounts due to or from affiliates on the balance sheet as required by SSAP No. 64.

**Resolution:** The Company is netting amounts due to or from affiliates as required by SSAP No. 64.

#### **Management and Control - Directors**

Four members served on the board of directors in violation of Section 628.231(1), FS, and the Articles of Incorporation, Article VI, which require that the Company be managed by not less than five directors.

**Resolution:** The Company is in compliance with Section 628.231(1), FS, and the Articles of Incorporation, Article VI. The Company has maintained at least a minimum of five directors.

#### **Management and Control - Audit Committee**

The Company maintained an audit committee of only two directors. This was in violation of Section 624.424(8)(c), FS, which requires an audit committee of three or more directors.

**Resolution:** The Company maintained an audit committee of three or more which consisted of independent directors on a consolidated basis under the name of its parent company, 21<sup>st</sup> Century Holding Company.

#### **Custodian and Custodial Agreement**

The Company maintained their securities at Merrill Lynch. This was in violation of Rule 69O-143.042(1), FAC, Custody Agreement, which requires securities to be held by a custodian as defined in Rule 69O-143.041(2), FAC.

**Resolution:** The Company has conformed to Rules 69O-143.041(2), FAC and 69O-143.042(1), FAC.

#### **Accounts and Records**

Note 13.A. in the Notes to Financial Statements (500,000 shares authorized and outstanding at \$3 each) and General Interrogatory #21.1 (10,000,000 shares authorized and 100 outstanding at \$15,000 each) did not agree to the balance sheet and common stock certificate.

**Resolution:** The Company has correctly reported its capital stock information, as reflected in the current "Notes to Financial Statements" and "General Interrogatories", to agree to the balance sheet and common stock certificate.

### **Cost Sharing Agreements**

The Company was not settling inter-company expenses within fifteen (15) business days as required by the Company's cost sharing agreements.

**Resolution:** The Company has amended and is in compliance with its cost sharing agreements.

### **Fidelity Bond**

The Company maintained fidelity bond coverage up to \$250,000. The suggested minimum amount of coverage for the Company as recommended by the NAIC was \$350,000.

**Resolution:** The Company had the recommended amount of fidelity bond coverage as of June 16, 2005.

## **HISTORY**

### **General**

The Company was incorporated in Florida on January 6, 1992 and commenced business on April 1, 1992 as Federated National 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, 2004:

Homeowners Multi Peril	PPA Physical Damage
Mobile Home Multi Peril	Mobile Home Physical Damage
Private Passenger Auto Liability	Commercial Automobile Liability
Commercial Auto Physical Damage	

The articles of incorporation and the bylaws were not amended during the period covered by this examination.

## Capital Stock

As of December 31, 2004, the Company's capitalization was as follows:

Number of authorized common capital shares	10,000,000
Number of shares issued and outstanding	1,500,000
Total common capital stock	\$1,500,000
Par value per share	\$1.00

Control of the Company was maintained by its parent, 21<sup>st</sup> Century Holding Company (TCHC), who owned 100 percent of the stock issued by the Company.

## Profitability of Company

The following table shows the profitability trend (in dollars) of the Company for the period of examination.

	<b>2002</b>	<b>2003</b>	<b>2004</b>
Premiums Earned	25,887,345	32,877,678	47,109,570
Net Underwriting Gain/(Loss)	2,919,455	1,648,567	(34,219,543)
Net Income	2,211,479	2,914,531	(25,416,482)
Total Assets	35,878,752	44,825,789	72,545,275
Total Liabilities	26,645,156	28,144,750	64,945,091
Surplus As Regards Policyholders	9,233,596	16,681,039	7,600,184

## Dividends to Stockholders

The Company did not declare nor pay dividends to its stockholder in 2002, 2003 and 2004.

