



**EXAMINATION REPORT
OF
SAFEPOINT INSURANCE COMPANY**

NAIC Company Code: 15341

**Temple Terrace, Florida
as of
December 31, 2016**

**BY THE
FLORIDA
OFFICE OF INSURANCE REGULATION**

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April 6, 2018

David Altmaier
Commissioner
Office of Insurance Regulation
State of Florida
Tallahassee, Florida 32399-0326

Dear Commissioner:

Pursuant to your instructions, in compliance with Section 624.316, Florida Statutes, Rule 69O-138.005, Florida Administrative Code, and in accordance with the practices and procedures promulgated by the National Association of Insurance Commissioners (NAIC), we have conducted an examination as of December 31, 2016, of the financial condition and corporate affairs of

SafePoint Insurance Company
12640 Telecom Drive
Temple Terrace, Florida 33637

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, 2016, through December 31, 2016, and commenced with planning at the Florida Office of Insurance Regulation ("Office") October 24, 2017, to October 27, 2017. The fieldwork commenced on October 24, 2017, and concluded as of April 6, 2018. The Company's last full scope examination by representatives of the Office covered the period of January 1, 2015, through December 31, 2015.

The examination was a single multi-state examination conducted in accordance with the NAIC Financial Condition Examiners Handbook ("Handbook"). The Handbook requires that the examination be planned and performed to evaluate the financial condition, assess corporate governance, identify current and prospective risks of the Company, and evaluate system controls and procedures used to mitigate those risks. An examination also includes identifying and evaluating significant risks that could cause an insurer's surplus to be materially misstated both currently and prospectively.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. This may include assessing significant estimates made by management and evaluating management's compliance with Statements of Statutory Accounting Principles ("SSAP").

This examination report includes significant findings of fact, as mentioned in Section 624.319, Florida Statutes, and general information about the insurer and its financial condition. There may be other items identified during the examination that, due to their nature (for example, subjective conclusions or proprietary information), are not included within the examination report but separately communicated to other regulators and/or the Company.

SUMMARY OF SIGNIFICANT FINDINGS

Current Examination Findings

The following is a summary of significant findings of fact, material adverse findings and significant non-compliance findings, such as non-compliance with state laws, SSAPs, annual financial statement instructions or material changes in the financial statements.

Reinsurance Accounting

The Company's calculation of Net Written Premium and Net Unearned Premium did not match with the timing and terms of their Quota Share agreement. As a result, the Company's Ceded Premium, Ceded Commissions and Ceded Unearned Premium for 2016 were overstated, causing the 2016 Surplus as Regards Policyholders to be overstated.

Previous Examination Findings

There were no findings, exceptions or corrective action to be taken by the company for the examination as of December 31, 2015.

COMPANY HISTORY

General

The Company was incorporated in Florida on October 23, 2013, and commenced business on November 21, 2013.

Dividends

The Company did not declare or pay any dividends during the period of this examination.

Capital Stock and Capital Contributions

As of December 31, 2016, the Company's capitalization was as follows:

Number of authorized common capital shares	500,000
Number of shares issued and outstanding	330,000
Total common capital stock	\$3,300,000
Par value per share	\$10.00

The Company is a wholly owned subsidiary of SafePoint Holdings, Inc. ("Holdings"), which is fifty percent (50%) owned by Amarjit Dhaliwal and twenty-four percent (24%) owned by Parminder Dhaliwal with the remaining twenty-six percent (26%) allocated to Dhaliwal family members and members of senior management. The Company initially issued two hundred and fifty-five thousand (255,000) common shares of stock to Holdings, on November 21, 2013. On August 22, 2016, an additional seventy-five thousand (75,000) common shares of stock were issued to Holdings.

Surplus Notes

The Company did not have any surplus notes during the period of this examination.

Acquisitions, Mergers, Disposals, Dissolutions

The Company had no acquisitions, mergers, disposals, and purchase or sales through reinsurance during the period of this examination.

MANAGEMENT AND CONTROL

Corporate Governance

The annual shareholder meeting for the election of Directors was held in accordance with Section 628.231, Florida Statutes. The Directors serving as of December 31, 2016, are shown on the following page.

