



**EXAMINATION REPORT  
OF**

**Florida Family Home Insurance Company  
Bonita Springs, Florida**

**NAIC Company Code: 13648**

**as of  
December 31, 2020**

**By  
The Florida Office of Insurance Regulation**

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January 11, 2024

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 (“the NAIC”), we have conducted an examination as of December 31, 2020, of the financial condition and corporate affairs of

**Florida Family Home Insurance Company**  
27599 Riverview Center Boulevard, Suite 100  
Bonita Springs, Florida 34134

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, 2020, and the fieldwork commenced with planning with the Florida Office of Insurance Regulation (“the Office”) on July 27, 2020. The fieldwork concluded as of April 28, 2022. The Company’s last full scope exam by representatives of the Office covered the period of January 1, 2011 through December 31, 2015.

This examination was a single state examination conducted in accordance with the NAIC Financial Condition Examiners Handbook (“the 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 the NAIC Statements of Statutory Accounting Principles (“SSAP”).

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.

## **SUMMARY OF SIGNIFICANT FINDINGS**

### **Current Examination Findings**

The following is a summary of material adverse findings, significant non-compliance findings or material changes in the financial Statements.

### **Holding Company Registration Statement (“Form B Filing”)**

A review of the Company’s Form B filings for the period under examination disclosed that the Company did not disclose their affiliated agreements in the 2016, 2019, and 2020 Form B Filings.

### **Previous Examination Findings**

The following is a summary of material adverse findings, significant non-compliance findings or material changes in the financial statements.

### **Statement of Actuarial Opinion**

The Company’s opining actuary did not include a discussion of the risks and uncertainties considered that could result in material adverse deviation in the 2015 Statement of Actuarial Opinion.

Resolution: The 2020 Statement of Actuarial Opinion includes a discussion of risks and uncertainties. The Company has remedied this issue.

## **COMPANY HISTORY**

### **General**

The Company was incorporated in Florida on April 23, 2009, and commenced business on June 10, 2009, as Lakeview Insurance Company. During July of 2018, the Company changed its name from Lakeview Insurance Company to "Florida Family Home Insurance Company".

## **Dividends**

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

## **Capital Stock and Capital Contributions**

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

Number of authorized common capital shares	6,000,000
Number of shares issued and outstanding	273,915
Total common capital stock	\$2,793,150
Par value per share	\$10

## **Surplus Notes**

The Company did not have or issue any surplus notes during the period under examination.

## **Acquisitions, Mergers, Disposals, Dissolutions**

The Company had no acquisitions, mergers, disposals, or dissolutions during the period under examination.

## MANAGEMENT AND CONTROL

### Corporate Governance

The annual shareholder meeting for the election of Board of Directors (“Board”) was held in accordance with Section 628.231, Florida Statutes. Board members serving as of December 31, 2020, are shown below:

<b>Directors</b>		
<b>Name</b>	<b>City, State</b>	<b>Principal Occupation, Company Name</b>
Walter Dale Hardy	Naples, Florida	Chairperson, Florida Family Home Insurance Company
David Paul Behnke	Roselle, Illinois	Principal, Behnke & Associates, LLC
William Tuttle Montei	Middleton, Wisconsin	Principal, Bill Montei, LLC
Timothy James McKay	Naples, Florida	Attorney, Wilson Elser
William Henry Wiggs	Hobe Sound, Florida	Chief Executive Officer, President, Chief Financial Officer, and Vice Chairperson, Florida Family Home Insurance Company

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

<b>Senior Officers</b>		
<b>Name</b>	<b>City, State</b>	<b>Title</b>
William Henry Wiggs	Hobe Sound, Florida	Chief Executive Officer, President, Chief Financial Officer, and Vice Chairperson
Diane Marie O’Connor	Bonita Springs, Florida	Senior Vice President Underwriting
Anthony Obie McCarty	St. Augustine, Florida	Senior Vice President Claims
Brent Joseph Brummer	Jacksonville, Florida	Senior Vice President Claims and Legislative Affairs
William Henry Dashiell	St. Johns, Florida	Vice President - Actuary

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

<b>Audit Committee</b>		
William Tuttle Montei	David Paul Behnke	Timothy James McKay