## Management

The annual shareholder meeting for the election of directors was held in accordance with Sections 607.1601 and 628.231, FS. Directors serving as of December 31, 2004, were:

### Directors

<b>Name and Location</b>	<b>Principal Occupation</b>
Michael Herbert Braun Lauderdale Lakes, Florida	President, Federated National Ins. Co.
Stephen Christopher Young Lauderdale Lakes, Florida	President, Federated Premium Finance, Inc.
George Santos Berwig Lauderdale Lakes, Florida	Attorney (In-House) 21 <sup>st</sup> Century Holding Company
Ydania Concepcion Lauderdale Lakes, Florida	Controller, Federated National Ins. Co.
Harold Lee Sutton Lauderdale Lakes, Florida	President, Superior Adjusting, Inc.

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

### Senior Officers

<b>Name</b>	<b>Title</b>
Michael Herbert Braun	President
George Santos Berwig	Secretary
Ydania Concepcion	Treasurer

The Company's board appointed an internal audit committee in accordance with Section 607.0825, FS. Following is the principal internal board committee and its members as of December 31, 2004:

**Audit Committee**

Peter Prygelski<sup>1</sup>  
Richard Wilcox  
Charles Hart

<sup>1</sup> Chairman

**Conflict of Interest Procedure**

The Company had adopted a policy statement requiring executives and other key or supervisory personnel to disclosure of conflicts of interest and this policy statement was in accordance with Section 607.0832, FS.

**Corporate Records**

The recorded minutes of the shareholder, Board of Directors, and audit committee were reviewed for the period under examination. The recorded minutes of the Board were in compliance with Section 607.1601, FS. The Company did not have investments authorized as required by Section 625.304, FS.

There was no documentation in the minutes reviewed that the Company's directors reviewed the previous examination report.

## **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**

The Company entered into a surplus debenture with its parent, 21<sup>st</sup> Century Holding Company for \$3,600,000 at an interest rate of prime plus 2%. This surplus debenture was approved by the Office in February 2005.

## **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 May 5, 2005, as required by Section 628.801, FS, and Rule 69O-143.046, FAC.

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

### **Tax Allocation Agreement**

The Company, along with its parent, 21<sup>st</sup> Century Holding Company (TCHC) and affiliates, filed a consolidated federal income tax return. On December 31, 2004, the method of allocation between the Company and TCHC was on a separate-entity basis. Each member of the group recorded an inter-company income tax receivable or payable with TCHC. Within ninety (90) days of the

remittance by TCHC of any income tax payment to the taxing authorities, all inter-company tax receivables/payables were settled.

### **Cost Sharing Agreement**

The Company, its parent company, 21<sup>st</sup> Century Holding Company, and affiliates agree to reimburse each other for expenses that are paid by one on the behalf of the other within ninety (90) days of the payment being made.

### **Claims Service Agreement**

The Company entered into an agreement with Superior Adjusting, Inc. on January 1, 2003, to process claims and claims legal administration for all lines of business written by the Company. The Company paid Superior Adjusting, Inc. a fee equal to 4.5% of the earned premiums, net of premium cancellations and endorsements to termination of this agreement. Additionally, Superior Adjusting, Inc. was entitled to a 15% collection fee for all subrogation receipts and a 10% collection fee for all salvage collection receipts.