Directors

Name	City, State	Principal Occupation, Company Name
Amarjit Singh Dhaliwal ¹	Tampa, Florida	Chairman, SafePoint Insurance Company
John William Burns	Bradenton, Florida	Chief Financial Officer, SafePoint Insurance Company
David Michael Flitman	Tampa, Florida	Chief Executive Officer, SafePoint Insurance Company
Donald Michael Rhomberg	Tampa Florida	Insurance Agent/Broker, Jaffe Tilchin Wealth Management
Parminder Dhaliwal	Tampa, Florida	Doctor, Hoag Hospital
Benjamin Gad Rosenblum	New York, New York	Actuary, Assured Guaranty Corporation
Wayne Spencer Matthews	Tallahassee, Florida	Chief Financial Officer, Florida Sheriffs Risk Management Fund

¹ Chairperson

In accordance with the Company's Bylaws, the Board appointed the following Senior Officers:

Senior Officers

Name	City, State	Title
David Michael Flitman	Tampa, Florida	President
John William Burns	Bradenton, Florida	Chief Financial Officer/Treasurer
Nancy Lee Baily	Tampa, Florida	Chief Operating Officer/Secretary
Ryan Daniel Beck	Tampa, Florida	Chief Claims Officer

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

Audit Committee

Name	City, State	Title, Company Name
Benjamin Gad Rosenblum ¹	New York, New York	Actuary, Assured Guaranty Corporation
John William Burns	Bradenton, Florida	Chief Financial Officer, SafePoint Insurance Company
David Michael Flitman	Tampa, Florida	Chief Executive Officer, SafePoint Insurance Company
Donald Michael Rhomberg	Tampa Florida	Insurance Agent/Broker, Jaffe Tilchin Wealth Management
Amarjit Singh Dhaliwal	Tampa, Florida	Chairman, SafePoint Insurance Company
Parminder Dhaliwal	Tampa, Florida	Doctor, Hoag Hospital
Wayne Spencer Matthews	Tallahassee, Florida	Chief Financial Officer, Florida Sheriffs Risk Management Fund

¹ Chairperson

Holding Company System

The Company is a wholly owned subsidiary of Holdings. The Company has no subsidiaries, but has an affiliate, SafePoint MGA, LLC ("MGA"). The MGA in turn owns twenty six and twenty five one hundredth percent (26.25%) of Orion Risk Management, LLC. Holdings was changed from a limited liability company to a corporation on July 1, 2015.

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

Managing General Agency and Claims Administration Agreement

The MGA is exclusively licensed in Florida and Louisiana. Under the Managing General Agency and Claims Administration Agreement ("Agreement") originally dated November 14, 2013 and renewed November 14, 2016, the Company pays a commission of six percent (6%) of assumed premiums and twenty-four and one half percent (24.50%) of direct written premiums to the MGA, which handles underwriting, acquisition and other expenses for Company operations. The Company also pays a fee of three and twenty-five hundredths percent (3.25%) of gross earned premiums for claims administration, as well as fifty percent (50%) of all subrogation and salvage collected. The Agreement is terminable by either party, at the end of any calendar quarter, without cause, by giving the other party not less than one hundred twenty (120) days prior written notice. In 2016, the Company incurred \$1,220,017 for commission fees on assumed business, \$28,829,501 in commission fees on direct business, \$4,235,013 for claims administration fees, and \$1,578,373 for policy fees of \$25 per policy on direct business.

Lease Agreement

The Company originally entered into a Lease Agreement with the MGA effective June 1, 2014. Under the terms of the lease, the MGA leases approximately forty-five hundred (4,500) square feet of space of the corporate headquarters of the Company. An extension to the lease agreement between the Company and the MGA was approved by the Office on May 5, 2017, effective June 1, 2017. The term of the lease is for a minimum of twelve (12) months expiring May 31, 2020.

