

REPORT ON EXAMINATION
OF
FLORIDA PENINSULA INSURANCE
COMPANY
BOCA RATON, FLORIDA
AS OF
DECEMBER 31, 2012

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 | 2 |
| GENERAL | 2 |
| DIVIDENDS TO STOCKHOLDERS..... | 3 |
| CAPITAL STOCK AND CAPITAL CONTRIBUTIONS..... | 3 |
| SURPLUS NOTES | 4 |
| ACQUISITIONS, MERGERS, DISPOSALS, DISSOLUTIONS, AND PURCHASE OR SALES THROUGH REINSURANCE | 4 |
| CORPORATE RECORDS | 4 |
| CONFLICT OF INTEREST..... | 5 |
| MANAGEMENT AND CONTROL | 5 |
| MANAGEMENT | 5 |
| AFFILIATED COMPANIES | 6 |
| ORGANIZATIONAL CHART | 7 |
| MANAGING GENERAL AGENCY AND CLAIMS ADMINISTRATION AGREEMENT..... | 7 |
| FIDELITY BOND AND OTHER INSURANCE | 8 |
| PENSION, STOCK OWNERSHIP AND INSURANCE PLANS | 8 |
| TERRITORY AND PLAN OF OPERATIONS | 8 |
| TREATMENT OF POLICYHOLDERS | 8 |
| COMPANY GROWTH | 9 |
| PROFITABILITY OF COMPANY | 10 |
| LOSS EXPERIENCE | 10 |
| REINSURANCE | 10 |
| ASSUMED | 11 |
| CEDED | 11 |
| ACCOUNTS AND RECORDS | 11 |
| CUSTODIAL AGREEMENT | 12 |
| MASTER BUSINESS PROCESS OUTSOURCING SERVICES | 12 |
| CLAIMS SERVICES AGREEMENT – NCA GROUP | 12 |
| BROKER SERVICES AND DIVIDEND AGREEMENT..... | 13 |
| BROKER SERVICES AGREEMENT..... | 13 |
| INDEPENDENT AUDITOR AGREEMENT | 13 |
| INFORMATION TECHNOLOGY REPORT | 13 |

| | |
|--|-----------|
| STATUTORY DEPOSITS | 14 |
| FINANCIAL STATEMENTS PER EXAMINATION..... | 14 |
| ASSETS..... | 15 |
| LIABILITIES, SURPLUS AND OTHER FUNDS | 16 |
| STATEMENT OF INCOME | 17 |
| COMPARATIVE ANALYSIS OF CHANGES IN SURPLUS..... | 18 |
| COMMENTS ON FINANCIAL STATEMENTS..... | 19 |
| LIABILITIES | 19 |
| CAPITAL AND SURPLUS | 19 |
| CONCLUSION..... | 20 |

July 19, 2013

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, 2012, of the financial condition and corporate affairs of:

**FLORIDA PENINSULA INSURANCE COMPANY
903 NW 65TH STREET, SUITE 200
BOCA RATON, FLORIDA 33487**

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, 2012. 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 April 1, 2013, to April 5, 2013. The fieldwork commenced on May 6, 2013, and concluded as of July 19, 2013.

This was a multi-state 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

There were no material findings or exceptions noted during the examination as of December 31, 2012.

Prior Exam Findings

There were no findings, exceptions or corrective action to be taken by the Company for the examination as of December 31, 2008.

SUBSEQUENT EVENTS

On February 22, 2013, the Company liquidated the intercompany payable balance and transferred \$1,070,285 contributed policyholder surplus, in cash, to Edison Insurance Company, a wholly owned subsidiary.

HISTORY

General

The Company was incorporated in Florida on March 30, 2005, and commenced business on May 1, 2005, as Florida Peninsula Insurance Company.

The Company was authorized to transact homeowners multi peril insurance coverage on April 22, 2005 and inland marine, other liability and fire insurance coverage on January 23, 2008 in Florida. The other liability line of business was withdrawn in 2009 and the fire line of business was withdrawn in 2010. The homeowners multi peril and inland marine lines of business continued to be authorized as of December 31, 2012.