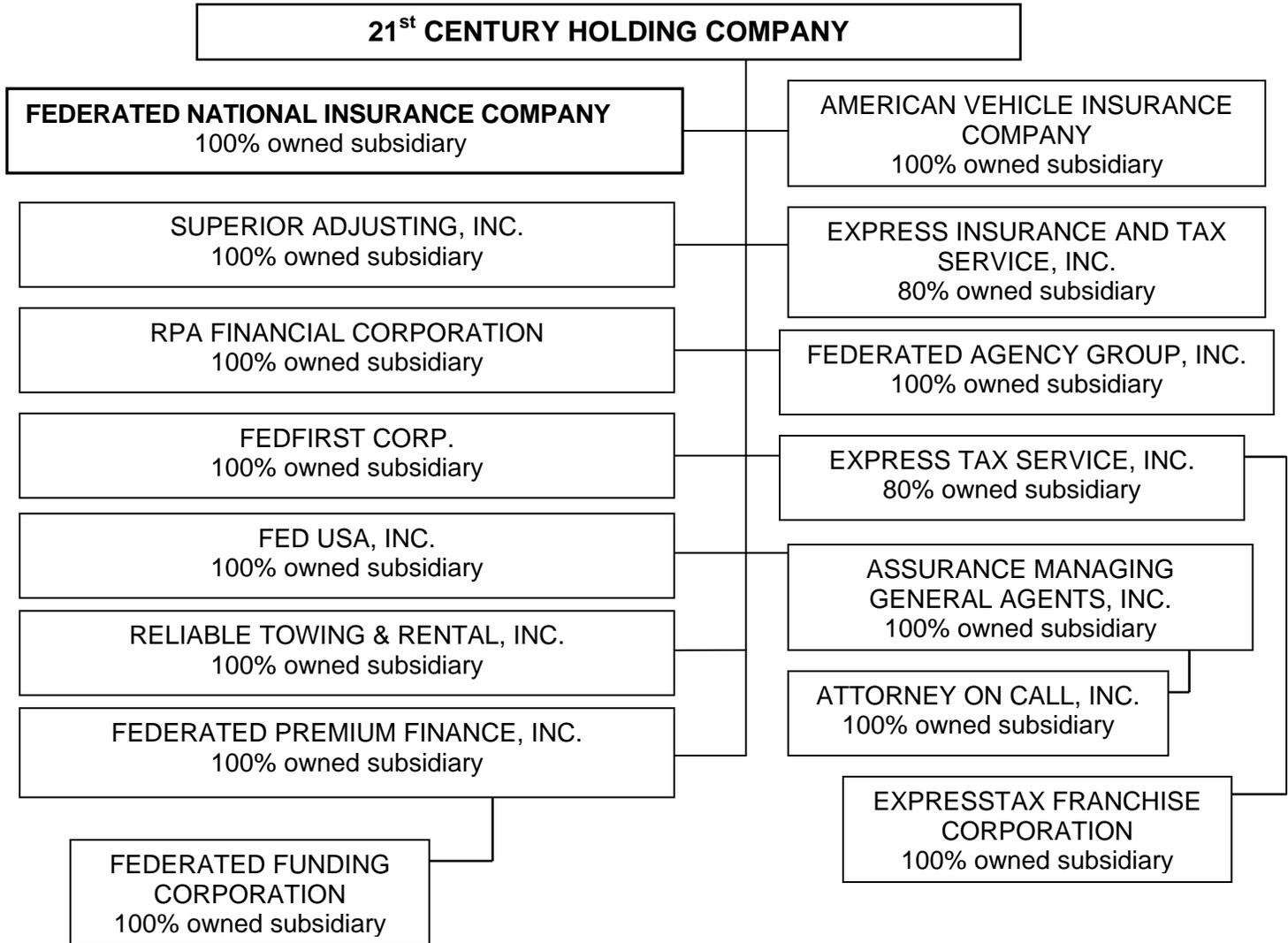
### **MGA Agreement**

The Company appointed Assurance Managing General Agents, Inc. (AMGA), as its managing general agent (MGA). The agreement was entered into beginning January 1, 2004. AMGA was involved in providing statistical reports, underwriting, marketing, administering and managing all policies for the Company and negotiating reinsurance agreements. Compensation to AMGA was \$25 per policy.

A simplified organizational chart as of December 31, 2004, reflecting the holding company system, is shown on the next page. Schedule Y of the Company's 2004 annual statement provided a list of all related companies of the holding company group. However, the Company's organizational chart did not include ultimate controlling persons as provided for in the NAIC annual statement instructions. It also did not include the two-character state abbreviation for all domestic insurers as provided for in the NAIC annual statement instructions. Rule 69O-143-045, FAC, defines a controlling person as one who has the power to vote ten percent or more of the voting securities. Edward J. Lawson and Michelle V. Lawson met this criteria, and as such, should be included on the organizational chart.