### **Holding Company System**

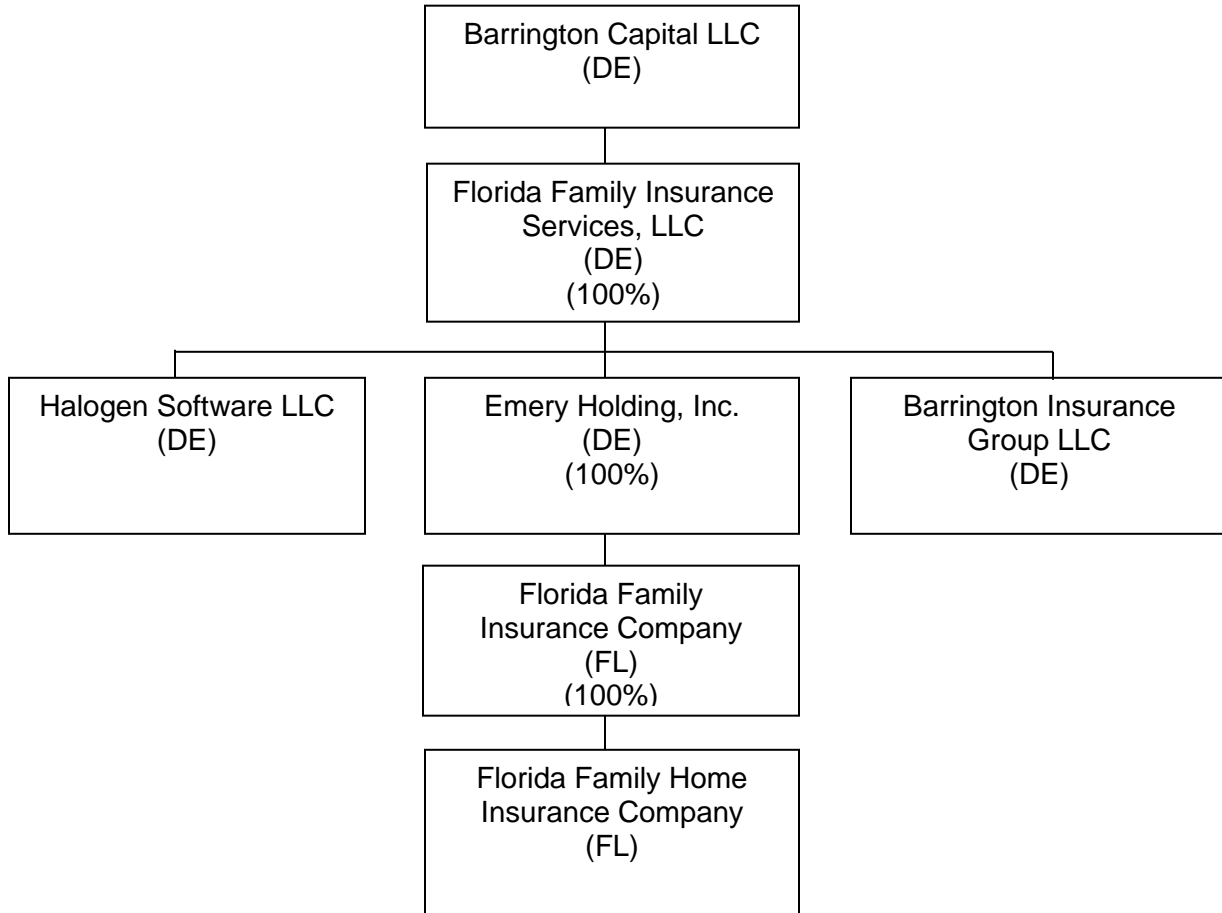
A simplified organizational chart as of December 31, 2020, reflecting the holding company system, is shown on the following page. Schedule Y of the Company's 2020 annual statement provided a list of all related companies of the holding company group.



**Florida Family Home Insurance Company**

**Simplified Organizational Chart**

**December 31, 2020**



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

### **Tax Sharing Agreement**

Effective January 1, 2008, the Florida Family Insurance Company (“FFIC”), along with its parent Emery Holding, Inc. (“Emery”), entered into a Tax Sharing Agreement. The agreement allows the Company and its parent to file a consolidated federal income tax return. On May 19, 2009, the agreement was amended to include the Company. On December 31, 2020, the method of allocation between the Company and its parent was based on a determination of separate return tax liability or tax savings. On or before April 30th of such taxable year, the Company shall estimate its separate return tax liability, tax savings or the tax increase for such taxable year and pay to its parent within thirty (30) days following the end of each quarter, one-fourth of the estimated amount. To the extent that the amounts paid are subsequently determined to be different when the final consolidated return of the insurance company affiliated group for the taxable year is filed, the difference shall be paid to the appropriate member within thirty (30) days from the date such return is filed.