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

The Company had a contract with the Citizens Property Insurance Corporation (Citizens) under the depopulation plan whereby the Company assumed policies pursuant to various consent orders approved by the Office. During 2009, 2011 and 2012, the Company assumed a total of 23,901, 19,935, and 35,933 policies, respectively, as part of the depopulation plan.

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, 2012, the Company's capitalization was as follows:

| | |
|--|-------------|
| Number of authorized common capital shares | 20,000 |
| Number of shares issued and outstanding | 20,000 |
| Total common capital stock | \$2,000,000 |
| Par value per share | \$100.00 |

Control of the Company was maintained by its parent, Florida Peninsula Holdings, LLC, who owned 100% of the stock issued by the Company. On November 29, 2006, Florida Peninsula

Holdings, LLC pledged 100% of the Company's stock as collateral to obtain a loan of \$22,500,000. The purpose of the loan was to provide \$20,000,000 capital for the Company.

Surplus Notes

The Company received proceeds from a surplus note issued by the State of Florida under the Insurance Capital Build-Up Incentive Program on January 3, 2007 in the amount of \$25 million. The surplus note had an interest rate equivalent to the 10-year U.S. Treasury Bond rate and a term of 20 years, which was accelerated by 5 years through a signed addendum on October 1, 2011.

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

Effective January 5, 2010, Edison Insurance Group, LLC was purchased by Florida Peninsula Holdings, LLC. Edison Insurance Company was a 100% wholly owned subsidiary of Edison Group, LLC. Florida Peninsula Holdings, LLC then contributed 100% of the wholly owned shares of Edison Insurance Company to the Company.

CORPORATE RECORDS

The recorded minutes of the Shareholder, 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, 2012, were:

Directors

| Name and Location | Principal Occupation |
|--|---|
| Paul Montgomery Adkins Boca Raton, Florida | Chairman, Florida Peninsula Insurance Company |
| Gary Andrew Cantor Ocean Ridge, Florida | Managing Director, Florida Peninsula Insurance Company |
| Roger Louis Desjadon Franklin Park, New Jersey | Chief Executive Officer, Florida Peninsula Insurance Company |
| Stacey Alexander Giuliani Hollywood, Florida | Chief Legal Officer, Florida Peninsula Insurance Company |
| Francis Joseph Lattanzio Glastonbury, Connecticut | Chief Financial Officer, Florida Peninsula Insurance Company |
| Clint Bryan Strauch Lighthouse Point, Florida | Chief Operations Officer, Florida Peninsula Insurance Company |

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

Senior Officers

| Name | Title |
|---------------------------|-------------------------|
| Roger Louis Desjadon | Chief Executive Officer |
| Francis Joseph Lattanzio | Treasurer |
| Stacey Alexander Giuliani | Secretary |

The Company's Board appointed several internal committees. Following were the principal internal board committees and their members as of December 31, 2012:

Audit Committee

Gary Andrew Cantor ¹
Francis Joseph Lattanzio
Stacey Alexander Giuliani
Cindy Murphy

Investment Committee

Roger Louis Desjadon ¹
Francis Joseph Lattanzio
Paul Montgomery Adkins
Gary Andrew Cantor