**FEDERATED NATIONAL INSURANCE COMPANY  
ORGANIZATIONAL CHART**

**DECEMBER 31, 2004**



## FIDELITY BOND AND OTHER INSURANCE

The Company's fidelity bond coverage in 2004 was \$250,000 with a deductible of \$25,000. This amount was not adequate to cover the suggested minimum amount of coverage for the Company, which was \$800,000, as recommended by the NAIC in the NAIC's Financial Condition Examiners Handbook. On June 7, 2005 the Company renewed the fidelity bond for the period effective June 16, 2005 to June 16, 2006, in the amount of \$850,000, with a deductible of \$100,000. This amount adequately covered the suggested minimum amount of coverage for the Company as recommended by the NAIC.

## PENSION, STOCK OWNERSHIP AND INSURANCE PLANS

The Company offered, through its parent, 21<sup>st</sup> Century Holding Company, a defined benefit pension plan covering substantially all of the Company's eligible employees. The benefits were based on eligibility and contributions made by the employee.

## STATUTORY DEPOSITS

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

State	Description	Par Value	Market Value
FL	USTNTS, 4.38%, 08/15/2012	<u>\$1,000,000</u>	<u>\$1,023,870</u>
TOTAL SPECIAL DEPOSITS		<u>\$1,000,000</u>	<u>\$1,023,870</u>

## **INSURANCE PRODUCTS AND RELATED PRACTICES**

### **Territory**

The Company was authorized to transact insurance in the State of Florida, in accordance with 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 were found to comply with NAIC standards with respect to the standard insolvency clause, arbitration clause, transfer of risk, reporting and settlement information deadlines.

The Company had an excess of loss casualty insurance agreement with a group of reinsurers which included Axis Specialty Limited, Ace Tempest Reinsurance Limited, Endurance Specialty Insurance Limited, Hannover Re (Bermuda) Limited, Montpelier Reinsurance Ltd., Pxre Reinsurance Limited, Partner Reinsurance Company Limited, Renaissance Reinsurance Ltd., Davinci Reinsurance Limited, XI Re Ltd. and certain members of Lloyd's of London.

**Assumed**

The Company assumed a number of policies from Citizens Property Insurance Corporation (Citizens).

**Ceded**

The Company ceded premiums to the Florida Hurricane Catastrophe Fund and a number of private reinsurers. All of the reinsurance with private reinsurers was purchased through Guy Carpenter & Company, Inc.

The excess casualty contract was reviewed by the Company's appointed actuary and was 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 2002, 2003 and 2004, 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 Lauderdale Lakes, Florida, where this examination was conducted.

The Company had a surplus note of \$ 3,600,000 and a note receivable of \$ 2,500,000 misclassified under details of write-ins for invested assets on the asset page of the annual statement. The correct location is write-ins for other than invested assets.

The Company and non-affiliates had the following agreements:

### **Custodial Agreement**

The Company had a custodial agreement with Merrill Lynch. This agreement did not meet the requirements of Rule 69O-143.042(2), FAC.

### **Independent Auditor Agreement**

The Company had an agreement with De Meo, Young, McGrath to provide certified annual financial statements.

### **Risk-Based Capital**

The Company reported its risk-based capital at an event of regulatory action level of 1.26. On August 31, 2005, the Company submitted the required risk-based capital plan documenting their actions considered necessary to restore compliance with Section 624.4085 FS, and 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, 2004, 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."

