



**EXAMINATION REPORT
OF**

**Kin Interinsurance Network
St. Petersburg, Florida**

NAIC Company Code: 16603

**as of
December 31, 2020**

**By
The Florida Office of Insurance Regulation**

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May 9, 2022

Michael Yaworsky
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 a limited scope examination as of December 31, 2020 for:

Kin Interinsurance Network
415 1st Avenue
St. Petersburg, FL 33701

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

SCOPE OF EXAMINATION

This was a limited scope examination of Kin Interinsurance Network as directed by the Florida Office of Insurance Regulation (“the Office”). This examination constitutes the Company’s first examination and as such is considered limited in nature. 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. This examination was limited to particular risk areas of operational processes of the new company and the focus is less comprehensive than a full-scope examination. This report is for a limited-scope examination and is not intended to communicate all matters of importance for an understanding of the Company’s financial condition.

Examination fieldwork commenced on August 1, 2021 and concluded as of May 6, 2022. The limited scope examination only included material events occurring subsequent to December 31, 2020, and noted during the course of the examination as they related solely to the areas within the limited scope of the examination detailed in the following paragraph.

This examination report includes information obtained from the examination of the records, accounts, files, and documents of or relative to the Company and other information as permitted by Section 624.319, Florida Statutes. 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.

EXAMINATION FINDINGS

Current Examination Findings

There were no significant findings as a result of this examination.

COMPANY HISTORY

General

Kin Interinsurance Network is domiciled in the State of Florida. It was organized under the laws of Florida as a reciprocal exchange on June 24, 2019. The Company maintains its principal operational offices in Chicago, Illinois and their statutory office is in St. Petersburg, Florida. As a reciprocal insurance exchange,

KIN is an unincorporated association of subscribers operating through the contractual arrangements outlined in a Subscriber's Agreement and Power of Attorney. All those who wish to join KIN and become subscribers must sign both agreements. Under Florida law subscribers must also appoint an attorney-in-fact ("AIF"). The AIF is responsible to manage and administer KIN's operations and affairs on behalf of all KIN's subscribers.

As of the date of this report KIN was authorized to write business in Florida and Louisiana. However, the Company only wrote policies in Florida for 2019 and 2020.

Subscriber and Capital Contributions

As of December 31, 2020, the Company's capitalization was as follows:

Subscriber contributions	\$1,840,267
Surplus notes	33,500,000

Surplus Notes

The Company issued a surplus note in the amount of \$33,500,000 to Kin Insurance, Inc. on July 15, 2019. The surplus note has a fixed annual interest rate of 10.25% and is due July 15, 2029. All interest and principal payments must be approved by the Office. As of December 31, 2020, the balance of the surplus note was \$33,500,000.

MANAGEMENT AND CONTROL

Corporate Governance

The Subscribers Advisory Committee (“SAC”) is an independent committee made up of the Company’s subscribers. The SAC is responsible for oversight of the Company and appoints KIN’s AIF. Members of the SAC as of December 31, 2020, are shown below. The AIF is managed by a Board of Managers, as listed below. The Board of Managers is responsible for appointing officers for the Company.

Members of the Subscribers Advisory Committee		
Name	City, State	Principal Occupation, Company Name
Andrew Evan Boron	Plantation, FL	General Counsel, MASA Global
Russell Joseph Carpel	Naples, FL	Insurance Executive, Level Funded Health Partners LLC
Phillip Roy Godin	St. Augustine, FL	Attorney, Godin Geraghty Puntillo Camilli and Hughes, S.C.

Board of Managers for Kin Risk Management, LLC		
Name	City, State	Principal Occupation, Company Name
Joshua Scott Cohen	Chicago, IL	Chief Financial Officer, KIN
Sean Nicholas Harper	Wilmette, IL	President, KIN
Lucas Lynn Ward	Chicago, IL	Chief Technology Officer, Secretary, KIN

The Board of Managers appointed the following Officers of KIN:

Officers		
Name	City, State	Title
Joshua Scott Cohen	Chicago, IL	Chief Financial Officer
Angel Dawn Conlin	St. Petersburg, FL	Chief Executive Officer
Sean Nicholas Harper	Wilmette, IL	President
Lucas Lynn Ward	Chicago, IL	Chief Technology Officer and Secretary

The Company's AIF formed an Enterprise Risk Management ("ERM") Committee and an Investment Committee. Members of those committees as of December 31, 2020, are shown below.

