



**EXAMINATION REPORT
OF**

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

NAIC Company Code: 10688

**as of
December 31, 2020**

**By
The Florida Office of Insurance Regulation**

TABLE OF CONTENTS

LETTER OF TRANSMITTAL	-
SCOPE OF EXAMINATION	1
SUMMARY OF SIGNIFICANT FINDINGS	2
CURRENT EXAMINATION FINDINGS	2
PREVIOUS EXAMINATION FINDINGS	2
COMPANY HISTORY	3
GENERAL	3
DIVIDENDS	3
CAPITAL STOCK AND CAPITAL CONTRIBUTIONS.....	3
SURPLUS NOTES	3
ACQUISITIONS, MERGERS, DISPOSALS, DISSOLUTIONS	3
MANAGEMENT AND CONTROL	4
CORPORATE GOVERNANCE	4
HOLDING COMPANY SYSTEM	5
SIMPLIFIED ORGANIZATIONAL CHART	6
TAX SHARING AGREEMENT	7
COST SHARING AGREEMENT	7
MANAGING GENERAL AGENT AGREEMENT.....	7
REINSURANCE AND POOLING AGREEMENT	8
ACCOUNTS AND RECORDS	8
TERRITORY AND PLAN OF OPERATIONS	8
REINSURANCE	9
REINSURANCE ASSUMED.....	9
REINSURANCE CEDED.....	9
FINANCIAL STATEMENTS	10
ASSETS.....	11
LIABILITIES, SURPLUS AND OTHER FUNDS	11
STATEMENT OF INCOME	12
RECONCILIATION OF CAPITAL AND SURPLUS.....	13
COMMENTS ON FINANCIAL STATEMENT ITEMS	13
CAPITAL AND SURPLUS	13
SUBSEQUENT EVENTS	13
CONCLUSION	14

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 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.

Compliance with Statutory Accounting Principles

The Company was not following the requirements of SSAP #64. In this regard, in Note 10 of the December 31, 2015, annual statement, the Company disclosed that they netted receivables from affiliates Florida Family Insurance Services, LLC (“FFIS”), and Halogen Software, LLC (“Halogen”), against a payable to affiliate Lakeview Insurance Company (now known as Florida Family Home Insurance Company) and reported the net receivable from affiliates on its balance sheet.

Resolution: Review of the Company’s general ledger indicates that the Company is not netting balances and is in compliance with SSAP #64. The Company has remedied this issue.

COMPANY HISTORY

General

The Company was organized in Florida on March 19, 1996, and commenced business on May 1, 1996, as Florida Family Mutual Insurance Company. During 2001 and with the Florida Office of Insurance Regulation's approval, the Company changed from a non-assessable mutual insurer to a stock insurer, FFIS obtained 98.9% of ownership of the company, and its name was changed to "Florida Family 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	4,471
Total common capital stock	\$447,100
Par value per share	\$100

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:

Directors		
Name	City, State	Principal Occupation, Company Name
Walter Dale Hardy	Naples, Florida	Chairperson, Florida Family 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 Insurance Company

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

Senior Officers		
Name	City, State	Title
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

