



**LIMITED SCOPE EXAMINATION REPORT  
OF**

**NATIONAL CONSUMER TITLE  
INSURANCE COMPANY**

**NAIC Company Code: 16169**

**Tallahassee, Florida  
as of  
December 31, 2019**

**BY THE  
FLORIDA OFFICE OF INSURANCE REGULATION**

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April 21, 2021

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 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, 2019, of the financial condition and corporate affairs of

**National Consumer Title Insurance Company**  
2750 Chancellorsville Drive  
Tallahassee, Florida 32312

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

## **SCOPE OF EXAMINATION**

This was a limited scope examination of National Consumer Title Insurance Company (the “Company”) to the extent and in the manner directed by the Florida Office of Insurance Regulation. The Company was last examined by representatives of the Florida Office of Insurance Regulation as of December 31, 2018. To the extent applicable, the limited scope examination was conducted in accordance with the guidance of the National Association of Insurance Commissioners (“NAIC”) Financial Condition Examiner’s Handbook, the NAIC Accounting Practices and Procedures Manual and the Florida Administrative Code. The limited scope examination differed in many respects from that of a full-scope examination or an audit performed in accordance with generally accepted auditing standards.

Examination field work commenced on December 18, 2020 and concluded as of April 21, 2021. The limited scope examination included material events occurring subsequent to December 31, 2019, and noted during the course of the examination as they related to the foregoing areas within the limited scope of the examination.

This examination covered a review of the Company’s corrective actions that were taken in response to the 2018 examination findings, which were reported to the Company and disclosed in the Management Letter. There were no ongoing 2019 findings that rose to the level of inclusion in this report.

## HISTORY

The Company was incorporated in Florida on May 1, 2017, and commenced business on the same day. The Company is a licensed title insurance company domiciled in the state of Florida. The Company is owned by Capitol Preferred Insurance Company, Inc., and Southern Fidelity Insurance Company. The Company writes title insurance policies exclusively in the state of Florida.

Effective April 27, 2017, the Company was a party to Consent Order 207267-17-CO, whereby the Florida Office of Insurance Regulation approved its application to write title insurance in the state of Florida. In addition to the Company, parties to the Consent Order included Capitol Preferred Insurance Company, Southern Fidelity Insurance Company and Southern Fidelity Property & Casualty, Inc., each of which is an affiliate of the Company, and at the time the Consent Order was entered, each owned one third of the common shares of the Company.

Effective March 1, 2019, pursuant to a transaction accounted for as a statutory merger, Southern Fidelity Property & Casualty, Inc. was merged into Capitol Preferred Insurance Company and Capitol Preferred Insurance Company became the surviving entity. The merger was approved by the Florida Office of Insurance Regulation. After the merger, Capitol Preferred Insurance Company owned 66.67% and Southern Fidelity Insurance Company owned 33.33% of the Company's issued and outstanding shares of common shares of capital stock.

**Subsequent event:** Effective September 4, 2020, Consent Order 269310-20 was issued, for the merger of Capitol Preferred Insurance Company, Inc. and Southern Fidelity Insurance Company resulting in 100% ownership by Southern Fidelity Insurance Company.

Effective November 16, 2020, Consent Order 272567-20 was issued, for the indirect acquisition of the Company by Gulf & Atlantic Insurance Companies Inc.

Effective July 16, 2021, Consent Order 283142-21 was issued, for the direct acquisition of the Company by HG Holdings, Inc.

## MANAGEMENT AND CONTROL

### Corporate Governance

Directors serving as of December 31, 2019, are shown below:

#### Directors

<b>Name</b>	<b>City, State</b>	<b>Principal Occupation, Company Name</b>
James Anthony Graganella (a)	Tallahassee, Florida	President and Chief Executive Officer, National Consumer Title Insurance Company
Justin Hayes Edenfield	Tallahassee, Florida	Treasurer and Chief Financial Officer, National Consumer Title Insurance Company
Byron Hamlin Wells (a)	Tallahassee, Florida	Vice President, National Consumer Title Insurance Company
Kristie Beavers Mock (a)	Tallahassee, Florida	Secretary, National Consumer Title Insurance Company
Charles William Whitaker (a)	Donalsonville, GA	Certified Public Accountant, Partner, Dowdy & Whitaker CPA's

**Subsequent event:** (a) Effective November 16, 2020, James Anthony Graganella, Byron Hamlin Wells, Kristie Beavers Mock, Charles William Whitaker are no longer serving as Directors as a result of Consent Order 272567-20 and Consent Order 283142-21, for the indirect acquisition of the Company by Gulf & Atlantic Insurance Companies Inc. and for the direct acquisition of the Company by HG Holdings, Inc., respectively.