Enterprise Risk Management Committee		
Joshua Scott Cohen	Angel Dawn Conlin	Bret Matthew Harper*

*KINs General Counsel

Investment Committee		
Joshua Scott Cohen	Angel Dawn Conlin	Bret Matthew Harper*

*KINs General Counsel

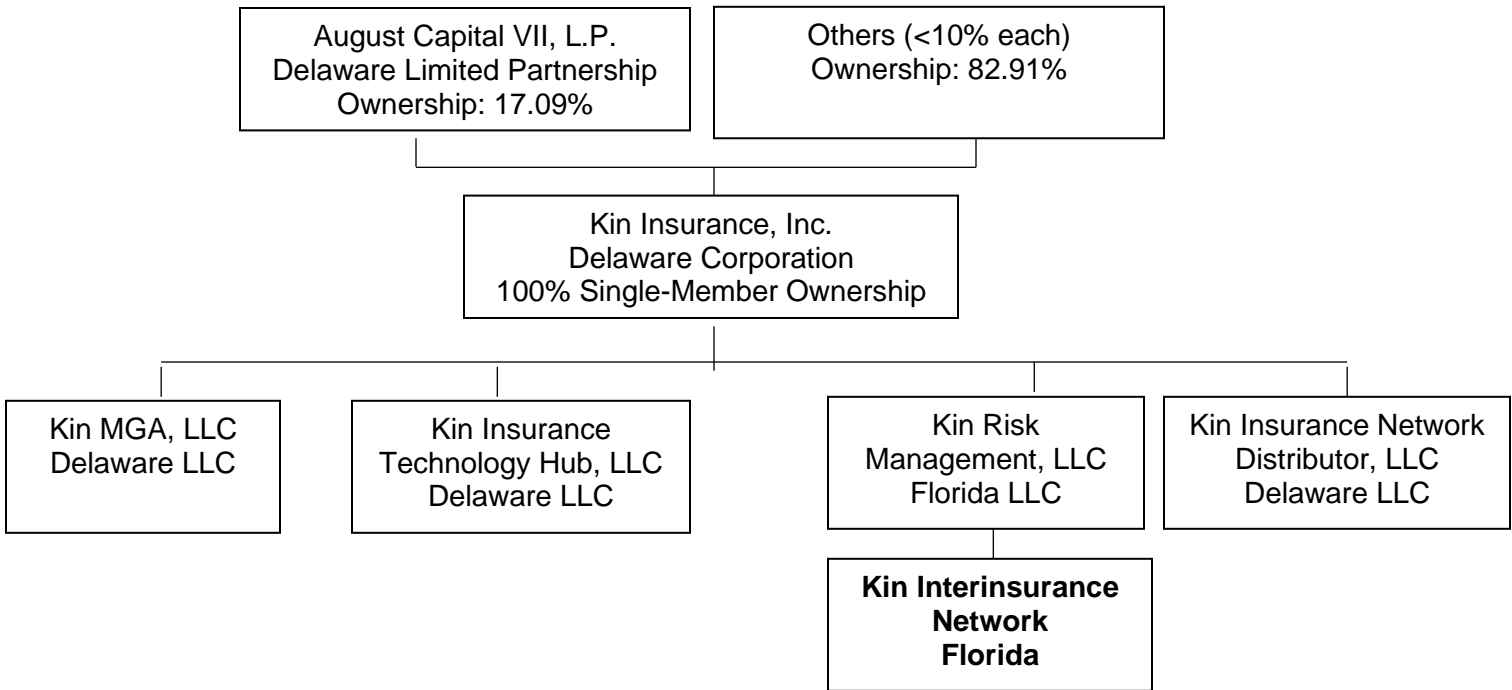
The Company did maintain an audit committee, as required by Section 624.424(8)(c), Florida Statutes. The Company's independent SAC is the oversight for the external audit function. Members of the SAC are listed above.

Holding Company System

KIN is owned by its subscribers, but controlled by Kin Risk Management, LLC (KRM), the AIF. KRM is wholly-owned by Kin Insurance, Inc., and as of December 31, 2020 is owned by August Capital VI, L.P. (17.09 percent on a fully-diluted basis) and various owners, who own less than 10 percent, but totalling 82.91 percent (on a fully-diluted basis). Other entities owned by Kin Insurance, Inc. as of December 31, 2020 include Kin MGA, LLC; Kin Insurance Technology Hub, LLC; and Kin Insurance Network Distributors, LLC.