**FEDERATED NATIONAL INSURANCE COMPANY**  
**Assets**  
**DECEMBER 31, 2004**

Classification	Per Company	Examination Adjustments	Per Examination
Bonds	\$47,012,392		\$47,012,392
Common stocks	5,067,162		5,067,162
Real estate:			
Properties occupied by the company	2,458,674		2,458,674
Properties held for sale	333,661		333,661
Cash	(17,810,947)		(17,810,947)
Aggregate write-ins for invested assets	6,100,000		6,100,000
Investment income due & accrued	385,464		385,464
Uncollected premiums and agents' balances in course of collection	(244,773)		(244,773)
Deferred premiums, agents' balances & installments booked but deferred & not yet due	1,440,598		1,440,598
Amounts recoverable from reinsurers	18,921,032		18,921,032
Current federal and foreign income tax recoverable	5,572,571		5,572,571
Net deferred tax asset	2,537,877		2,537,877
Receivables from parent, subsidiaries and affiliates	328,273		328,273
Aggregate write-ins other than invested assets	443,293		443,293
Totals	<u>\$72,545,277</u>	<u>\$0</u>	<u>\$72,545,277</u>

**FEDERATED NATIONAL INSURANCE COMPANY**  
**Liabilities, Surplus and Other Funds**

**DECEMBER 31, 2004**

Liabilities	Per Company	Examination Adjustments	Per Examination
Losses	\$27,829,016		\$27,829,016
Loss adjustment expenses	1,569,431		1,569,431
Commissions payable, contingent commission	19,528		19,528
Other expenses	313,146		313,146
Taxes, licenses and fees	431,799		431,799
Unearned premiums	29,637,233		29,637,233
Advance premiums	1,730,200		1,730,200
Ceded reinsurance premiums payable	3,366,137		3,366,137
Amounts withheld by the company	15,885		15,885
Aggregate write-ins for liabilities	<u>32,717</u>		<u>32,717</u>
Total Liabilities	<u>\$64,945,092</u>		<u>\$64,945,092</u>
Common capital stock	\$1,500,000		\$1,500,000
Surplus notes	3,600,000		3,600,000
Gross paid in and contributed capital	22,661,272		22,661,272
Unassigned funds (surplus)	<u>(20,161,088)</u>		<u>(20,161,088)</u>
Surplus as regards policyholders	<u>\$7,600,184</u>		<u>\$7,600,184</u>
Total liabilities, capital and surplus	<u><u>\$72,545,275</u></u>	\$0	<u><u>\$72,545,275</u></u>

**FEDERATED NATIONAL INSURANCE COMPANY**  
**Statement of Income**

**DECEMBER 31, 2004**

**Underwriting Income**

Premiums earned	\$47,109,570
DEDUCTIONS:	
Losses incurred	63,241,532
Loss expenses incurred	5,492,323
Other underwriting expenses incurred	12,595,257
Aggregate write-ins for underwriting deductions	0
Total underwriting deductions	<u>\$81,329,112</u>
Net underwriting gain or (loss)	(\$34,219,542)

**Investment Income**

Net investment income earned	\$2,031,646
Net realized capital gains or (losses)	445,763
Net investment gain or (loss)	<u>\$2,477,409</u>

**Other Income**

Finance and service charges not included in premiums	\$449,279
Aggregate write-ins for miscellaneous income	303,802
Total other income	<u>\$753,081</u>
Net income before dividends to policyholders and before federal & foreign income taxes	(\$30,989,052)
Dividends to policyholders	<u>0</u>
Net Income, after dividends to policyholders, but before federal & foreign income taxes	(\$30,989,052)
Federal & foreign income taxes	<u>(5,572,571)</u>
Net Income	(\$25,416,481)

**Capital and Surplus Account**

Surplus as regards policyholders, December 31 prior year	\$16,681,039
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**Gains and (Losses) in Surplus**

Net Income	(\$25,416,481)
Net unrealized capital gains or losses	(168,441)
Change in net deferred income tax	9,601,228
Change in non-admitted assets	(8,431,420)
Change in surplus notes	3,600,000
Surplus adjustments: Paid in	11,891,222
Aggregate write-ins for gains and losses in surplus	(156,962)
Examination Adjustment	0
Change in surplus as regards policyholders for the year	<u>(\$9,080,854)</u>
Surplus as regards policyholders, December 31 current year	<u><u>\$7,600,184</u></u>

## COMMENTS ON FINANCIAL STATEMENTS

### Liabilities

**Losses and Loss Adjustment Expenses** \$ 29,418,447

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, 2004, 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 was in concurrence with this opinion.