### **Cost Sharing Agreement**

The Company entered into a Cost Sharing Agreement with FFIS and its wholly owned subsidiaries, Halogen Software, LLC, Barrington Insurance Group, LLC, Emery, and Emery’s wholly owned subsidiary FFIC on May 19, 2009. Pursuant to the agreement, the parties agree to share certain office space and facilities, in addition, each party has certain employees who perform services and support on behalf of the other, and the parties agree to reimburse each other for such services and support performed. The agreement indicates that the allocations and charges will be determined on the basis of generally accepted cost accounting principles. The agreement was in compliance with Section 626.7451, Florida Statutes.

### **Managing General Agent Agreement**

The Company entered into a Managing General Agency Agreement with its affiliate, FFIS on May 19, 2009. The agreement continues in force for a term of five (5) years and will automatically renew for successive five (5) year periods, unless otherwise terminated within the guidelines of the agreement. Pursuant to the terms of the agreement, FFIS is designated as the exclusive agent of

the Company. Fees are based on eighteen percent (18%) of direct written premium and a maximum \$25 per-policy fee on policies effectuated on behalf of the Company. Claims administration services were included in the agreement. The agreement was in compliance with Section 626.7451, Florida Statutes.

### **Reinsurance and Pooling Agreement**

The Company entered into a Reinsurance and Pooling Agreement with FFIC on July 1, 2009. The agreement requires the Company to cede one hundred percent (100%) of eligible direct premiums, losses and loss adjustment expenses, and underwriting expenses to FFIC. The Company's policies and policies written by FFIC are retroceded seventy-five percent (75%) to FFIC and twenty-five percent (25%) to the Company. FFIC reinsures the net outstanding insurance business of the Company and FFIC agrees to serve as the lead entity of the Pool without any form of additional compensation.

## **ACCOUNTS AND RECORDS**

The Company maintained its principal operational offices in Bonita Springs, Florida.

## **TERRITORY AND PLAN OF OPERATIONS**

The Company was authorized to transact insurance in Florida on June 10, 2009, and is currently authorized for the following lines of business as of December 31, 2020:

- Homeowners Multiple Peril
- Fire
- Allied Lines

The Company primarily writes homeowners multiple peril policies in the state of Florida.

## **REINSURANCE**

The reinsurance agreements reviewed complied with the 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 assumed risks from FFIC under the Pooling Agreement which became effective on July 1, 2009. Pursuant to the terms of the Pooling Agreement, the Company assumes twenty-five percent (25%) of the pooled writing of FFIC.

### **Reinsurance Ceded**

The Company has reinsurance agreements in place to cede risk on a quota share and excess of loss basis to related and unrelated reinsurers. The Company has a Multi-Line Quota Share Reinsurance Contract ("QSA") with an unrelated reinsurer on all property lines of business, which has a quota share percentage of ten percent (10%). Additionally, catastrophe reinsurance is available from unrelated private reinsurers and the Florida Hurricane Catastrophe Fund ("FHCF"). The Company follows a practice of purchasing levels of catastrophe reinsurance that, in conjunction with the QSA, limit the Companies' losses net of reinsurance to \$2,000,000 on a combined basis.

The Company also maintains the aforementioned Reinsurance and Pooling Agreement with an affiliated insurer, FFIC. FFIC cedes twenty-five percent (25%) of eligible direct premiums as well as losses and loss adjustment expenses to the Company. FFIC also purchases catastrophe reinsurance from unrelated private reinsurers and the FHCF.

## **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.)

**Florida Family Home Insurance Company**  
**Assets**  
**December 31, 2020**

	Per Company
Bonds	\$18,823,993
Cash, cash equivalents and short-term investments	13,367,142
Subtotals, cash and invested assets	\$32,191,135
Investment income due and accrued	93,315
Premiums and considerations:	
Uncollected premiums and agents' balances in the course of collection	763,928
Reinsurance:	
Amounts recoverable from reinsurers	1,031,656
Current federal and foreign income tax recoverable and interest thereon	705,512
Net deferred tax asset	614,315
Receivables from parent, subsidiaries and affiliates	2,007,082
Aggregate write-ins for other than invested assets	267,524
Totals	\$37,674,466

