REPORT ON EXAMINATION

OF THE

INSURANCE COMPANY OF THE AMERICAS

BRADENTON, FLORIDA

AS OF

DECEMBER 31, 2002

BY THE

OFFICE OF INSURANCE REGULATION

TABLE OF CONTENTS

Tallahassee, Florida
October 10, 2003

Kevin M. McCarty
Director
Office of Insurance Regulation
State of Florida
Tallahassee, Florida 32399-0300

Dear Sir:

Pursuant to your instructions, in compliance with Section 624.316, Florida Statutes, and in accordance with the practices and procedures promulgated by the National Association of Insurance Commissioners, an examination has been made as of December 31, 2002, of the financial condition and corporate affairs of the:

INSURANCE COMPANY OF THE AMERICAS
1310 UTICA STREET
ORISKANY, NEW YORK 13424

hereinafter referred to as the “Company”. Such report of examination is herewith respectfully submitted.

SCOPE OF EXAMINATION

This examination covered the intervening period from January 1, 1999, to the close of business on December 31, 2002. The Company was last examined by representatives of the Office of Insurance Regulation (Office) as of December 31, 1998. This examination commenced with planning at the Office on April 7, 2003 to April 9, 2003. The fieldwork commenced on April 15, 2003 and was concluded as of October 10, 2003. 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 represents a statutory financial examination conducted in accordance with the Financial Examiners Handbook, Accounting Practices and Procedures Manual and Annual Statement Instructions, promulgated by the National Association of Insurance Commissioners (NAIC) as adopted by Rules 4-137.001(4) and 4-138.001, Florida Administrative Code, with due regard to the statutory requirements of the insurance laws, rules and regulations of the State of Florida.

In this examination, emphasis was directed to the quality, value and integrity of the statement assets and the determination or estimation of liabilities, as affects 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 and related records prepared by the Company’s independent certified public accountants were reviewed and utilized where applicable within the scope of this examination.

The Company’s assets were valued and/or verified and the liabilities were determined or estimated 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.

During the performance of this examination, many exceptions were noted in the original filing of the annual statement. Many of the values reported in the balance sheet could not be verified and did not have reasonable supporting documentation. The CPA's performing the annual audit encountered the same difficulties in verifying the Company's records. As a result, the Company entered adjusting journal entries and filed an amended annual statement on August 30, 2003. Many of the exceptions noted in this examination report were included in the amended annual statement.

Status of Adverse findings from Prior Examination

There were no adverse findings in the prior examination.

HISTORY

General

The Company was incorporated on June 28, 1976, under the laws of the State of Florida, as a stock property and casualty insurer, with the name of FMI Reinsurance Company. On July 23, 1976, the name of the Company was changed to Ormond Reinsurance Company. On May 15, 1992, the name of the Company was changed to Insurance Company of the Americas. The Company was under Administrative Supervision by the Office of Insurance Regulation (Office) beginning in November 1994 and continuing through August 11, 2002. Beginning August 12, 2002, the

Company’s COA was reinstated for Workers’ Compensation and Surety lines of business only. The reinstatement of the COA was in conjunction with the sale of the Company to IPA Acquisition, Inc. (IPA).

In accordance with Section 624.401(1), Florida Statutes, the Company was authorized to transact Workers’ Compensation and Surety lines of business, in the State of Florida, on December 31, 2002:

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

Capital Stock

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

Number of authorized common capital shares	10,000
Number of shares issued and outstanding	10,000
Total common capital stock	$1,000,000
Par value per share	$100

Control of the Company was maintained by its parent (IPA), who owned 100 percent of the stock issued by the Company. IPA also owned 82.115 percent of the outstanding common stock and 100 percent of the outstanding preferred stock of Oriska Corporation, who in turn owned 100 percent of Oriska Insurance Company (OIC). OIC was domesticated in New York.

Profitability of Company

The Company experienced a net underwriting loss of $1.9 million and a net loss of $1.8 million in 2002.

Dividends to Stockholders

There were no dividends paid during this examination period.