¹ Chairman

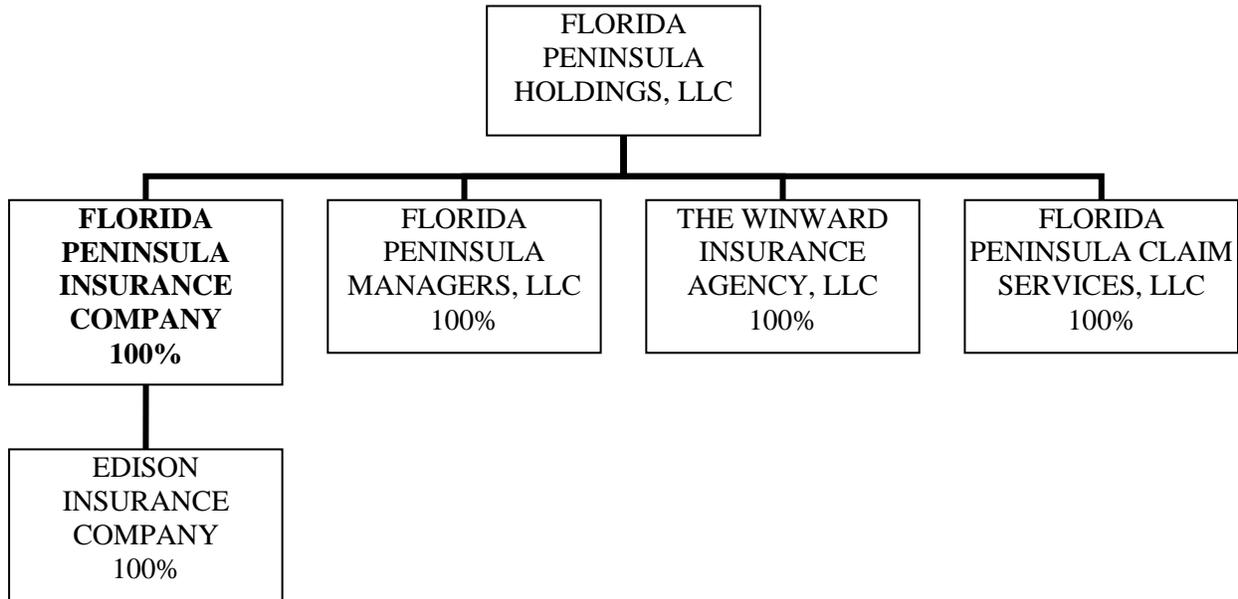
Affiliated Companies

The Company was a member of an insurance holding company system as defined by Rule 69O-143.045(3), Florida Administrative Code. The most recent holding company registration statement was filed with the State of Florida on February 28, 2013, as required by Section 628.801, Florida Statutes, and Rule 69O-143.046, Florida Administrative Code.

An organizational chart as of December 31, 2012, reflecting the holding company system, is shown on the following page. Schedule Y of the Company's 2012 annual statement provided a list of all related companies of the holding company group.

**FLORIDA PENINSULA INSURANCE COMPANY
ORGANIZATIONAL CHART**

DECEMBER 31, 2012



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

Managing General Agency and Claims Administration Agreement

The Company had a Managing General Agency (MGA) and Claims Administration agreement with Florida Peninsula Managers, LLC, to provide the Company with underwriting, policyholder, claim administration services, accounting, marketing and other similar services. The agreement was effective May 1, 2005, and amended on November 7, 2008. The agreement continues in force unless otherwise terminated within the guidelines of the agreement. MGA fees were based on 25% of earned annual premium and included a policy fee not to exceed \$25. Claims administration services were included in the agreement. Claims administration fees were based on

5% of earned annual premium, with catastrophe claims handling calculated according to a fee schedule. Fees incurred under this agreement during 2012 amounted to \$76,533,270.

FIDELITY BOND AND OTHER INSURANCE

The Company maintained fidelity bond coverage up to \$7,500,000 with a deductible of \$75,000, which reached the suggested minimum as recommended by the NAIC. The Company also maintained Directors and Officers (D&O) and Private Company liability insurance coverage with limits of \$5,000,000 and deductibles ranging from \$25,000 to \$100,000, as well as Professional Liability coverage with limits of \$7,500,000 and a deductible of \$250,000.

PENSION, STOCK OWNERSHIP AND INSURANCE PLANS

The Company's sole employee participated in a qualified 401(k) retirement plan sponsored by its parent, Florida Peninsula Holdings, LLC.