Cost Sharing Agreement

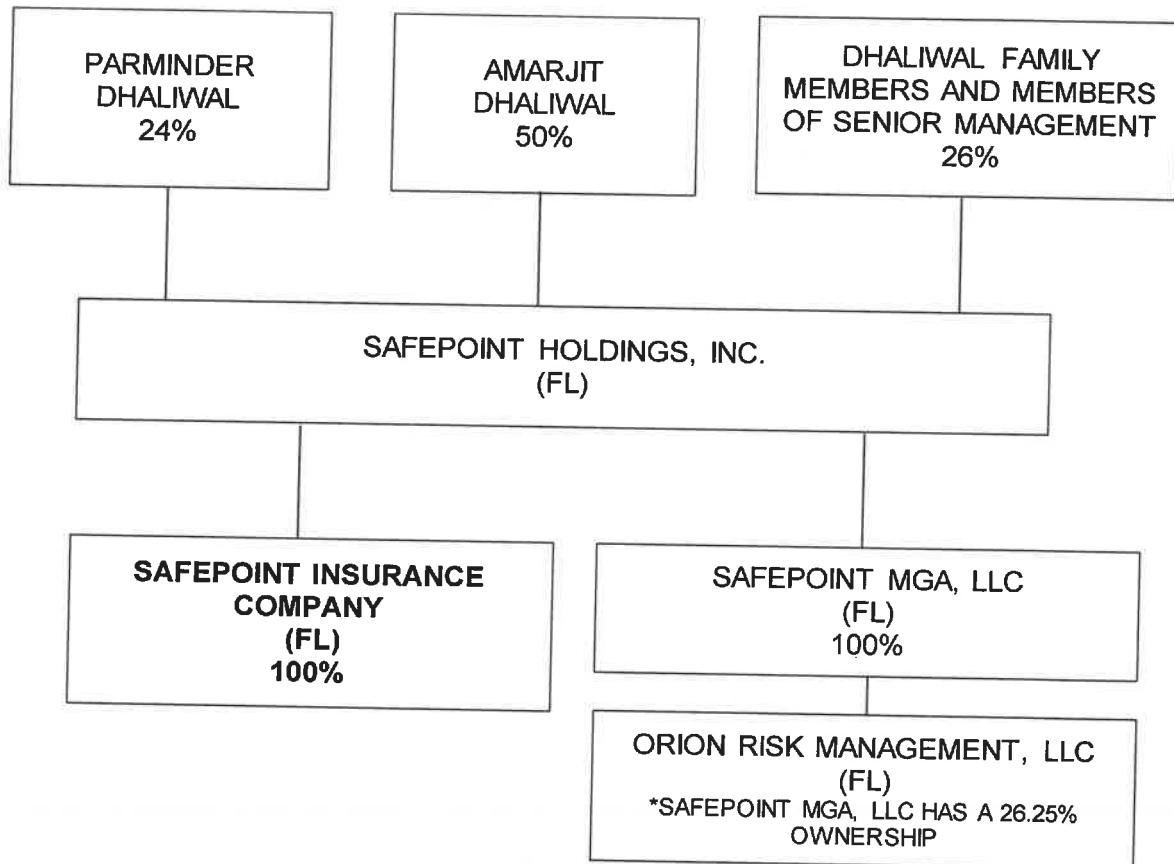
The Company entered into a Cost Sharing Agreement with Holdings and MGA effective October 24, 2013. Under the terms of the agreement, the Company, Holdings and MGA, share office facilities, utilize certain personnel, furniture, equipment, computer hardware and software and other property and assets.

Federal Income Tax Allocation Agreement

The Company entered into a Federal Income Tax Allocation Agreement with MGA and Holdings (collectively referred to as "Affiliated Group"), originally effective July 1, 2015 and amended July 1, 2017. Under the terms, the Affiliated Group shall file consolidated income tax returns for federal income tax purposes.

Schedule Y of the Company's 2016 annual statement provided a list of all related companies of the holding company group. An organizational chart as of December 31, 2016, reflecting the holding company system, is shown on the following page.

**SafePoint Insurance Company
Organizational Chart
December 31, 2016**



ACCOUNTS AND RECORDS

The Company maintained its principal operational offices in Temple Terrace, Florida.

Corporate Records Review

The minutes of the Shareholders, Board and certain internal committees were reviewed for the period under examination. The minutes of the Board documented its meetings and approval of Company transactions and events, in compliance with the Handbook adopted by Rule 69O-138.001, Florida Administrative Code, including the authorization of investments, in accordance with 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 Handbook adopted by Rule 69O-138.001, Florida Administrative Code.