Management

The annual shareholder meeting for the election of directors was held in accordance with Sections 607.1601 and 628.231, Florida Statutes. Serving as of December 31, 2002, were as follows:

Directors

Name and Location	**Principal Occupation**
James M. Kernan Oriskany, New York	President of Company Chairman
Kevin J. Misiaszek Oriskany, New York	Vice President of Company
Sharon Z. Martin Oriskany, New York	Receivables/Payables Mgr.
Douglas R. Holmes Glendora, California	Corporate Counsel
Gary R. Buhl Richmondville, New York	Chief Financial Officer

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

Senior Officers

Name	**Title**
James M. Kernan	President
Kevin J. Misiaszek	Vice President
Sharon Z. Martin	Treasurer
Douglas R. Holmes	Secretary

The Company used several internal committees in accordance with Section 607.0825, Florida Statutes. The following is a list of the principal internal committees and their members as of December 31, 2002:

Investment Committee

James M. Kernan, Chairman
Sharon Z. Martin

Audit Committee

James M. Kernan, Chairperson
Douglas R. Holmes

The Company did not maintain an audit committee with at least three members, as required by Section 624.424(8)(c), Florida Statutes.

Conflict of Interest Procedure

The Company had adopted a policy statement that required annual disclosure on conflicts of interest, in accordance with Section 607.0832, Florida Statutes. No exceptions were noted during this examination period.

Corporate Records

The recorded minutes of the meetings by the Shareholder, Board of Directors, Investment and Executive Committees were reviewed for the period under examination. The minutes were documented in accordance with Section 607.1601, Florida Statutes. However, the minutes did not include the following:

- Approval of investments. This is in violation of Section 625.304, Florida Statutes.
- Appointment of a certified public accountant. This is in violation of Section 624.424(8)(c), Florida Statutes.
- Appointment of not less than five directors. This is in violation of Section 628.231, Florida Statutes.
- Appointment of actuary by the board of directors. This is in violation of the NAIC Annual Statement Instructions, page 31.

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

Other than the transactions noted in the History Section of this report, there have been no acquisitions, mergers, disposals, dissolutions nor purchases or sales through reinsurance.

Surplus Debentures

The Company has issued $5.1 million in surplus debentures to its parent IPA. The Company incorrectly reported $6.7 million in outstanding surplus debentures issued to IPA in the original annual statement filing for 2002. On August 30, 2003, the Company filed an amended annual statement that reflected the correct amount of surplus debentures outstanding. Combined with the surplus debentures that were issued prior to the purchase by IPA, the Company has a total of $10.4 million in outstanding surplus debentures.

AFFILIATED COMPANIES

The Company was a member of an insurance holding company system as defined by Rule 4-143.045(3), Florida Administrative Code. The latest holding company registration filing with the State of Florida, as required by Section 628.801, Florida Statutes, and Rule 4-143.046, Florida Administrative Code, was made on January 23, 2003.

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

Expense Allocation Agreement

The Company entered into an agreement with its parent, IPA, and two other affiliated companies, Oriska Corporation (Oriska) and OIC, whereby all office supplies, equipment and personnel are provided by Oriska. All expenses (including utilities) are then allocated to each company. However, the Company has not complied with the requirements of the Expense Allocation Agreement, Sections 5 and 6, which requires Oriska to bill the Company on a monthly basis within 30 days after the last day of each month.

Management Services Agreement

Subsequent Event: The Company entered into a management services agreement with United Systems Administration, Inc. (USA), on August 1, 2003 (retroactive to January 1, 2003). The Management Services Agreement supercedes the Expense Allocation Agreement. USA is an unaffiliated company, but has common management. USA provides all necessary services for the management of ICA, including management, accounting and administrative services. However, as of the completion of the field work of this examination, there is no evidence the Company has complied with the requirements of this agreement in its entirety. In addition, the Company did not notify the Office of its intention to enter into a management services agreement as required by Rule 4-143.047(4)(d), Florida Administrative Code.

Subsequent Event: During the field work of this examination, the Company forwarded a copy of the management services agreement to the Office as required by Rule 4-143.047(4)(d).

