



**EXAMINATION REPORT
OF**

**Normandy Insurance Company
Boca Raton, Florida**

NAIC Company Code: 13012

**as of
December 31, 2020**

By

The Florida Office of Insurance Regulation

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May 13, 2022

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 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

Normandy Insurance Company
4800 N. Federal Highway, Suite 160
Boca Raton, FL 33431

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 8, 2021. The fieldwork concluded as of May 13, 2022. The Company's last full scope exam by representatives of the Office covered the period of January 1, 2011 through December 31, 2015.

The 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 (“F.S.”). 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

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

Previous Examination Findings

The following is an update on other significant regulatory information disclosed in the previous examination.

As of December 31, 2015, the Company's Holding Company Registration Statement (HCRS) was not in compliance with Rule 69O.143.046 (2)(c)(5), Florida Administrative Code ("F.A.C."), Registration of Insurers, concerning the disclosure of management and service contracts. The HCRS did not disclose such a transaction effective January 2, 2015 and amended July 1, 2015 between the Company and one of its affiliates. However, an amended HCRS was filed with the Office on July 13, 2016, as required by Section 628.801, F.S. and Rule 69O.143.046, F.A.C. The amended HCRS accurately disclosed all management and service contracts. This finding is considered remediated.

COMPANY HISTORY

General

The Company was incorporated in the state of Florida on December 9, 2004 and commenced business in September 2007.

Dividends

The Company declared dividends to its policyholders during the period of examinations as shown below:

Year	Amount
2016	\$24,515
2017	\$196,117
2018	\$571,142
2019	\$484,788
2020	\$513,769

On February 15, 2017, the Board of Directors declared and approved a stock dividend of 2 million shares at \$1 per share to the sole shareholder at the time, Simon Ganz. A transfer was made from gross paid in and contributed surplus, increasing common capital stock from \$1 million to \$3 million.

Capital Stock and Capital Contributions

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

Number of authorized common capital shares	3,000,000
Number of shares issued and outstanding	3,000,000
Total common capital stock	\$3,000,000
Par value per share	\$1.00

Surplus Notes

As of the end of the period under examination, the following surplus notes were in effect (please note that all of the numbers are expressed in millions):

Year Issued	Original Value	2020 Annual Carrying Value
2009	\$1.7	\$1.7
2010	\$3.1	\$3.1
2011	\$1.4	\$1.4
2012	\$1.73	\$1.73
Total	\$7.93	\$7.93

In 2017 the Company issued its seventh surplus note for \$3 million. Then, near the end of 2018 the Company paid off the this note in its entirety plus accrued interest of \$259,726.

The Company's Surplus Notes were originally issue to Mr. Simon Ganz and were subsequently transferred to Normandy Insurance Holding Company, LLC near the end of 2019.

Acquisitions, Mergers, Disposals, Dissolutions

In November 2019, the former ultimate owner, Simon Ganz, sold all of his 75% membership interests in the holding company. This transaction resulted in 100% of the membership interest in the holding company being owned 50% by Hershel Langner and 50% by Simon Assouline.

MANAGEMENT AND CONTROL

Corporate Governance

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

Directors		
Name	City, State	Principal Occupation
Herschel Issac Langner	Brooklyn, New York	President and CEO, Normandy Insurance Company
Carol Ann Ostapchuk	Tarpon Springs, Florida	Insurance Consultant, Ostapchuk & Associates, Inc., and Celtic Global Consulting, LLC
Robert Emmett McManus, Jr.	Sarasota, Florida	COO and CUO, Beacon Aviation Insurance Services
Michelle Louise Newell	Syracuse New, York	Consultant, Self Employed
Simon Raphael Assouline	Brooklyn, New York	Treasurer, Normandy Insurance Company, and Real Estate, Real Estate Finance, and Mortgage Loans, Self Employed

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

Senior Officers		
Name	City, State	Title
Herschel Issac Langner	Brooklyn, New York	President & CEO
Simon Aphael Assouline	Brooklyn, New York	Treasurer
Eli Tisser	Brooklyn, New York	CFO & Secretary

The Company's Board appointed several internal committees. The following were the principal internal board committees and their members as of December 31, 2020. The first person listed on the left for each committee is the chairperson.