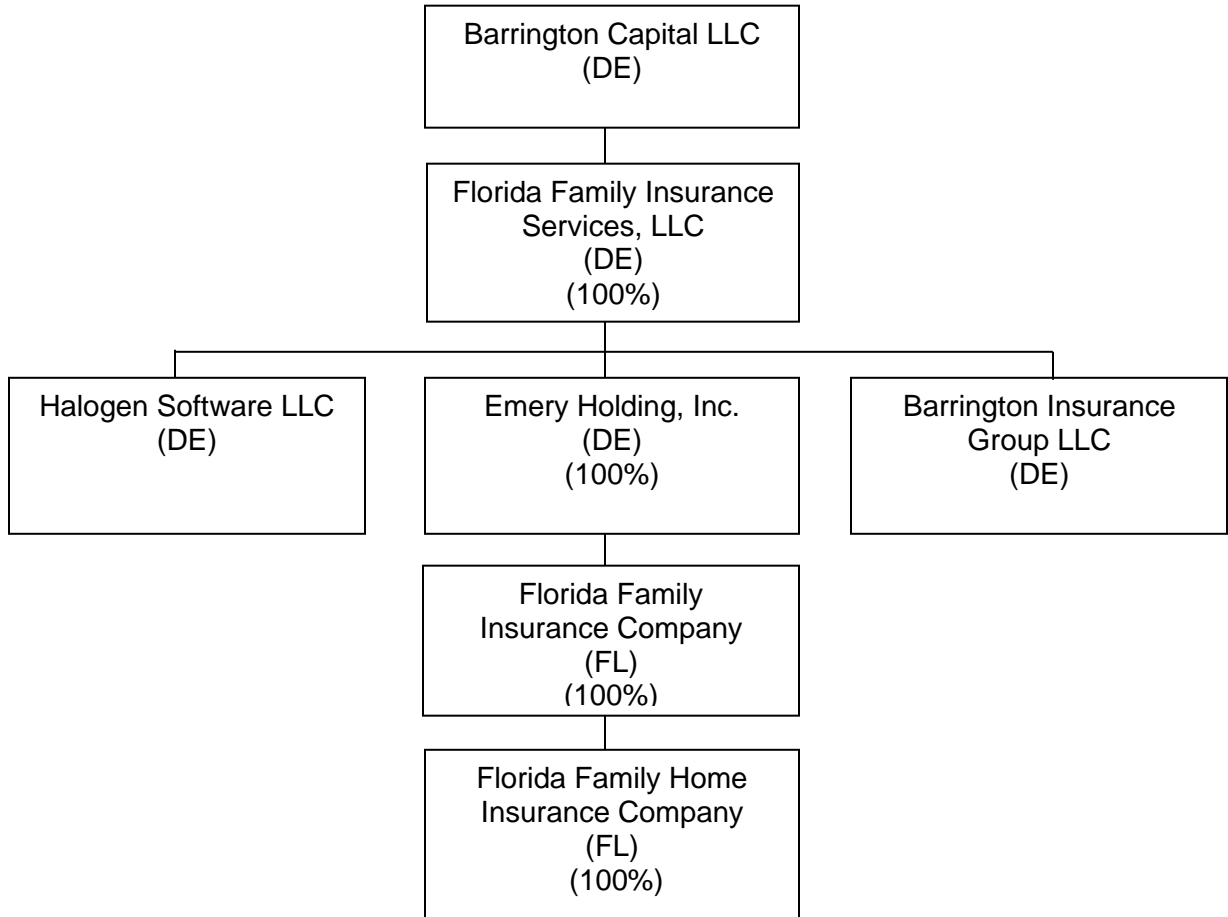
The Company has an audit committee, as required by Section 624.424(8)(c), Florida Statutes.

Audit Committee		
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 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 Company, along with its parent, 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 Florida Family Home Insurance Company (“FFHIC”, formerly known as Lakeview Insurance 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 and Emery Holding, Inc. on January 1, 2008. The agreement was amended effective May 19, 2009, to include FFHIC. 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 September 1, 2000. 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 FFHIC on July 1, 2009. The agreement requires FFHIC to cede one hundred percent (100%) of eligible direct premiums, losses and loss adjustment expenses, and underwriting expenses to the Company. The FFHIC policies and policies written by the Company are retroceded seventy-five percent (75%) to the Company and twenty-five percent (25%) to FFHIC. The Company reinsures the net outstanding insurance business of FFHIC and the Company 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 April 22, 1996, 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

Aside from premiums assumed from FFHIC under the Reinsurance and Pooling agreement the Company did not assume any reinsurance during the period of this examination.

Reinsurance Ceded

The Company ceded approximately \$73 million of its premiums to various reinsurers. The Company cedes all of its allied line insurance exposure to other entities under catastrophe excess of loss reinsurance treaties. The Company remains liable to its policyholders with respect to homeowners' insurance in the event that any of the reinsurers are unable to meet their obligations under the reinsurance agreements. The Company evaluates the financial condition of its reinsurers and monitors concentrations of credit risk arising from similar geographic regions, activities, or economic characteristics of the reinsurer to minimize its exposure to significant losses from reinsurer insolvencies.