**FEDERATED NATIONAL INSURANCE COMPANY  
COMPARATIVE ANALYSIS OF CHANGES IN SURPLUS**

**DECEMBER 31, 2004**

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, 2004, Annual Statement	\$7,600,184
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	<u>PER COMPANY</u>	<u>PER EXAM</u>	<u>INCREASE (DECREASE) IN SURPLUS</u>
<b>ASSETS:</b>			
No adjustment needed			
<b>LIABILITIES:</b>			
No adjustment needed			
Net Change in Surplus:			0
Surplus as Regards Policyholders December 31, 2004, Per Examination			\$7,600,184

## SUMMARY OF FINDINGS

### **Compliance with previous directives**

The Company has taken the necessary actions to comply with the comments made in the 2001 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, 2004.

#### **General**

The Company's organizational chart did not include ultimate controlling persons as directed in the annual statement instructions. It also did not include the two-character state abbreviation for all domestic insurers as directed in the annual statement instructions. Edward J. Lawson and Michelle V. Lawson meet this criteria, and as such, should be included in the organizational chart.

**It is recommended that the Company include both Edward J. Lawson and Michelle V. Lawson on Schedule Y - Part 1 of the organizational chart in its next filing with the Office. It is also recommended that the Company include the two character-state abbreviation for all domestic Insurers, and provide a completed organizational chart in its next filing with the Office.**

Subsequent event:

The Company included both Edward J. Lawson and Michelle V. Lawson on the organizational chart of its second quarter statement. The chart also included the two character-state abbreviation for all domestic Insurers.

**Corporate Records**

The Company's Board of Directors meeting minutes for the years 2002, 2003 and 2004 did not include a review of the prior examination report.

**It is recommended that the Company include the review of the prior examination report, and document the reviews in the minutes of all future Board of Director meetings.**

**Investments**

The Company did not have investments authorized by the Board of Directors or an authorized committee as required by Section 625.304, FS.

**It is recommended that the Company make all future investments or loans with authorization and approval by the Company's Board of Directors or a committee authorized by the Board of Directors and include the authorization in the corporate minutes.**

**Custody Agreement**

The Company's custody agreement with Merrill Lynch did not meet the requirements of Rule 69O-143.042(2), FAC.

**It is recommended that the Company amend its custody agreement to meet the requirements of Rule 69O-143.042(2), FAC; and provide a copy to the Office within 90 days of the issuance of this report.**

**Asset Write-ins**

The Company had a surplus note of \$ 3,600,000 and a note receivable of \$ 2,500,000 misclassified under details of write-ins for invested assets on the asset page on the filed annual statement.

**It is recommended that the Company report the receivable for Surplus notes and the notes receivable in all future filings with the Office, as aggregate write-ins for other than invested assets.**

**SUBSEQUENT EVENTS**

The Company's surplus note of \$ 3,600,000 and note receivable of \$ 2,500,000 were converted into cash in February of 2005.

## CONCLUSION

The customary insurance examination practices and procedures as promulgated by the NAIC have been followed in ascertaining the financial condition of **Federated National Insurance Company** as of December 31, 2004, consistent with the insurance laws of the State of Florida.

Per examination findings, the Company's surplus as regards policyholders was \$7,600,184, which was in compliance with Section 624.408, FS.

In addition to the undersigned, John Berry, Financial Examiner/Analyst Supervisor, Jerry Golden, Financial Examiner/Analyst II, Maurice Fuller, Financial Examiner/Analyst II and Joe Boor, FCAS, Office Actuary participated in the examination.

Respectfully submitted,

---

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