TERRITORY AND PLAN OF OPERATIONS

The Company was authorized to transact insurance in the following states:

Florida

South Carolina

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 has been growing through a combination of both organic growth and Citizens takeouts. The Company had approximately 140,000 and 112,000 policies in force at December 31, 2012 and 2011, respectively. The Company's gross written premium increased over the examination period, while net written premium remained fairly flat due to significant ceding of premiums for reinsurance coverage. Underwriting and net income fluctuated over the examination period, driven largely by fluctuations in losses incurred and underwriting expenses. Surplus remained relatively consistent over the examination period.

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.

| | 2012 | 2011 | 2010 | 2009 |
|----------------------------------|-------------|-------------|--------------|-------------|
| Premiums Earned | 97,838,395 | 79,120,144 | 107,919,798 | 108,173,232 |
| Net Underwriting Gain/(Loss) | 992,665 | 8,479,322 | (20,696,864) | (493,581) |
| Net Income | 2,576,117 | 8,498,864 | (14,190,943) | 2,143,508 |
| Total Assets | 270,825,892 | 202,991,836 | 195,204,705 | 201,096,368 |
| Total Liabilities | 212,377,461 | 144,927,679 | 141,835,760 | 133,684,230 |
| Surplus As Regards Policyholders | 58,448,431 | 58,064,157 | 53,368,945 | 67,412,138 |

LOSS EXPERIENCE

During the examination period, the Company reported adverse development overall. The primary cause of the adverse loss development was the emergence of significant sinkhole claims. The one and two-year net loss developments at the end of the examination period were both adverse at \$6.7 million and \$11.5 million, 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 assumed risk from Citizens in various take out amounts pursuant to Consent Orders approved by the Office. During 2009, 2011 and 2012, the Company assumed a total of 23,901, 19,935, and 35,933 policies, respectively. In 2012, the Company assumed approximately \$40 million in premiums from Citizens.

Ceded

The Company ceded risk on a quota share and excess of loss basis to authorized and unauthorized reinsurers. The Company also participated in the Florida Hurricane Catastrophe Fund and maintained aggregate excess of loss reinsurance and reinstatement premium protection. Reinsurance with private reinsurers was purchased through intermediaries Towers Watson and Aon Benfield.

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 Boca Raton, Florida.

An independent CPA audited the Company's statutory basis financial statements annually for the years 2009, 2010, 2011 and 2012, 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.

The Company's accounting records were maintained on a computer system developed externally.

The Company and non-affiliates had the following agreements:

Custodial Agreement

The Company maintained a custodial agreement with the JPMorgan Chase Bank, National Association, executed on October 29, 2008. The agreement was in compliance with Rule 69O-143.042, Florida Administrative Code.

Master Business Process Outsourcing Services

Effective January 1, 2008, the Company's affiliate, Florida Peninsula Managers, LLC entered into a Master Business Process Outsourcing Services Agreement with Computer Sciences Corporation (CSC) whereby the Company granted authority to CSC to receive and accept proposals for insurance contracts and issue policies based on the Company's underwriting guidelines. These services also included premium reporting, policy preparation, policy issuance and billing and collection of premiums.

Claims Services Agreement – NCA Group

Effective May 1, 2006, the Company's affiliate, Florida Peninsula Managers, LLC entered into a Claim Services Agreement with NCA Group, Inc. (NCA) to provide claims services for claims assigned to them. NCA was to act as administrator and fully investigate, evaluate and handle each claim reported within established authority for claims.

Broker Services and Dividend Agreement

Effective June 1, 2007, the Company entered into a Broker Authorization Contract with Aon Benfield, Inc., by which Aon Benfield, Inc. procured and serviced reinsurance contracts. Effective December 20, 2011, the Company entered into a Relationship Dividend Agreement with Aon Benfield, Inc., by which Aon Benfield, Inc. shared brokerage revenue with the Company pursuant to a schedule.