Agency Agreement

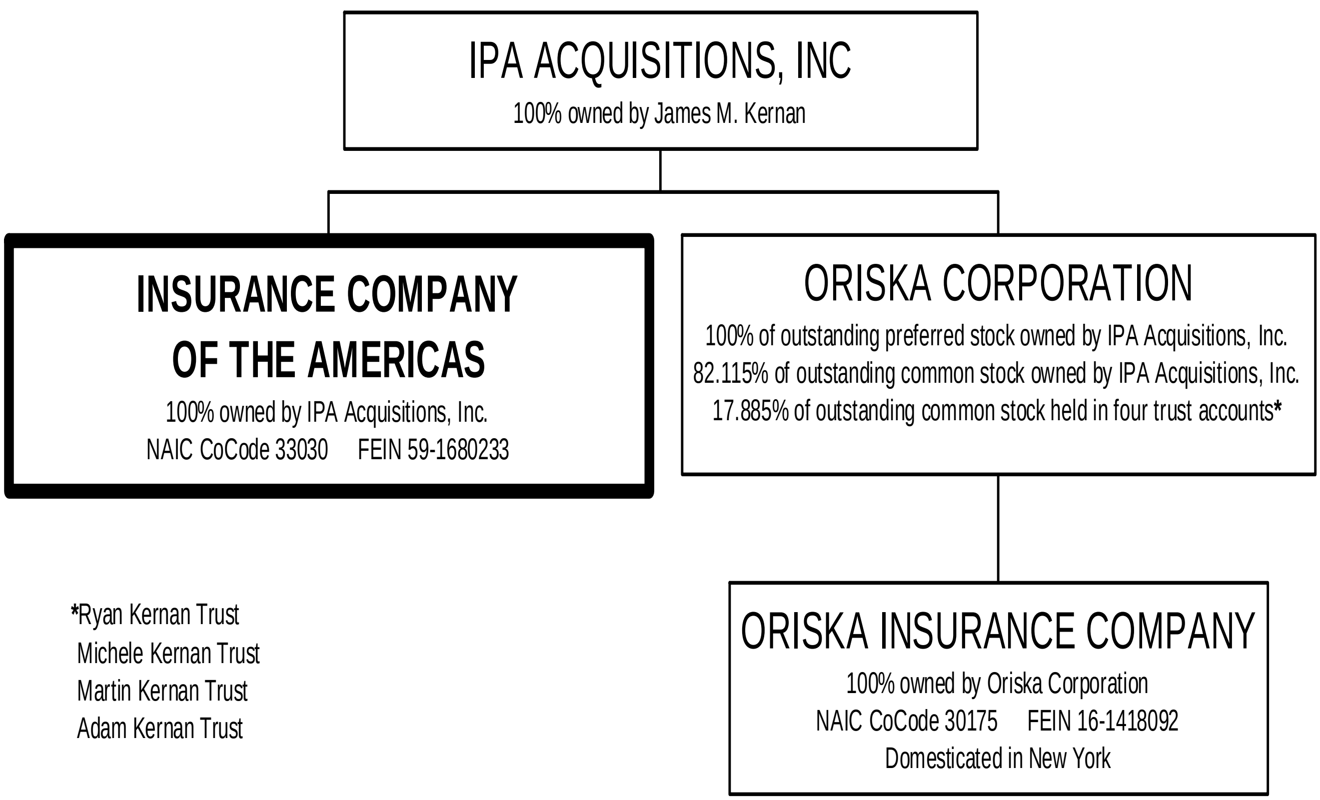
The Company entered into an agency agreement with Monument Agency, Inc. (MAI), whereby MAI solicits and receives applications and collects premiums. MAI is a controlling person pursuant to Section 625.012 F.S.; therefore, amounts collected by MAI need to be put into a trust account pursuant to Section 625.012(5)(a) F.S. No trust account was in place in violation of the aforementioned statute.

An organizational chart as of December 31, 2002 reflecting the holding company system is shown below. Schedule Y of the 2002 Annual Statement provided a list of all related companies of the holding company group.

INSURANCE COMPANY OF THE AMERICAS

ORGANIZATIONAL CHART

DECEMBER 31, 2002



FIDELITY BOND AND OTHER INSURANCE

The Company maintained fidelity bond coverage up to $500,000 with a deductible of $25,000. This insurance adequately covered the suggested minimum amount of coverage for the Company, as recommended by the NAIC.

PENSION, STOCK OWNERSHIP, AND INSURANCE PLANS

The Company does not offer any pension, stock ownership or insurance plans.