An organizational chart as of December 31, 2020, reflecting the holding company system, is shown on the following page. Schedule Y of the Company's 2020 annual statement provided a list of all related companies of the holding company group.

**Kin Interinsurance Network
Organizational Chart
December 31, 2020**



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

AIF Agreement

KIN entered into an AIF agreement with KRM on June 25, 2019 for an initial 5-year term expiring June 25, 2024. KRM will provide management services for KIN, including the administration and management of the day-to-day operations; underwriting of applications for insurance; policy administration, cancellation and renewal; claims management; reinsurance management; collection of premium and accounting; investment management; promotion and marketing; and human resources. The AIF agreement authorized KRM to contract with third parties, including Kin Insurance, Inc. and its affiliates. After the initial 5-year term, the

agreement will automatically renew for successive 1-year terms, but may be terminated at any time by mutual agreement between KIN and KRM.

Agency Authorization and Appointment Agreement

KIN entered into an agreement with Kin Insurance Network Distributors, LLC (“KIND”) effective July 3, 2019, which was amended with an effective date of February 27, 2020, and again on March 1, 2021, to change the commission percentages paid to KIND. The agreement was amended and restated effective July 1, 2021 to amend and restate the entire agreement. The amended and restated agreement shall be effective for a one-year period, commencing on the original effective date of July 3, 2019 with automatic renewals of one-year periods. The agreement was amended to change the management fee of 17% based on annual gross premium to 17% of annual premium earned. KIND serves as an agency to KIN to solicit all property and casualty lines of business at a fixed commission rate of 10%. The agreement may be terminated by either party with at least a ninety (90) day written notice.

ACCOUNTS AND RECORDS

The Company maintained its principal operational offices in Chicago, IL. The statutory office is in St. Petersburg, FL.

TERRITORY AND PLAN OF OPERATIONS

The Company was authorized to transact insurance in the states of Florida and Louisiana on June 24, 2019, and is currently authorized for the following lines of business as of December 31, 2020: residential property and casualty coverage.

As of December 31, 2020, the Company only wrote homeowners policies in Florida.

REINSURANCE

Reinsurance Assumed

The Company did not assume any reinsurance during the period of this examination.

Reinsurance Ceded

KIN's reinsurance program consists of quota share agreements, per risk excess of loss treaties, and a catastrophe excess of loss program with both commercial reinsurers and the Florida Hurricane Catastrophe Fund.

FINANCIAL STATEMENTS

The following includes the Company's statutory Statement of Assets, Liabilities, Surplus and Other Funds; statutory Statement of Income; and the statutory Analysis of Changes in Surplus for the year ended December 31, 2020. The financial statements are based on the statutory financial statements filed by the Company with the Florida Office of Insurance Regulation and present the financial condition of the Company for the period ending December 31, 2020. (Note: Failure of the columns to add to the totals reflected in this Report is due to rounding.)

**Kin Interinsurance Network
Assets
December 31, 2020**

	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	\$25,504,967	0	\$25,504,967
Common stocks	979,157	0	979,157
Cash and short-term investments	6,600,913	0	6,600,913
Subtotals, cash and invested assets	\$33,085,037	0	\$33,085,037
Investment income due and accrued	125,800	0	125,800
Premiums and considerations			
Uncollected premiums and agents' balances	750,151	1,760	748,391
Deferred premiums, agents' balances and installments	1,696,615	0	1,696,615
Amounts recoverable from reinsurers	932,870	0	932,870
Aggregate write-in for other than invested assets	125,007	66,121	58,886
Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts	\$36,715,480	67,881	\$36,647,599
Total	\$36,715,480	\$67,881	\$36,647,599

**Kin Interinsurance Network
Liabilities, Surplus and Other Funds
December 31, 2020**

	Per Company
Losses	\$ 1,894,990
Loss adjustment expenses	170,631
Commissions payable, contingent commissions and other similar charges	268,511
Other expenses	270,601
Taxes, licenses and fees	137,216
Unearned premiums	3,844,737
Advance premiums	455,918
Ceded reinsurance premiums payable	2,979,107
Payable to parent, subsidiaries and affiliates	551,416
Total liabilities	\$10,573,127
Aggregate write-ins for other than special surplus funds	1,840,267
Surplus notes	33,500,000
Surplus as regards policyholders	\$26,074,472
Totals	\$36,647,599