Broker Services Agreement

Effective January 6, 2012, the Company entered into a Master Services Agreement with Towers Watson Pennsylvania, Inc. (Towers Watson), by which Towers Watson provided reinsurance services including analyzing and evaluating exposures, making recommendations, negotiating premium and coverage terms, securing reinsurers' authorizations to participate, preparing preliminary contract wordings, securing signed agreements and claim services. The agreement also provides for revenue sharing.

Independent Auditor Agreement

The Company contracted with an external independent CPA firm to perform the annual audit of its financial statements as required by Rule 69O-137.002 (7) (c), Florida Administrative Code.

INFORMATION TECHNOLOGY REPORT

Scott Langstein, CISA, IT Manager, of Cerebres, LLC 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 | Cash | <u>\$ 300,000</u> | <u>\$ 300,000</u> |
| TOTAL FLORIDA DEPOSITS | | \$ 300,000 | \$ 300,000 |
| SC | USTB, 0%, 09/19/13 | <u>\$ 125,000</u> | <u>\$ 125,000</u> |
| TOTAL OTHER DEPOSITS | | <u>\$ 125,000</u> | <u>\$ 125,000</u> |
| TOTAL SPECIAL DEPOSITS | | <u>\$ 425,000</u> | <u>\$ 425,000</u> |

FINANCIAL STATEMENTS PER EXAMINATION

The following pages contain financial statements showing the Company's financial position as of December 31, 2012, 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 PENINSULA INSURANCE COMPANY

Assets

DECEMBER 31, 2012

| | Per Company | Examination Adjustments | Per Examination |
|--|--------------------|------------------------------------|------------------------|
| Bonds | \$148,656,664 | | \$148,656,664 |
| Stocks: | | | |
| Preferred | 1,215,337 | | 1,215,337 |
| Common | 4,000,000 | | 4,000,000 |
| Cash and Short-Term Investments | 63,046,493 | | 63,046,493 |
| Agents' Balances: | | | |
| Uncollected premium | 756,200 | | 756,200 |
| Deferred premium | 11,990,508 | | 11,990,508 |
| Reinsurance recoverable | 30,699,918 | | 30,699,918 |
| Interest and dividend income due & accrued | 1,002,136 | | 1,002,136 |
| Net deferred tax asset | 6,535,269 | | 6,535,269 |
| Aggregate write-in for other than invested assets | 2,923,367 | | 2,923,367 |
| | <hr/> | | <hr/> |
| Totals | \$270,825,892 | \$0 | \$270,825,892 |

FLORIDA PENINSULA INSURANCE COMPANY
Liabilities, Surplus and Other Funds

DECEMBER 31, 2012

| | Per Company | Examination Adjustments | Per Examination |
|---|----------------------|----------------------------|----------------------|
| Losses | \$81,830,849 | | \$81,830,849 |
| Loss adjustment expenses | 4,450,389 | | 4,450,389 |
| Other expenses | 3,871,761 | | 3,871,761 |
| Taxes, licenses and fees | 1,050,588 | | 1,050,588 |
| Current Federal and FIT | 2,145,764 | | 2,145,764 |
| Unearned premium | 58,286,777 | | 58,286,777 |
| Advance premiums | 6,555,371 | | 6,555,371 |
| Ceded insurance premiums payable | 48,076,723 | | 48,076,723 |
| Funds held under reinsurance treaties | 77,916 | | 77,916 |
| Amounts withheld | 268,076 | | 268,076 |
| Remittance and items not allocated | 4,527 | | 4,527 |
| Drafts outstanding | 332,673 | | 332,673 |
| Payable to parent, subsidiaries and affiliates | 5,426,047 | | 5,426,047 |
| Total Liabilities | \$212,377,461 | \$0 | \$212,377,461 |
| Common capital stock | \$2,000,000 | | \$2,000,000 |
| Surplus Notes | 19,301,471 | | \$19,301,471 |
| Gross paid in and contributed surplus | 31,000,000 | | 31,000,000 |
| Unassigned funds (surplus) | 6,146,961 | | 6,146,961 |
| Surplus as regards policyholders | 58,448,431 | 0 | 58,448,431 |
| Total liabilities, surplus and other funds | \$270,825,892 | \$0 | \$270,825,892 |