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	B of A,	10.0%,	02/01/03	$ 50,000	$ 50,297
FL	USTNTS,	5.75%,	08/15/03	550,000	565,296
FL	USTMM,			100,000	100,000
FL	CD,	2.13%,	06/27/03	100,669	100,669
FL	CD,	2.13%,	06/27/03	100,669	100,669
TOTAL FLORIDA DEPOSITS				$ 901,338	$ 916,931
CA	CD,	2.27%,	05/02/03	$ 42,139	$ 42,139
DE	USTMM,			100,000	100,000

GA	USTMM,		101,932	101,932
NM	USTNTS,	5.75%, 08/15/03	210,000	215,840
OK	WI St.,	5.00%, 05/01/06	105,000	111,506
TOTAL OTHER DEPOSITS			$ 559,071	$ 571,417
Total Special Deposits			$1,460,409	$1,488,348

INSURANCE PRODUCTS AND RELATED PRACTICES

Reliance was placed on the latest market conduct examination by the Office to determine the accuracy of premium computation, policy construction, claims handling procedures and use of filed rates and forms. The exceptions noted in the issued report did not affect the solvency of the Company.

In conjunction with the financial examination, a limited underwriting review was conducted. Based on our limited review, it is recommended that the Office perform a market conduct examination.

The payroll records reviewed for two of the five PEO’s sampled, showed that coverage was provided in states other than Florida, where the Company was not licensed.

Surplus Notes

The parent company, IPA, has implemented a procedure whereby Professional Employer Organizations (PEO) interested in acquiring high-deductible workers' compensation coverage from the Company are asked to purchase a surplus note issued by IPA or purchase IPA preferred stock. The amount of the surplus note varies depending on the amount of coverage required by the PEO and the potential impact the additional written premium will have on the Company's ratios. Funds received by IPA from the issuance of surplus notes or sale of preferred stock are maintained by IPA and held in IPA bank accounts. However, funds received as collateral in conjunction with policies issued by the Company, must be forwarded to the Company or maintained in a fiduciary capacity for the benefit of the Company in a trust arrangement approved by the Office.

Territory and Plan of Operation

The Company was authorized to transact insurance in the following states, in accordance with Section 624.401(2), Florida Statutes:

Florida	Delaware	Georgia
Indiana	Nebraska	New Jersey
New Mexico	North Dakota	Ohio
Oklahoma	Oregon	South Dakota
Texas	Wisconsin	

Treatment of Policyholders

The Company had 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.

REINSURANCE

The reinsurance agreements reviewed were found to meet NAIC regulations with respect to the standard insolvency clause, arbitration clause, transfer of risk, reporting and settlement information deadlines.

Assumed

The Company is not currently assuming risk. However, the Company continued its run-off of an assumed treaty reinsurance book of business originally written from 1977 to 1984, when the Company was known as Ormond Reinsurance Company.

Ceded

The Company ceded risk on a quota share basis to an unauthorized reinsurer, Dallas Fire Insurance Company. The quota share agreement is intended to cover the AMS Staff Leasing policy only.

The Company also ceded risk on an excess of loss basis to Max Re, Limited and Renaissance Reinsurance, Limited.

The letter of credit provided by Max Re Limited did not stipulate “clean, irrevocable, unconditional,” did not contain an “evergreen clause” and was not subject to and governed by the laws of the state of Florida as required by Rule 4-144.005(6)(a)1, (d) and (e), Florida Administrative Code. However, during the examination, the Company obtained a letter of credit containing all of the requirements of Rule 4-144.005(6)(a)1, (d) and (e).

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 was exempt from the requirement of being audited annually by an independent certified public accountant (CPA) during the years 1999, 2000 and 2001. However, the Company was audited by an independent CPA for the year 2002, in accordance with Section 624.424(8), Florida Statutes. Audited Statutory Financial Statements and supporting work papers were prepared by the CPA as required by Rule 4-137.002, Florida Administrative Code. The Audited Statutory Financial Statements were completed by the CPA on August 14, 2003.

The Company’s accounting records were maintained on various computerized systems. The Company’s balance accounts were verified with the line items of the amended annual statement submitted to the Office. Much of the Company’s support documentation could not be agreed to the general ledger nor to the initial annual statement filed with the Office. In addition, the accounts and records maintained by the Company did not clearly and accurately disclose the precise nature and details of the transactions for the Company. This is in violation of Section 607.1601(2), Florida Statutes, which requires the Company to maintain accurate accounting records.

The Company maintained its principal operational offices in Bradenton, Florida. The examination was conducted in Oriskany, New York, where the accounting records were maintained.