The Company and non-affiliates had the following agreements:

Institutional Master Custody Agreement

The Company maintained a custodial agreement with SunTrust Bank executed on February 2, 2015. The agreement complied with Rule 69O-143.042, Florida Administrative Code.

Master Agreement

The Company entered into a Master Agreement with MacNeill Group, Inc., on November 6, 2013. The MacNeill group, including its affiliates, provide custom software and hosting, policy processing, administrative and program management services. Fees are set on monthly fee per policy basis on in-force and assumed policies with a minimum monthly fee of \$25,000.

Institutional Investment Management Agreement

The Company maintained an Institutional Investment Management Agreement with SunTrust Bank N.A., which was executed in December 2013. The agreement with SunTrust Bank N.A. was superseded by the Institutional Master Custody Agreement which was executed in February 2015. The minimum annual advisory fee is \$20,000. The fee is charged on a monthly basis and is calculated on a month-end market value.

Discretionary Investment Advisory Contract

The Company entered into an investment advisory contract with Stonebridge Advisors LLC ("Stonebridge") on March 25, 2014, whereby Stonebridge maintains an investment advisory account with SunTrust Bank, N.A (acting as custodian), and provides discretionary investment advisory services for the investment assets in the account.

Reinsurance Intermediary Agreement

The Company entered into a Reinsurance Intermediary Agreement with Guy Carpenter & Company, LLC ("Guy Carpenter") on December 11, 2013. Guy Carpenter is authorized to act as a reinsurance intermediary broker. The agreement met the requirements in accordance with Section 626.7492(4), Florida Statutes.

Broker Services Agreement

Effective February 1, 2014, the Company entered into a broker services agreement with Guy Carpenter to formalize the terms and fees for placement of reinsurance under the Reinsurance Intermediary Agreement.

Guy Carpenter Analytics Agreement

Effective July 31, 2013, the Company utilized Guy Carpenter to perform certain actuarial, financial and advisory services, including but not limited to, enterprise risk management, Solvency II

support, rating agency consulting, CAT modeling, reserves and reserve volatility analyses and critical internal capital modeling consulting in connection with Guy Carpenter's provision of reinsurance intermediary services.

Master Services and Website License Agreement

Effective December 11, 2013, Guy Carpenter granted the Company access to Guy Carpenter's web site known as GCXtranet ("Site"), in order to access data regarding aggregate policy information, determine risk potential and determine its need for reinsurance at a given location or in a given area. Other services include: Management reports, data mining capabilities, mapping tools, satellite imaging, exposure analysis and data transformation and upload services.

ISO Master Agreement

Effective December 1, 2013, Insurance Service Office ("ISO") grants to the Company a non-exclusive, non-transferable, limited license to use for the Company's property and casualty insurance or reinsurance business. An amendment was made on October 20, 2015 to maintain a license for ISO's ProMetrix, Loss Costs, Rules, and Forms for all lines of business for which the Company participates in the State of Florida.

License Agreement

Effective February 6, 2014, the Company entered into an agreement with CDS Business Mapping, LLC ("CDS") whereby the following services are rendered by CDS: software applications, models, analytics, data, reports, scores and images. Effective August 1, 2016, CDS shall be paid no less than \$8,000 per month.

Software License and Service Agreement

Effective February 1, 2014, the Company entered into an agreement with Marshall & Swift/Boeckh ("MSB") whereby MSB grants a license to access and use Residential Component Technology

residential estimating software for high value homes and Mobile Manufactured Housing to the Company.

Independent Auditor Agreement

An independent CPA, RSM US, LLP audited the Company's statutory basis financial statements for 2016, in accordance with Section 624.424(8), Florida Statutes. Supporting work papers were prepared by the CPA firm in accordance with Rule 69O-137.002, Florida Administrative Code.

TERRITORY AND PLAN OF OPERATIONS

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

Florida

Louisiana

Texas

The Company was authorized to transact insurance coverage in Florida on November 21, 2013, and was authorized for the following coverages as of December 31, 2016:

Allied Lines

Burglary and Theft

Fire

Homeowners Multi-Peril

Other Liability

Boiler and Machinery

Commercial Multi-Peril

Glass

Inland Marine

The Company was authorized to transact insurance coverage in Louisiana on September 23, 2015 and is currently authorized to write Burglary and Forgery, Fire and Allied Lines, Homeowners and Liability.