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

Florida Family Insurance Company
Assets
December 31, 2020

	Per Company
Bonds	\$50,148,380
Stocks:	
Common stocks	17,283,137
Cash, cash equivalents and short-term investments	37,347,799
Subtotals, cash and invested assets	\$104,779,316
Investment income due and accrued	246,621
Premiums and considerations:	
Uncollected premiums and agents' balances in the course of collection	2,291,783
Reinsurance:	
Amounts recoverable from reinsurers	3,094,969
Current federal and foreign income tax recoverable and interest thereon	2,170,912
Net deferred tax asset	1,955,429
Electronic data processing equipment and software	492,549
Receivables from parent, subsidiaries and affiliates	129,798
Aggregate write-ins for other than invested assets	802,571
Totals	\$115,963,947

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

	Per Company
Losses	\$8,898,840
Loss adjustment expenses	3,365,350
Other expenses	880,706
Taxes, licenses and fees	159,362
Unearned premiums	38,053,640
Ceded reinsurance premiums payable (net of ceding commissions)	8,117,496
Funds held by company under reinsurance treaties	1,648,318
Provision for reinsurance	10,654
Payable to parent, subsidiaries and affiliates	2,007,082
Total liabilities	\$63,141,448
Common capital stock	447,100
Gross paid in and contributed surplus	34,084,241
Unassigned funds (surplus)	18,291,158
Surplus as regards policyholders	\$52,822,499
Totals	\$115,963,947

Florida Family Insurance Company
Statement of Income
December 31, 2020

	Per Company
Underwriting Income	
Premiums earned	\$56,534,949
Deductions	
Losses incurred	33,443,014
Loss adjustment expenses incurred	7,045,521
Other underwriting expenses incurred	24,407,757
Total underwriting deductions	\$64,896,292
Net underwriting gain (loss)	\$(8,361,343)
Investment Income	
Net investment income earned	\$1,697,701
Net realized capital gains (losses)	2,150,644
Net investment gain or (loss)	\$3,848,346
Other Income	
Net gain (loss) from agents' or premium balances charged off	\$(17,085)
Finance and service charges not included in premiums	66,949
Total other income	\$49,864
Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	\$(4,463,133)
Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	\$(4,463,133)
Federal and foreign income taxes incurred	(1,832,230)
Net income	\$(2,630,903)

	Per Company
Capital and Surplus Account	
Surplus as regards policyholders December 31 prior year	\$51,245,980
Net Income	(2,630,903)
Change in net unrealized capital gains or (losses)	(754,438)
Change in net deferred income tax	(158,973)
Change in non-admitted assets	(27,665)
Change in provision for reinsurance	148,498
Surplus adjustments:	
Paid in	5,000,000
Change in surplus as regards policyholders for the year	\$1,576,519
Surplus as regards policyholders, December 31, current year	\$52,822,499

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

Capital/Surplus Change during Examination Period			
Surplus at December 31, 2015, per Company			\$56,241,903
	Increase	Decrease	
Net Income or (loss)		\$6,012,165	
Change in net unrealized capital gain (loss)		1,755,666	
Change in net deferred income tax		502,998	
Change in non-admitted assets		137,919	
Change in provision for reinsurance		10,654	
Change in paid in surplus	\$5,000,000		
Net increase (or decrease)			(\$3,419,404)
Surplus at December 31, 2020 per Company			\$52,822,499

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 \$52,822,449, exceeded the minimum of \$10 million required by Section 624.408, Florida Statutes.

SUBSEQUENT EVENTS

The COVID-19 pandemic has continued to develop with significant uncertainty remaining regarding its 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 Insurance Company as of December 31, 2020, consistent with the insurance laws of the State of Florida.

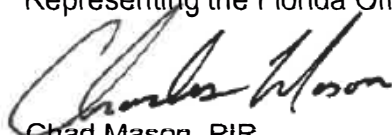
In addition to the undersigned, the following also participated in the examination:

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