



**LIMITED SCOPE EXAMINATION REPORT  
OF**

**National Consumer Title Insurance Company  
Tallahassee, Florida**

**NAIC Company Code: 16169**

**as of  
December 31, 2020**

**By  
The Florida Office of Insurance Regulation**

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September 6, 2023

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

**National Consumer Title Insurance Company**

6265 Old Water Oak Road, Suite 204

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, 2019. To the extent applicable, the limited scope examination was conducted in accordance with the guidance of the National Association of Insurance Commissioners *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 14, 2021 and concluded as of June 24, 2022. The limited scope examination included material events occurring subsequent to December 31, 2020 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 2019 examination findings, which were reported to the Company and disclosed in the Management Letter. There were no ongoing 2020 findings that rose to the level of inclusion in this report.

## COMPANY 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.

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 direct acquisition of Southern Fidelity Insurance Company and the indirect acquisition of the Company by Gulf & Atlantic Insurance Companies, Inc.

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

## MANAGEMENT AND CONTROL

Directors 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>
Michael John Millette <sup>(a)</sup>	Stamford, Connecticut	Chairman, Managing Partner Hudson Structured Capital Management, Ltd.
Justin Hayes Edenfield	Tallahassee, Florida	Treasurer and Chief Financial Officer National Consumer Title Insurance Company
Edouard Von Herberstein <sup>(a)</sup>	Bermuda	Partner and Chief Underwriting Officer Hudson Structured Capital Management, Ltd.
Christopher Lloyd Harris <sup>(a)</sup>	Bermuda	Board Advisor Hudson Structured Capital Management, Ltd.

<sup>(a)</sup>With the Company's acquisition by HG Holdings, Inc., in 2021, these directors were replaced by Steven Alford Hale, II, Bradley Griffin Garner, Anthony Jude Sciacca, and Peter Mark Sherman.

In accordance with the Company's Bylaws, the following Officers were appointed by the Board and were serving in their positions as of December 31, 2020:

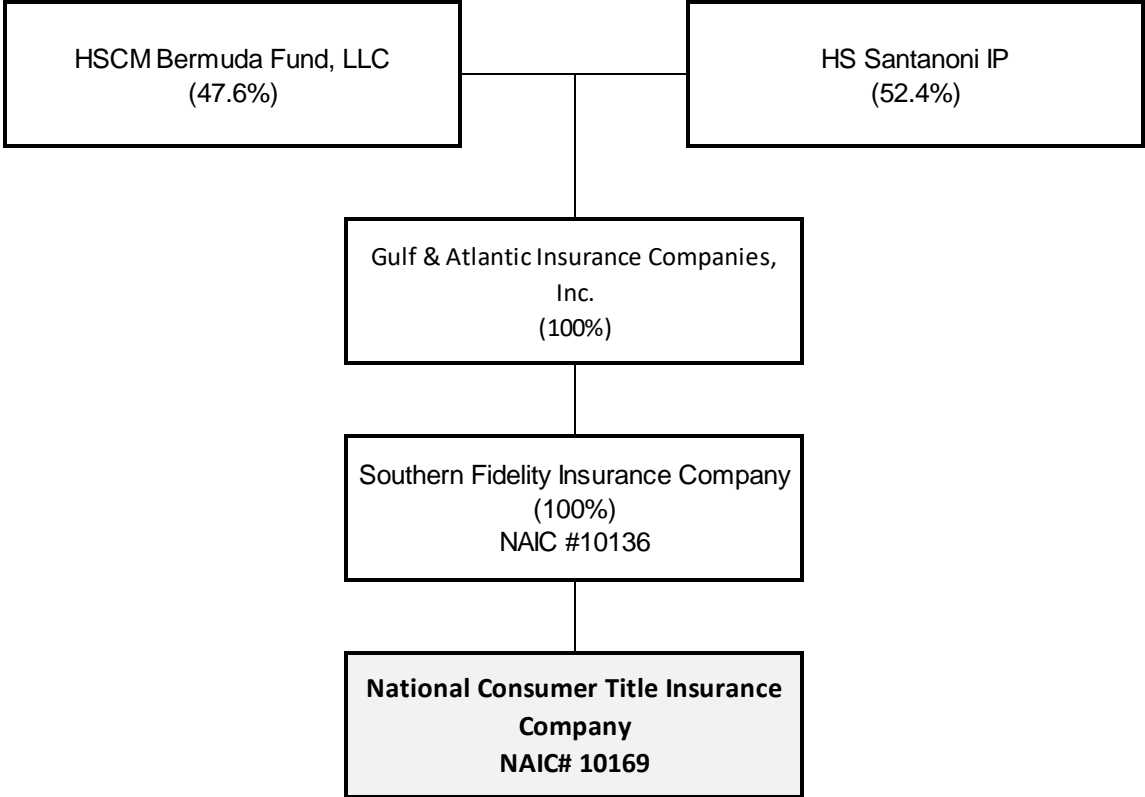
<b>Officers</b>		
<b>Name</b>	<b>City, State</b>	<b>Title</b>
Justin Hayes Edenfield	Tallahassee, Florida	Treasurer and Chief Financial Officer
Kristie Beavers Mock <sup>(b)</sup>	Tallahassee, Florida	Secretary
Byron Hamlin Wells <sup>(b)</sup>	Tallahassee, Florida	Vice President