**Florida Family Home Insurance Company**  
**Liabilities, Surplus and Other Funds**  
**December 31, 2020**

	Per Company
Losses	\$2,966,281
Loss adjustment expenses	1,121,784
Other expenses	293,569
Taxes, licenses and fees	53,121
Unearned premiums	12,684,547
Ceded reinsurance premiums payable (net of ceding commissions)	2,705,834
Funds held by company under reinsurance treaties	549,438
Payable to parent, subsidiaries and affiliates	16,759
Total liabilities	\$20,391,332
Common capital stock	2,739,150
Gross paid in and contributed surplus	10,260,850
Unassigned funds (surplus)	4,283,135
Surplus as regards policyholders	\$17,283,135
Totals	\$37,674,467

**Florida Family Home Insurance Company**  
**Statement of Income**  
**December 31, 2020**

	Per Company
<b>Underwriting Income</b>	
Premiums earned	\$18,844,983
<b>Deductions</b>	
Losses incurred	11,147,674
Loss adjustment expenses incurred	2,348,507
Other underwriting expenses incurred	8,135,918
Total underwriting deductions	\$21,632,098
Net underwriting gain (loss)	\$(2,787,115)
<b>Investment Income</b>	
Net investment income earned	\$628,663
Net realized capital gains (losses)	777,562
Net investment gain or (loss)	\$1,406,225
<b>Other Income</b>	
Net gain (loss) from agents' or premium balances charged off	\$(5,695)
Finance and service charges not included in premiums	22,316
Total other income	\$16,621
Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	\$(1,364,269)
Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	\$(1,364,269)
Federal and foreign income taxes incurred	(586,726)
Net income	\$(777,543)

	Per Company
<b>Capital and Surplus Account</b>	
Surplus as regards policyholders December 31 prior year	\$16,017,898
Net Income	(777,543)
Change in net unrealized capital gains or (losses)	11,842
Change in net deferred income tax	(54,896)
Change in non-admitted assets	85,835
Surplus adjustments:	
Paid in	2,000,000
Change in surplus as regards policyholders for the year	\$1,265,237
Surplus as regards policyholders, December 31, current year	\$17,283,135

**Florida Family Home Insurance Company  
Reconciliation of Capital and Surplus  
December 31, 2020**

<b>Capital/Surplus Change during Examination Period</b>			
Surplus at December 31, 2015, per Company			\$17,037,376
	Increase	Decrease	
Net Income or (loss)		\$1,556,245	
Change in net unrealized capital gain (loss)	\$22,065		
Change in net deferred income tax		153,405	
Change in non-admitted assets		66,653	
Change in paid in surplus	2,000,000		
Net increase (or decrease)			\$245,759
Surplus at December 31, 2020 per Company			\$17,283,135

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

**COMMENTS ON FINANCIAL STATEMENT ITEMS**

**Capital and Surplus**

The amount of capital and surplus reported by the Company of \$17,283,135, exceeded the minimum of \$10,000,000 required by Section 624.408, Florida Statutes.

**SUBSEQUENT EVENTS**

The COVID-19 pandemic has continued to develop with significant uncertainty remaining regarding the full effect on the U.S. and global insurance and reinsurance industry. At the time of releasing this report, the Office's review of the Company noted that there has not been a significant impact to the Company. The Office has been in communication with the Company regarding the impact of COVID-19 on its business operations and financial position. The Office continues to closely monitor the impact of the pandemic on the Company and will take necessary action if a solvency concern arises.



## CONCLUSION

The insurance examination practices and procedures as promulgated by the NAIC have been followed in ascertaining the financial condition of Florida Family Home Insurance Company as of December 31, 2020, consistent with the insurance laws of the State of Florida.

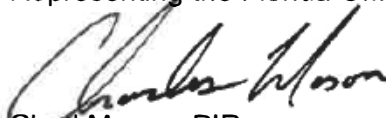
In addition to the undersigned, the following also participated in the examination:

Rachelle Gowins, CFE, MCM	Examination Manager	Examination Resources, LLC
Sigurd Proudfit, CFE, AMCM	Participating Examiner	Examination Resources, LLC
Joseph May, CFE, CPA, CISA,	IT Examiner	Carr, Riggs & Ingram, LLC
Francois Houde, CFE, CPA, AES, CISA	IT Examiner	Carr, Riggs & Ingram, LLC
Achille Sime Lanang, FSA, MAAA, ACAS	Examination Actuary	SL Financial, Inc.
Dan Applegarth	Chief Financial Examiner	The Office

Respectfully submitted,



Scott R. Kalna, CFE, AMCM  
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