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

Custodial Agreement

The Company entered into a custodial agreement with First Union National Bank of Florida on February 28, 1997. However, the agreement did not contain the terms as required by Rule 4-143.042(2)(a) through (l) and (n), Florida Administrative Code.

Administrative Services Agreement

The Company maintained an agreement with American Bonding Company (ABC) whereby ABC provided various accounting and administrative services to the Company during the transitional period when IPA acquired the Company.

Workers' Compensation Program Manager Agreement

The Company entered into an agreement with eosbenefits, LLC, to administer workers' compensation policies issued by the Company. The administration of the policies included oversight of acceptance or declination of policies, claims management and medical management. Per Company management, the Company discontinued utilizing the services of eosbenefits, LLC early in the year 2003 for new and renewal policies issued.

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, 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."

INSURANCE COMPANY OF THE AMERICAS
Analysis of Assets

DECEMBER 31, 2002

Classification	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	$986,586		$986,586
Stocks:			
Common	267,178		267,178
Cash:			
On deposit	8,289,876		8,289,876
Agents' Balances:			
Uncollected premium	10,618,665	110,352	10,508,313
Funds held by reinsured companies	6		6
Reinsurance recoverable	277,378		277,378
Interest and dividend income due & accrued	21,966		21,966
Aggregate write-in for other than invested assets	287,019		287,019
Totals	$20,748,674	$110,352	$20,638,322

INSURANCE COMPANY OF THE AMERICAS
Liabilities, Surplus and Other Funds

DECEMBER 31, 2002

Liabilities		
Losses		$2,238,804
Reinsurance payable on paid losses and LAE		41,526
Loss adjustment expenses		264,652
Commissions payable, contingent commissions		21,853
Other expenses		98,455
Taxes, licenses and fees		253,618
Unearned premium		7,534,934
Ceded reinsurance premiums payable		3,781,685
Provision for reinsurance		480,306
Payable to parent, subsidiaries and affiliates		1,460,680
Total Liabilities		$16,176,513
Common capital stock	$1,000,000	
Surplus Notes	10,449,557	
Gross paid in and contributed surplus	6,594,929	
Unassigned funds (surplus)	(13,582,677)	
Surplus as regards policyholders		4,461,809
Total liabilities, capital and surplus		$20,638,322

INSURANCE COMPANY OF THE AMERICAS
Statement of Income

DECEMBER 31, 2002

Underwriting Income	
Premiums earned	$2,341,544
DEDUCTIONS:	
Losses incurred	1,968,365
Loss expenses incurred	250,649
Other underwriting expenses incurred	2,197,872
Aggregate write-ins for underwriting deductions	(12,426)
Total underwriting deductions	$4,404,460
Net underwriting gain or (loss)	($2,062,916)
Investment Income	
Net investment income earned	$72,819
Net realized capital gains or (losses)	0
Net investment gain or (loss)	$72,819
Other Income	
Total other income	$0
Net income before dividends to policyholders and before federal & foreign income taxes	($1,990,097)
Dividends to policyholders	0
Net Income, after dividends to policyholders, but before federal & foreign income taxes	($1,990,097)
Federal & foreign income taxes	0
Net Income	($1,990,097)
Capital and Surplus Account	
Surplus as regards policyholders, December 31 prior year	$1,281,493
Gains and (Losses) in Surplus	
Net Income	($1,990,097)
Net unrealized capital gains or losses	0
Change in non-admitted assets	(49,968)
Change in provision for reinsurance	187,746
Change in surplus notes	5,118,176
Surplus adjustments: Paid in	0
Aggregate write-ins for gains and losses in surplus	0
Examination Adjustment	(85,541)
Change in surplus as regards policyholders for the year	$3,180,316
Surplus as regards policyholders, December 31 current year	$4,461,809

COMMENTS ON FINANCIAL STATEMENTS

Assets

Bonds $986,586

Bonds, reported as $989,261, were reduced by $2,675, which represented an incorrect amortization computation.

Cash and Short-term Investments $8,289,876

The Company maintained cash in an HSBC bank account in the State of New York.

This is in violation of Section 628.271(2), Florida Statutes, which requires that every domestic insurer shall have and maintain its assets in Florida.

Subsequent Event: During the field work on this examination, the Company transferred the funds to a Florida account at HSBC Bank. As a result, no adjustment to surplus was necessary.