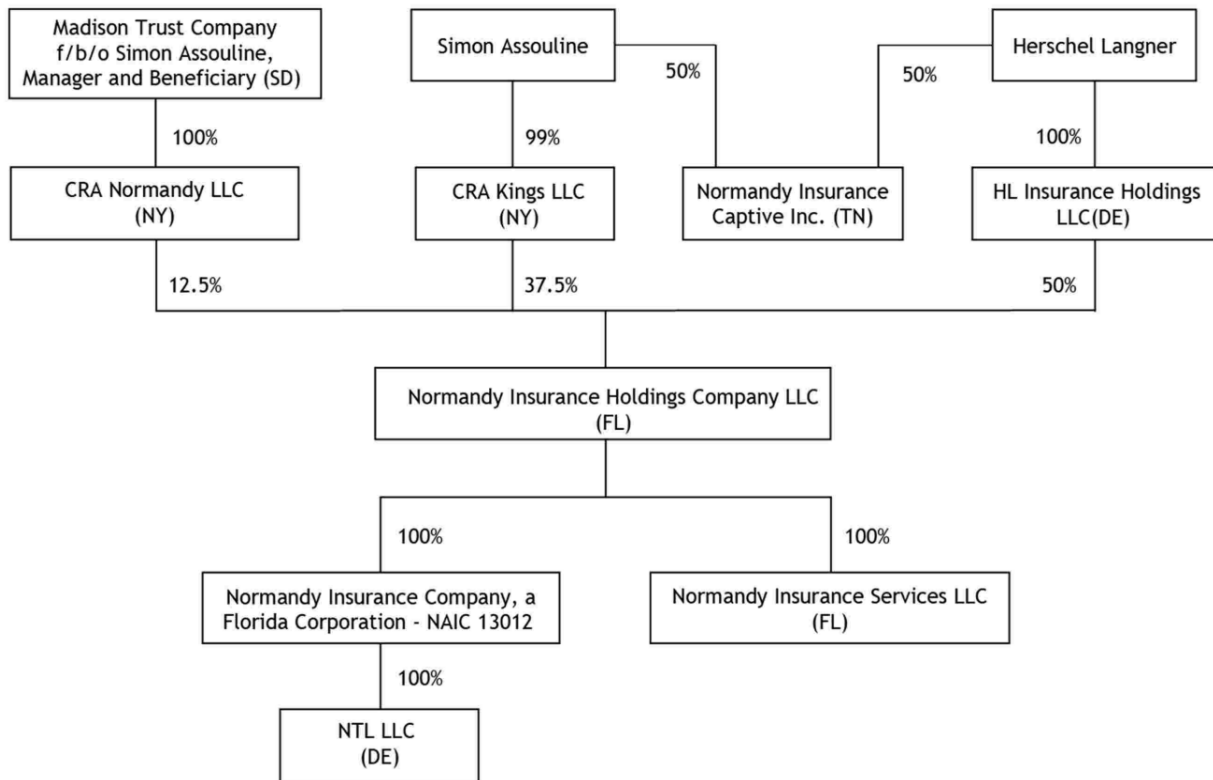
Investment Committee		
Carol Ann Ostapchuk	Herschel Issac Langner	Simon Raphael Assouline

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

Audit Committee		
Carol Ann Ostapchuk	Herschel Issac Langner	Simon Raphael Assouline

HOLDING COMPANY SYSTEM

An organizational chart as of December 31, 2020, reflecting the holding company system, is shown below:



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

Cost Allocation Agreement

The Company entered into a Cost Allocation Agreement with Normandy Insurance Holding Company, LLC and Normandy Insurance Services, LLC on July 1, 2015. The parties agreed that the costs of the services incurred by one party on behalf of one or more of the other parties during the term of this agreement shall be determined, allocated, and charged to such other party or parties in accordance with generally accepted cost accounting principles. The agreement will remain in effect until terminated by a written agreement.