<sup>(b)</sup>With the Company's acquisition by HG Holdings, Inc. in 2021, these officers were no longer serving as officers for the Company. At December 31, 2021, Steven Alford Hale, II was serving as the Company's President, and Bradley Griffin Garner was serving as the Company's Secretary.

# ORGANIZATIONAL CHART

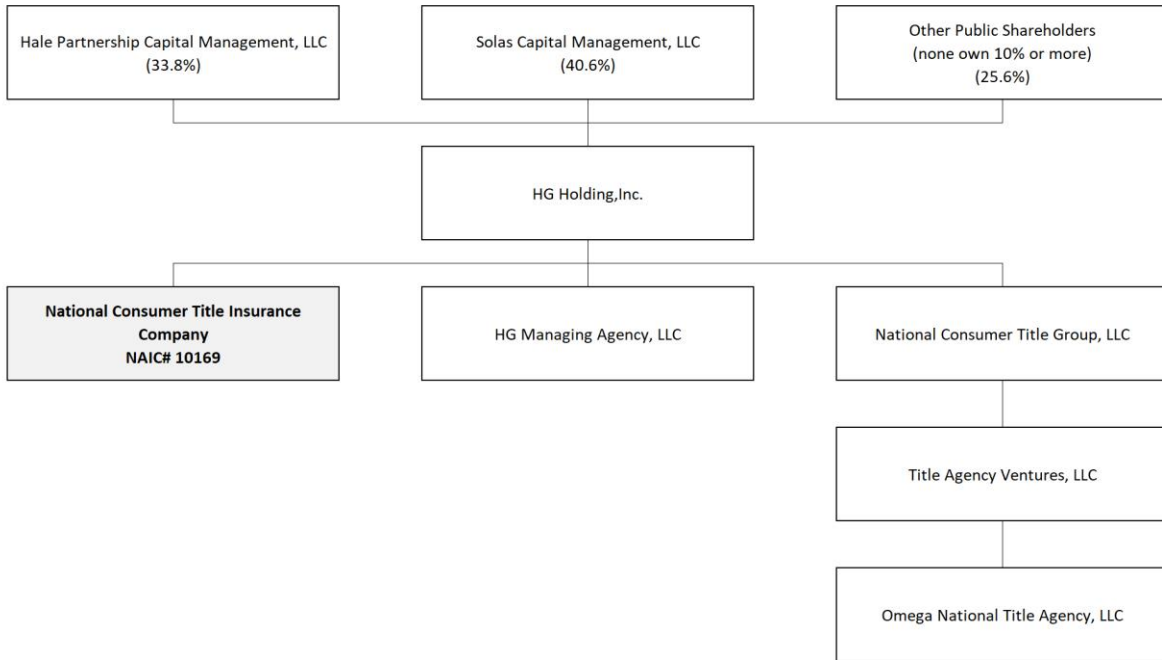
## Effective During the Examination Period

A simplified organizational chart as of December 31, 2020, reflecting the holding company group, is shown below. A complete organizational chart of the holding company group was disclosed in the Company's 2020 annual statement on Schedule Y – Part 1.



## Subsequent to the Examination Period

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





## CONCLUSION

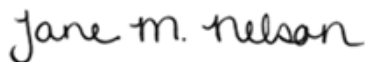
To the extent applicable, the limited scope examination practices and procedures as promulgated by the NAIC have been followed in ascertaining the financial condition of National Consumer Title Insurance Company as of December 31, 2020, consistent with the insurance laws of the state of Florida.

In addition to the undersigned, Uso Sayers, CISA, CISSP, and Duncan Phillips, IT Specialists of Johnson & Lambert, LLC, also participated in the examination. Members of the Florida Office of Insurance Regulation who participated in the examination include Daniel W. Applegarth, CFE, CPA, PIR, Chief Examiner, and Chad Mason, Examination Manager, are recognized for participation in the examination.

Respectfully submitted,



Rhonda B. Ball, CFE, MCM  
Risk and Regulatory Consulting, LLC  
Representing the Florida Office of Insurance Regulation



Jane Nelson, PIR  
Director  
Property & Casualty Financial  
Oversight Florida Office of Insurance  
Regulation