The Company was authorized to transact insurance coverage in Texas on December 22, 2016 and is currently authorized to write Allied coverage, Fire, Liability Other than Auto.

Treatment of Policyholders

The Company established procedures for handling written complaints in accordance with Section 626.9541(1)(i)(3)(a), 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)(j), Florida Statutes.

REINSURANCE

The reinsurance agreements reviewed complied with NAIC standards with respect to the standard insolvency clause, arbitration clause, intermediary clause, transfer of risk, reporting and settlement information deadlines.

Reinsurance Assumed

The Company's assumed business was obtained by participating in the depopulation program of Citizens Property Insurance Corporation. During 2016, \$17,285,585 in premiums were assumed.

Reinsurance Ceded

The Company's ceded reinsurance program consisted of numerous quota share, per risk excess of loss, and catastrophe ("CAT") reinsurance agreements. Most treaties were placed through reinsurance intermediary, Guy Carpenter, (including Guy Carpenter Securities). The Company also participated in the Florida Hurricane Catastrophe Fund ("FHCF"). The Company also utilized several unauthorized reinsurers during the period of this exam. There were trust agreements and letters of credit established for these unauthorized reinsurers.

The Company's calculation of Net Written Premium and Net Unearned Premium did not match with the timing of their Quota Share agreement. Net Written Premium is defined as Gross Written Premium less a CAT Allowance consisting of reinsurance costs for catastrophe excess of loss treaties, bonds, and the FHCF premium. However, the Company did not deduct the CAT Allowance in determining their Net Written Premium or Net Unearned Premium. As a result, the

Company's Ceded Premium, Ceded Commissions and Ceded Unearned Premium for 2016 were overstated, causing the 2016 Surplus as Regards Policyholders to be overstated by \$8,183,075. This amount did not consider any tax implications.

Subsequent Event: The examination adjustment made in this report would have been completely amortized during 2017 and reflected in the unearned premium balance and surplus. Effective December 31, 2017 and January 1, 2018, the Company placed all existing quota share agreements in run-off. During 2018, the Company changed the accounting for the quota share treaties.

INFORMATION TECHNOLOGY REPORT

Tracy D. Gates, CISA, CFE, IT Specialist of Highland Clark, 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 in accordance with Section 624.411, Florida Statutes.

State	Description	Market Value
Florida	Cash	\$ 610,854
Total Florida Deposits		<u>610,854</u>
Total Special Deposits		<u>\$ 610,854</u>

FINANCIAL STATEMENTS

The examination does not attest to the fair presentation of the financial statements included. If an adjustment is identified during course of the examination, the impact of such adjustment will be documented separately following the Company's financial statements. Financial statements, as reported and filed by the Company with the Office, are reflected on the following pages.

SafePoint Insurance Company

Assets

December 31, 2016

	Per Company	Examination Adjustments	Per Examination
Bonds	\$ 87,126,959	\$ -	\$ 87,126,959
Stocks:			
Preferred stocks	\$ 8,722,434		\$ 8,722,434
Real Estate:			
Properties occupied by the company	\$ 1,488,942		\$ 1,488,942
Cash, cash equivalents and short-term investments	8,981,588	-	8,981,588
Investment income due and accrued	518,697	-	518,697
Premiums and considerations:			
Uncollected premiums and agents' balances in the course of collection	9,067,195	-	9,067,195
Reinsurance:			
Amounts recoverable from reinsurers	2,022,029	-	2,022,029
Current federal and foreign income tax recoverable and interest thereon	3,113,022	-	3,113,022
Net deferred tax asset	2,894,982	-	2,894,982
Electronic data processing equipment and software	2,136		2,136
Receivables from parent, subsidiaries and affiliates	4,500,000		4,500,000
Aggregate write-ins for other than invested assets	10,521,868	-	10,521,868
TOTAL	<u>\$ 138,959,852</u>	<u>\$ -</u>	<u>\$ 138,959,852</u>

SafePoint Insurance Company
Liabilities, Surplus and Other Funds
December 31, 2016