FLORIDA PENINSULA INSURANCE COMPANY
Statement of Income

DECEMBER 31, 2012

Underwriting Income

| | | |
|---|--------------------|--------------|
| Premiums earned | | \$97,838,395 |
| | Deductions: | |
| Losses incurred | | \$36,322,286 |
| Loss expenses incurred | | 27,075,573 |
| Other underwriting expenses incurred | | 33,447,870 |
| Aggregate write-ins for underwriting deductions | | 0 |
| Total underwriting deductions | | \$96,845,729 |
| Net underwriting gain or (loss) | | \$992,666 |

Investment Income

| | | |
|--|--|-------------|
| Net investment income earned | | \$1,320,767 |
| Net realized capital gains or (losses) | | 2,215,672 |
| Net investment gain or (loss) | | \$3,536,439 |

Other Income

| | | |
|--|--|-------------|
| Net gain or (loss) from agents' or premium balances charged off | | (\$95,231) |
| Finance and service charges not included in premiums | | 613,773 |
| Aggregate write-ins for miscellaneous income | | 1,161,236 |
| Total other income | | \$1,679,778 |
| Net income before dividends to policyholders and before federal & foreign income taxes | | \$6,208,881 |
| Dividends to policyholders | | 0 |
| Net Income, after dividends to policyholders, but before federal & foreign income taxes | | \$6,208,881 |
| Federal & foreign income taxes | | 3,632,764 |
| Net Income | | \$2,576,117 |

Capital and Surplus Account

| | | |
|--|--|--------------|
| Surplus as regards policyholders, December 31 prior year | | \$58,064,157 |
| Net Income | | \$2,576,117 |
| Net unrealized capital gains or losses | | (985,096) |
| Change in net deferred income | | 1,071,526 |
| Change in non admitted assets | | (147,201) |
| Change in provision for reinsurance | | 74,810 |
| Change in surplus notes | | (2,205,882) |
| 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 | | \$384,274 |
| Surplus as regards policyholders, December 31 current year | | \$58,448,431 |

FLORIDA PENINSULA INSURANCE COMPANY
Comparative Analysis of Changes in Surplus

DECEMBER 31, 2012

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, 2012, per Annual Statement | \$58,448,431 |
|---|--------------|

| | <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, 2012, Per Examination | | | \$58,448,431 |

COMMENTS ON FINANCIAL STATEMENTS

Liabilities

Losses and Loss Adjustment Expenses \$86,281,238

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, 2012, 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, Greg Wilson, FCAS, MAAA, of Lewis & Ellis, Inc., 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 \$58,448,431 exceeded the minimum of \$19,927,803 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 **Florida Peninsula Insurance Company** as of December 31, 2012, consistent with the insurance laws of the State of Florida.

Per examination findings, the Company's surplus as regards policyholders was \$58,448,431, which exceeded the minimum of \$19,927,803 required by Section 624.408, Florida Statutes.

In addition to the undersigned, the following three individuals with Lewis and Ellis, Inc. participated in the examination: Sarah Lucibello, CPA, CFE, Examiner-In-Charge; Amy Carter, CPA, and Lindsey Pittman, CPA, CFE, Participating Examiners. Also participating in the examination were: Greg Wilson, FCAS, MAAA, consulting actuary of Lewis & Ellis, Inc.; Scott Langstein, CISA, IT Specialist of Cerebres, LLC; Jonathan Frisard, Financial Examiner/Analyst Supervisor and Connie Hare, CFE (Fraud), Financial Examiner/Analyst Supervisor of the Office.

Respectfully submitted,

Robin Hill, CFE
Chief Examiner
Florida Office of Insurance Regulation