Agents' Balances $10,508,313

Agents' Balances, reported as $10,527,003, were reduced by $18,690, which represented agents' balances in excess of 90 days old that should have been non-admitted.

The Company was in violation of the NAIC Accounting Practices and Procedures Manual, SSAP 6, paragraph 9.a.

Receivable from Parent, Subsidiaries and Affiliates $0

The Company did not properly report payable and recoverables from affiliated companies as required by SSAP 64, paragraphs 2 and 5, which requires that amounts due to or from affiliates shall be offset and reported net.

Subsequent Event: During the examination, the Company filed an amended annual statement that correctly reported the net payable from affiliates.

Liabilities

Losses and Loss Adjustment Expenses $2,503,456

An outside actuarial firm rendered an opinion that the amounts carried in the balance sheet as of December 31, 2002, make 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.

Other Expenses $98,455

The amount reported by the Company of $36,391, was increased by $62,064 because the Company did not accurately accrue payroll and other expenses as of December 31, 2002.

This is in violation of Section 607.1601, Florida Statutes, and the NAIC Accounting Practices and Procedures Manual, paragraph 34 of the Preamble and SSAP 5, which require the Company to maintain accurate accounting records, and for liabilities to be recognized as they are incurred.

Taxes, Licenses and Fees $253,618

The amount reported by the Company of $251,506, was increased by $2,112 because the Company did not properly compute Premium Taxes due. In addition, the Company did not utilize the correct tax form.

This is in violation of Section 624.509, Florida Statutes, which requires the payment of taxes on gross receipts.

Ceded Reinsurance Premiums Payable $3,781,685

The Company’s 2002 annual statement did not accurately reflect ceded reinsurance premiums payable and did not agree to support documentation provided by the Company.

Subsequent Event: In July 2003, the Company adjusted the general ledger to reflect the correct ceded reinsurance premiums payable and subsequently included the correct amount in the amended annual statement filed in August 2003.

INSURANCE COMPANY OF THE AMERICAS
Comparative Analysis of Changes in Surplus

DECEMBER 31, 2002

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

SARP on December 31, 2002, per Annual Statement				$4,547,350
	PER COMPANY	PER EXAM	INCREASE (DECREASE) IN SURPLUS	
ASSETS:				
Bonds	989,261	986,586	(2,675)	
Agents' Balances	10,527,003	10,508,313	(18,690)	
LIABILITIES:				
Other Expenses	36,391	$98,455	($62,064)	
Taxes, Lic and Fees	251,506	253,618	(2,112)	
Net Change in Surplus:				(85,541)
SARP on December 31, 2002, per Examination				4,461,809

FINDINGS, COMMENTS AND CORRECTIVE ACTION

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.

Accounts and Records

The Company did not maintain accurate accounting records as required by Section 607.1601(2), Florida Statutes. **The Company is directed to comply with the requirements of Section 607.1601(2), Florida Statutes, and maintain accurate accounting records.**

Bonds and Stocks - Custodial Agreement

The custodial agreement with First Union National Bank of Florida (Wachovia Bank) did not include specific terms as required by Rule 4-143.042(2)(a) through (l) and (n), Florida Administrative Code. **The Company is directed to amend execute new custodial agreements as required by Rule 4-143.042(2)(a) through (l) and (n), Florida Administrative Code; and to provide copies to the Office within 90 days of the issuance of this report.**

The custodial agreement was amended on August 15, 2003, and corrected some but not all, deficiencies. Sections (h), (K), (L) and (N) of Rule 4-143.042(2), F.A.C., are not reflected in the amended custodial agreement.

Controlling Person

The Company has an agency agreement with MAI who is a controlling person pursuant to Section 625.012 F.S. No trust account was in place as is required by Section 625.012(5)(a) F.S. **The Company is directed to insure that a trust account is established for the premiums collected by the controlling person; and to provide a copy of the trust agreement to the Office within 90 days of the issuance of the report.**

Taxes, Licenses and Fees

The Company did not properly calculate Premium Taxes due. In addition, the Company did not utilize the correct tax form. This is in violation of Section 624.509, Florida Statutes, which requires the payment of taxes on gross receipts. **The Company is directed to comply with the requirements of Section 624.509, Florida Statutes, and properly calculate Premium Taxes Due in an amended filing; and to**

provide a copy of the amended premium tax filing to the Office within 90 days of the issuance of this report.

Subsequent event: The Company filed an amended premium tax form on September 5, 2003.