Liabilities	Per Company	Examination Adjustments	Per Examination
Losses	\$ 26,517,385	\$ -	\$ 26,517,385
Loss adjustment expenses	6,969,501	-	6,969,501
Commissions payable, contingent commissions and similar charges	1,471,841	-	1,471,841
Other expenses	114,575	-	114,575
Taxes, licenses and fees	238,163	-	238,163
Unearned premiums	36,355,390	8,183,075	44,538,465
Advance premiums	2,477,464	-	2,477,464
Ceded reinsurance premiums payable	11,641,506	-	11,641,506
Funds held by company under reinsurance treaties	78,685		78,685
Amounts withheld or retained by company for account of others	40,256		40,256
Payable to parent, subsidiaries and affiliates	3,085,602		3,085,602
Aggregate write-ins for liabilities	<u>295,904</u>	<u>-</u>	<u>295,904</u>
Total liabilities	\$ 89,286,272	\$ 8,183,075	\$ 97,469,347
Common capital stock	\$ 3,300,000	\$ -	\$ 3,300,000
Gross paid in and contributed surplus	40,200,000	-	40,200,000
Unassigned funds (surplus)	<u>6,173,579</u>	<u>(8,183,075)</u>	<u>(2,009,496)</u>
Surplus as regards policyholders	<u>49,673,579</u>	<u>(8,183,075)</u>	<u>41,490,504</u>
TOTALS	<u>\$ 138,959,852</u>	<u>\$ -</u>	<u>\$ 138,959,852</u>

SafePoint Insurance Company
Statement of Income
December 31, 2016

Underwriting Income

Premiums earned		\$ 41,074,297
	Deductions:	
Losses incurred		\$ 30,940,953
Loss adjustment expenses incurred		13,160,369
Other underwriting expenses incurred		8,959,985
TOTAL Underwriting Deductions		53,061,307
Net underwriting gain or (loss)		(11,987,010)

Investment Income

Net investment income earned		1,719,479
Net realized capital gains (losses)		229,523
Net investment gain or (loss)		1,949,002

Other Income

Finance and service charges not included in premiums		186,501
TOTAL Other Income		186,501

Net income before dividends to policyholders and before federal & foreign income taxes		(9,851,506)
Net Income, after dividends to policyholders, but before federal & foreign income taxes		(9,851,506)
Federal & foreign income taxes incurred		(2,647,225)
Net Income		(7,204,281)

Capital and Surplus Account

Surplus and regards policyholders, December 31 prior year		41,744,588
Net income		(7,204,281)
Change in net unrealized captial gains or (losses)		(177,925)
Change in net deferred income tax		812,948
Change in nonadmitted assets		(1,750)
Capital changes: Paid in		750,000
Surplus adjustments: Paid in		13,750,000
Examination adjustment (pretax)		(8,183,075)
Change in surplus as regards policyholders for the year		(254,083)
Surplus as regards policyholders, December 31 current year		41,490,504

**SafePoint Insurance Company
Reconciliation of Capital and Surplus**

December 31, 2016

Capital/Surplus Change during Examination Period

Surplus at December 31, 2015, per Examination			\$41,744,588
	<u>Increase</u>	<u>Decrease</u>	
Net income		\$7,204,281	(\$7,204,281)
Change in net unrealized capital gains(loss)		177,925	(177,925)
Change in net deferred income tax	\$812,948		812,948
Change in nonadmitted assets		1,750	(1,750)
Capital changes: Paid In	750,000		750,000
Surplus adjustments: Paid In	13,750,000		13,750,000
Examination adjustments (pretax)		8,183,075	(8,183,075)
Net increase (or decrease)			<u>(254,083)</u>
Surplus at December 31, 2016, per Examination			<u>\$41,490,504</u>

SafePoint Insurance Company
Analysis of Changes in Financial Statement Resulting from the Examination
December 31, 2016

Analysis of Changes in Surplus

Surplus at December 31, 2016, per Annual Financial Statement			\$49,673,579
	<u>Increase</u>	<u>Decrease</u>	
Unearned Premium	(\$8,183,075)	\$0	
Net increase (or decrease)			(\$8,183,075)
Surplus at December 31, 2016, after adjustment			<u>\$41,490,504</u>

COMMENTS ON FINANCIAL STATEMENTS

Liabilities

Losses and Loss Adjustment Expenses

The Company's Chief Actuary, Robert Flannery, ACAS, MAAA, rendered an opinion on the loss and loss adjustment expense reserves based upon data prepared by Steven Hoffman, Controller of the Company. Mr. Flannery evaluated the data for reasonableness and consistency and concluded the amounts carried in Exhibit A on account of the items identified are consistent with estimates of unpaid losses and loss adjustment expenses computed in accordance with standards and principles established by the Actuarial Standards Board.