In accordance with the Company's Bylaws, the following Officers were appointed by the Board and serving in their positions as of December 31, 2019:

### Officers

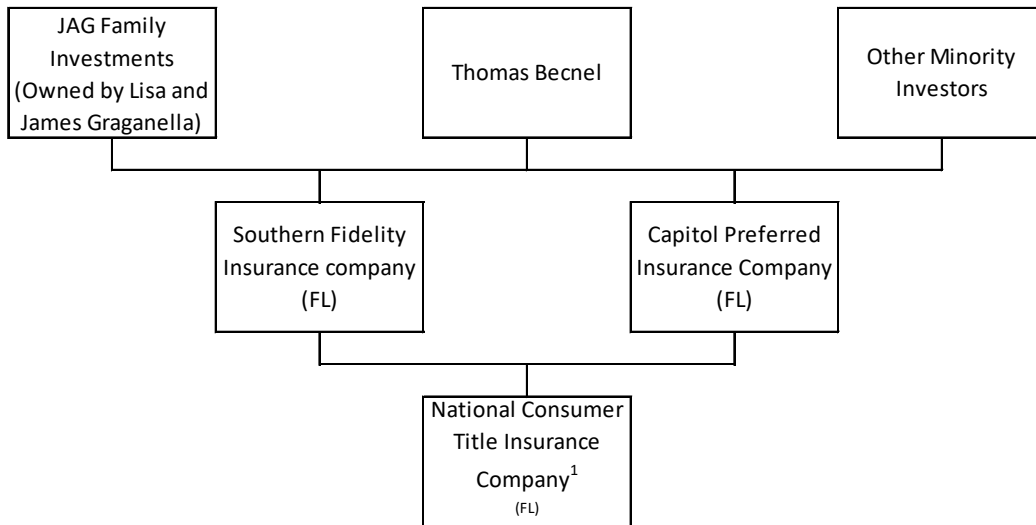
<b>Name</b>	<b>City, State</b>	<b>Title</b>
James Anthony Graganella (a)	Tallahassee, Florida	President and Chief Executive Officer
Justin Hayes Edenfield	Tallahassee, Florida	Treasurer and Chief Financial Officer
Byron Hamlin Wells (b)	Tallahassee, Florida	Vice President
Kristie Beavers Mock (b)	Tallahassee, Florida	Secretary

**Subsequent events:** (a) Effective November 16, 2020, James Anthony Graganella, is no longer serving as President and Chief Executive Officer as a result of Consent Order 272567-20, for the indirect acquisition of the Company by Gulf & Atlantic Insurance Companies Inc. (b) Effective July 16, 2021, Byron Hamlin Wells and Kristie Beavers Mock are no longer serving as Officers as a result of Consent Order 283142-21, for the direct acquisition of the Company by HG Holdings, Inc.

## ORGANIZATIONAL CHART

### Effective During the Exam Period

A simplified organizational chart as of December 31, 2019, reflecting the holding company group, is shown below. A complete organizational chart of the holding company group was disclosed in the Company's 2019 annual statement on Schedule Y – Part 1.