Managing General Agent Agreement

The Company entered into a Managing General Agency (MGA) Agreement with Normandy Insurance Services, LLC on December 1, 2018. The agreement states that the commissions and fees payable to the MGA are debts due to the MGA by the Company, and the MGA shall be deemed to have a fiduciary responsibility to the Company with respect to premiums and other funds.

ACCOUNTS AND RECORDS

The Company maintained its principal operational offices in Deerfield Beach, Florida during the period under examination. Subsequent to the as of date of the exam, but prior to the end of field work, the Company relocated its principal operational offices to Boca Rotan, Florida.

TERRITORY AND PLAN OF OPERATIONS

The Company was authorized to transact insurance in the following states:

Alabama	Arkansas	Connecticut
District of Columbia	Florida	Georgia
Louisiana	Mississippi	Missouri
New Jersey	North Carolina	Oklahoma
Pennsylvania	Tennessee	Texas
Virginia		

By the end of field work the Company had expanded. And, per Schedule T in the as of March 31, 2022 Quarterly Statutory Financial Statement, they were licensed in seventeen states. Beginning in 2016, the Company began expanding outside of Florida, writing first in Georgia, Pennsylvania, and Virginia. During the period covered by the exam, the Company's business was primarily concentrated in Florida. The Company was authorized to transact insurance in Florida in September 2007 and is currently authorized for Workers' Compensation as of December 31, 2020. The Company only writes Worker's Compensation Insurance through appointed agents in the states where it is licensed.

The states with the highest premium amounts for the last year under examination were the following:

State	Direct Premiums Written	Percentage of Total Direct Premium Written
Florida	30,714,828	83.1%
Georgia	3,158,521	8.5%
Pennsylvania	1,412,666	3.8%
Other	1,671,480	4.5%
Total	36,957,495	100.0%

REINSURANCE

Reinsurance Assumed

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

Reinsurance Ceded

The Company's ceded reinsurance on an excess of loss and quota share basis for their worker's compensation coverage. This coverage is placed with both traditional insurers and an affiliated captive insurer—Normandy Insurance Captive Inc. Reinsurance receivables from the affiliate are collateralized by a funds withheld arrangement.

FINANCIAL STATEMENTS

The following includes the Company's statutory Statement of Assets, Liabilities, Surplus and Other Funds; statutory Statement of Income or Summary 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.)

Normandy Insurance Company
Assets
December 31, 2020

	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	\$20,558,237		\$20,558,237
Common Stock	1,689,334		1,689,334
Properties occupied by the company	3,703,856		3,703,856
Cash	20,890,025		20,890,025
Other invested assets	1,749,947		1,749,947
Subtotals, cash and invested assets	\$48,591,398		\$48,591,398
Investment income due and accrued	279,344		279,344
Uncollected premiums and agents' balances in the course of collection	1,655,818	\$631,462	1,024,356
Deferred premiums, agents' balances and installments booked but deferred and not yet due	13,176,508		13,176,508
Amounts recoverable from reinsurers	321,233		321,233
Net deferred tax asset	1,244,565		1,244,565
Receivables from parent, subsidiaries and affiliates	215,489		215,489
Aggregate write-ins for other-than-invested assets	48,343	48,343	
Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts	65,532,699	679,806	64,852,893
Total	\$65,532,699	\$679,806	\$64,852,893