The Office consulting actuary, Michael Solomon, FCAS, MAAA, CERA, Actuarial Advantage, LLC, reviewed the loss and loss adjustment expense workpapers provided by the Company and he was in concurrence with this opinion.

Unearned Premium

The Company's calculation of Net Written Premium and Net Unearned Premium did not match with the timing of their Quota Share agreement. As a result, the Company's Ceded Premium, Ceded Commissions and Ceded Unearned Premium for 2016 were overstated, causing the Unearned Premium liability to be understated by \$8,183,075. This amount did not consider any tax implications.

Capital and Surplus

The amount of capital and surplus reported by the Company was \$49,679,579. There was an adjustment of \$8,183,075 during the examination. This amount did not consider any tax implications. The adjusted surplus as regards policyholders of \$41,490,504 exceeded the minimum of \$15,000,000 required by Section 624.408, Florida Statutes.

SUBSEQUENT EVENTS

Contributed Surplus

On December 31, 2016, the Company recorded gross paid in and contributed surplus of \$4,500,000 from Holdings under the guidance of SSAP 72. The contribution was made by Holdings and approved by the Office on January 27, 2017.

Reinsurance

On January 1, 2017, the Company placed a fifteen percent (15%) net quota share contract on new and renewal business. Under the terms of the contract, the Company cedes fifteen percent (15%) of gross earned premium, excluding wind only business, and fifteen percent (15%) of its loss and loss adjustment expense for losses incurred during the contract period and on new and renewal business. In exchange, the Company receives a provisional ceding commission of sixty-four percent (64%) of ceded and earned premium. In the event the Company's gross loss and loss adjustment expense ratio exceeds a contractual threshold, the ceding commission will gradually reduce to an amount no less than sixty-one percent (61%). In the event the Company's gross loss and loss adjustment expense ratio is less than the contractual threshold, the ceding commission will gradually increase to no greater than sixty-seven percent (67%).

Effective December 31, 2017 and January 1, 2018, the Company placed all existing quota share agreements in run-off. During 2018, the Company changed the accounting for the quota share treaties.

Unearned Premium Liability

The examination adjustment made in this report would have completely amortized during 2017 and reflected in the unearned premium balance and surplus.

SUMMARY OF RECOMMENDATIONS

Reinsurance Accounting

We recommend that the Company ensure that its accounting for reinsurance follow the timing and terms of their quota share agreements.

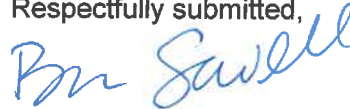
CONCLUSION

The insurance examination practices and procedures as promulgated by the NAIC have been followed in ascertaining the financial condition of **SafePoint Insurance Company** as of December 31, 2016, consistent with the insurance laws of the State of Florida.

Per examination annual financial statements, the Company's surplus as regards policyholders of \$49,673,579 was adjusted during the examination; therefore, the adjusted amount of \$41,490,504 exceeded the minimum of \$15,000,000 required by Section 624.408, Florida Statutes.

In addition to the undersigned, Sheri Kenney, CFE, Examiner-in-Charge, Tracy D. Gates, CFE, CISA, IT Specialist and Participating Examiner, Travis Harrison, CPA, Reinsurance Specialist, and Lori Greene, Participating Examiner of Highland Clark, LLC, also participated in the examination. Members of the Office who participated in the examination include Kyra Brown, APIR, Financial Examiner/Analyst Supervisor, Examination Manager and Mary James, CFE, Financial Specialist, Participating Examiner. Additionally, Michael Solomon, FCAS, MAAA, CERA, consulting actuary of The Actuarial Advantage Inc., is recognized for participation in the examination.

Respectfully submitted,



Brian Sewell, CFE, MCM
Chief Examiner
Florida Office of Insurance Regulation