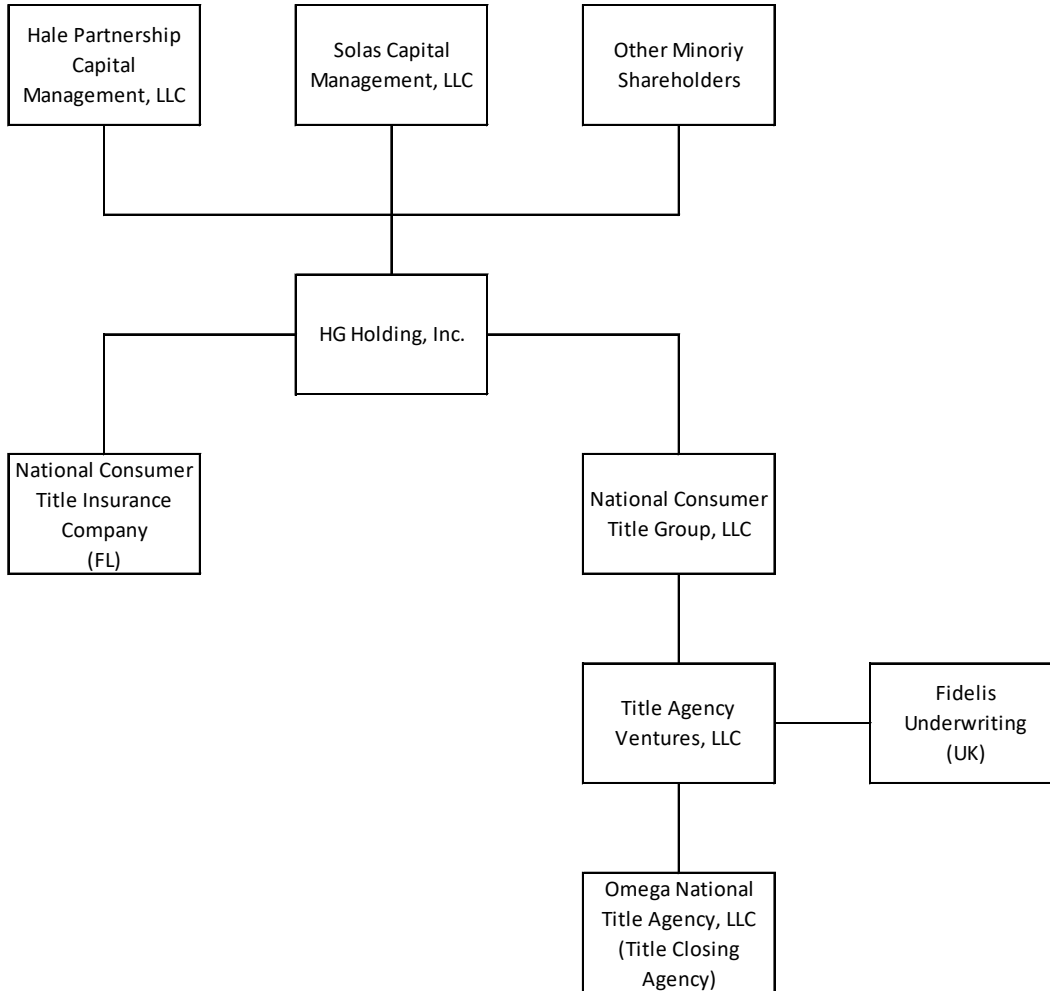


<sup>1</sup>Capitol Preferred Insurance Company, Inc. owns 66.67% and Southern Fidelity Insurance Company owns 33.33% of the Company's issued and outstanding shares of common shares of capital stock.



## Subsequent to the Examination Period

As a result of the previously mentioned change in ownership the holding company structure changed to what is shown below:



## CONCLUSION

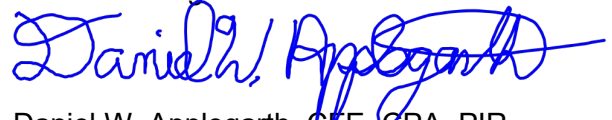
To the extent applicable, the limited scope examination practices and procedures as promulgated by the NAIC have been followed in ascertaining the financial condition of National Consumer Title Insurance Company as of December 31, 2019, consistent with the insurance laws of the state of Florida.

In addition to the undersigned, Stephen Skenyon, CPA, CISA, IT Specialist of Risk and Regulatory Consulting, LLC also participated in the examination. Members of the Florida Office of Insurance Regulation who participated in the examination include Chad Mason, Examination Manager, and Jeffrey Rockwell, Examination Manager are recognized for participation in the examination.

Respectfully submitted,



Joshua J. Johnson, CFE  
Risk and Regulatory Consulting, LLC  
Representing the Florida Office of  
Insurance Regulation



Daniel W. Applegarth, CFE, CPA, PIR  
Chief Financial Examiner  
P&C Financial Oversight  
Florida Office of Insurance Regulation