Other Expenses

The Company did not accurately accrue payroll and other expenses as of December 31, 2002. This is in violation of Section 607.1601, Florida Statutes, the NAIC Accounting Practices and Procedures Manual, paragraph 34 of the Preamble and SSAP 5. **The Company is directed to comply with the requirements of Section 607.1601, Florida Statutes, the NAIC Accounting Practices and Procedures Manual, paragraph 34 of the Preamble and SSAP 5 and maintain accurate accounting records and recognize liabilities as they are incurred in all future annual and quarterly statement filings with the Office.**

Surplus Notes

The Company should have received the funds collected by its parent as collateral in conjunction with the issuance of the policy; and a surplus note or preferred stock. **The Company is directed to collect the collateral funds or to ensure that these funds are maintained in a fiduciary capacity for the benefit of the Company in a trust account**

arrangement approved by the Office, within 30 days of the issuance of this report.

Affiliated Agreements - Expense Allocation Agreement

The Company did not comply with the requirements of the Expense Allocation Agreement, Sections 5 and 6, which requires Oriska Corporation to bill the Company on a monthly basis and within 30 days after the last day of each month. In addition, all billings between parties shall be settled within 15 days of presentation. **The Company is directed to comply with the requirements of the Expense Allocation Agreement, Sections 5 and 6; and to provide evidence of compliance to the Office within 90 days of the issuance of this report.**

Affiliated Agreements - Management Services Agreement

Subsequent Event: There was no evidence the Company complied with the requirements of the Management Services Agreement in its entirety. The Agreement was entered into on 8/1/03 (retroactive to 1/1/03) by and between United Systems Administration, Inc., and the Company. The Management Services Agreement supercedes the Expense Allocation Agreement. **The Company is directed to comply with the requirements of the Management Services Agreement and to provide evidence of compliance to the Office within 90 days of the issuance of this report.**

Agents' Balances

The Company reported $18,690 in agents' balances that were in excess of 90 days past due. This is in violation of the NAIC Accounting Practices and Procedures Manual, SSAP 6, paragraph 9.a., and Section 625.012(5), Florida Statutes, which allows premiums in the course of collection that are not more than 3 months past due as an asset. **The Company is directed to comply with the requirements of the NAIC Accounting Practices and Procedures Manual, SSAP 6, paragraph 9.a, and Section 625.012(5), Florida Statutes, and nonadmit agents' balances that are in excess of 90 days past due in all future annual and quarterly statement filings with the Office.**

Meeting Minutes

There was no record that the Company complied with the requirements of Section 625.304, Florida Statutes (approval of investments), Section 624.424(8)(c), Florida Statutes (appointment of CPA and 3 audit committee members), Section 628.231, Florida Statutes (appointment of not less than 5 directors) and the NAIC Annual Statement Instructions, page 31 (actuary not appointed by BOD). **The Company is directed to comply with the requirements of Sections 625.304, 624.424(8)(c) and 628.231, Florida Statutes, and the NAIC Annual Statement Instructions, page 31; and to provide evidence of compliance to the Office within 90 days of the issuance of this report.**

Underwriting Review

Several issues were identified requiring further review, therefore, it is recommended that the Office perform a market conduct examination.

The payroll records reviewed evidenced insurance coverage was provided in states other than Florida, where the Company was not licensed. **The Company is directed to limit coverage to those states in which it is licensed and to provide evidence of compliance to the Office within 90 days of the issuance of this report.**

Subsequent Events

The Company filed an amended Annual Statement on August 30, 2003. The amended annual statement was materially different from the original filing.

Company management stated in a letter dated June 8, 2004 that the Company is working on or will be working on the aforementioned findings such as additional amendments to the custodial agreement, a trust arrangement for collateral in conjuntion with the issuance of policies and its underwriting process.

CONCLUSION

The customary insurance examination practices and procedures as promulgated by the NAIC have been followed in ascertaining the financial condition of the **Insurance Company of the Americas** 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 $4,461,809, which was in compliance with Section 624.408, Florida Statutes.

In addition to the undersigned, John Berry, Financial Examiner/Analyst Supervisor, Mark Jones, Financial Examiner/Analyst and Doug Haseltine, Actuary, participated in the examination.

Respectfully submitted,

____

Stephen Szypula
Financial Administrator
Office of Insurance Regulation