**Kin Interinsurance Network
Statement of Income
December 31, 2020**

	Per Company
Underwriting Income	
Premiums earned	\$ 155,952
Deductions	
Losses Incurred	3,564,072
Loss adjustment expenses incurred	1,217,658
Other underwriting expenses incurred	4,514,056
Total Underwriting deductions	9,295,786
Net underwriting gain (loss)	(\$9,139,834)
Investment Income	
Net investment income earned	\$532,597
Net realized capital gains or (losses)	32,143
Net investment gain or (loss)	\$564,740
Other Income	
Net gain or (loss) from agents' or premium balances charged off	(\$58,031)
Finance and service charges not included in premiums	10,937
Total other income	(\$47,094)
Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	(\$8,622,188)
Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	(\$8,622,188)
Federal & foreign income taxes incurred	(8,759)
Net Income	(\$8,613,429)
Capital and Surplus Account	
Surplus as regards policyholders, December 31 prior year	\$32,917,681
Net Income	\$(8,613,429)
Change in net unrealized capital gains or losses less capital gains tax of \$2,894	10,886
Change in net deferred income taxes	2,894
Change in non-admitted assets	(28,851)
Change in provision for reinsurance	29,452
Aggregate write-ins for gains and losses in surplus	1,755,839
Change in surplus as regards policyholders for the year	\$(6,843,209)
Surplus as regards policyholders, December 31, current year	\$26,074,472

**Kin Interinsurance Network
Reconciliation of Capital and Surplus
December 31, 2020**

No adjustments were made to surplus as regards policyholders as a result of this examination.

Capital/Surplus Change during Examination Period			
Surplus at June 24, 2019, per Company			\$ 0
	Increase	Decrease	
Change in surplus		\$9,257,655	
Change in net unrealized capital gain (loss)	\$47,195		
Change in net deferred income tax	\$12,546		
Change in non-admitted assets		\$67,881	
Change in surplus notes	\$33,500,000		
Aggregate write-ins for gains/losses in surplus	\$1,840,267		
Net increase (or decrease)			\$26,074,472
Surplus at December 31, 2020, per Company			\$26,074,472

COMMENTS ON FINANCIAL STATEMENT ITEMS

Capital and Surplus

The amount of capital and surplus reported by the Company of \$26,074,472, exceeded the minimum of \$15,000,000 as required by Sections 624.408 and 629.071, Florida Statutes.

SUBSEQUENT EVENTS

The Company has grown significantly since it was incorporated and began business on June 24, 2019. A look at the current year shows that direct written premiums through the third quarter of this year equal \$169 million.

To date the Company has yet to make a profit. However, the Company has had sufficient capital infusion. As of September 30, 2022, the Company reported \$32 million in capital and surplus. This is above the \$15 million minimum capital 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 Kin Interinsurance Network as of December 31, 2020, consistent with the insurance laws of the State of Florida.

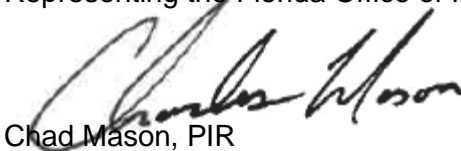
The following individuals participated in the examination:

Rachelle Gowins, CFE, MCM	Exam Supervisor	Examination Resources, LLC
Steven Sigler, CISA, AES, CFE, AMCM	IT Supervisor	Examination Resources, LLC
James Gowins, CISA, AES, AFE, MCM	IT Examiner	Examination Resources, LLC
Brent Sallay, FCAS, MAAA	Actuary	Taylor-Walker Consulting, LLC
Jeff Rockwell	Exam Manager	Florida Office of Insurance Regulation
Dan Applegarth, CFE, CPA, PIR	Chief Examiner	Florida Office of Insurance Regulation

Respectfully submitted,



Renee Hanshaw, CPA, CFE
Examiner-in-Charge
Examination Resources, LLC
Representing the Florida Office of Insurance Regulation



Chad Mason, PIR
Chief Financial Examiner
Property & Casualty Financial Oversight
Florida Office of Insurance Regulation