**Normandy Insurance Company
Liabilities, Surplus and Other Funds
December 31, 2020**

	Per Company
Losses	\$22,673,487
Loss adjustment expenses	4,172,497
Other expenses	1,513,728
Taxes, licenses and fees	180,447
Current federal and foreign income taxes	69,110
Borrowed money	792,532
Unearned premiums	13,403,663
Advance premiums	222,048
Ceded reinsurance premiums payable	2,050,811
Derivatives	56,210
Aggregate write-ins for liabilities	1,251,763
Total Liabilities excluding protected cell liabilities	46,386,297
Total Liabilities	\$46,386,297
Common capital stock	3,000,000
Surplus notes	7,930,000
Gross paid in contributed surplus	2,712,495
Unassigned funds (surplus)	4,824,102
Surplus as regards policyholders	18,466,597
Totals	\$64,852,894

Normandy Insurance Company
Statement of Income
December 31, 2020

	Per Company
Premiums earned	\$33,788,482
Losses incurred	12,772,975
Loss adjustment expenses incurred	5,005,142
Other underwriting expenses incurred	13,941,466
TOTAL Underwriting Deductions	\$31,719,584
Net underwriting gain or (loss)	2,068,899
Net investment income earned	749,044
Net realized capital gains (losses) less capital gains tax of \$	703,186
Net invested gain or (loss)	1,452,230
Net gain or (loss) from agents' or premium balances charged off	(393,117)
TOTAL Other Income	\$(393,117)
Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	\$3,128,012
Dividends to policyholders	513,769
Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	\$2,614,243
Federal and foreign income taxes incurred	471,327
Net income	\$2,142,916
Surplus as regards policyholders, December 31 prior year	\$15,839,402
Net income	\$2,142,916
Change in net unrealized capital gains or (losses) less capital gains tax	244,244
Change in net deferred income tax	(27,760)
Change in nonadmitted assets	267,858
Surplus adjustments: Paid in	(63)
Change in surplus as regards policyholders for the year	\$2,627,195
Surplus as regards policyholders, December 31 current year	\$18,466,597

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

Capital/Surplus Change during Examination Period			
Surplus at December 31, 2015, per Company			\$11,196,349
	Increase	Decrease	
Change in surplus	\$6,992,106		
Change in net unrealized capital gain (loss)	\$244,243		
Change in net deferred income tax			\$68,237
Change in non-admitted assets	\$102,195		
Change in surplus notes			
Change in paid in capital	\$2,000,000		
Change in paid in surplus			\$2,000,063
Transferred to surplus			
Rounding	\$4		
Net increase (or decrease)			\$7,270,248
Surplus at December 31, 2020 per Company			\$18,466,597

COMMENTS ON FINANCIAL STATEMENT ITEMS

Capital and Surplus

The amount of capital and surplus reported by the Company of \$18,466,597 exceeded the minimum of \$4,251,599 required by Section 624.408, F.S.

SUBSEQUENT EVENTS

The COVID-19 pandemic has continued to develop throughout 2021 and 2022, with significant uncertainty remaining regarding the full effect of COVID-19 on the U.S. and the global insurance and reinsurance industry. 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.

The Company has expanded since the exam period. In 2022, the Company obtained approval to write workers compensation insurance in Maine, South Carolina, and Rhode Island, and the Company is pending approval for expansion into Maryland, Massachusetts, and New York.

CONCLUSION

The insurance examination practices and procedures as promulgated by the NAIC have been followed in ascertaining the financial condition of Normandy 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

Chad Mason, PIR	Exam Manager	Office
James Wheeler, PIR	Examiner	Office
Sheri L. Kenney, CFE, MCM	Exam Supervisor	Highland Clark, LLC
Travis R. Harrison, CPA, CPCU	Examiner	Highland Clark, LLC
Lori G. Lewter, CISA	Examiner, IT Specialist	Highland Clark, LLC
Aleksandreja H. Kulits	Examiner	Highland Clark, LLC

Respectfully submitted,



Tracy, D. Gates, CISA, CFE
Examiner in Charge, IT Specialist
Highland Clark, LLC
Representing the Florida Office of Insurance Regulation



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