



**EXAMINATION REPORT
OF**

**Florida Casualty Insurance Company
Sarasota, FL**

NAIC Company Code: 40398

**as of
December 31, 2021**

**By
The Florida Office of Insurance Regulation**

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August 31, 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 690-138.005, 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, 2021, of the financial condition and corporate affairs of

Florida Casualty Insurance Company
4801 Lakewood Ranch Blvd, Suite 200
Sarasota, FL 34240

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, 2017 through December 31, 2021 and the fieldwork commenced with planning with the Florida Office of Insurance Regulation (“the Office”) on May 9, 2022. The fieldwork concluded as of August 31, 2023. The Company’s last full scope exam by representatives of the Office covered the period of January 1, 2012 through December 31, 2016.

The examination was 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.

The examination was a multi-state, coordinated risk-focused process. The lead state for this exam was California, and states that participated in this exam are as follows: Florida, Louisiana, New Mexico, New York, Oklahoma, and Texas. Although the Company is dormant, it is licensed in multiple states.

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

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

Previous Examination Findings

There were no significant findings in the previous examination.

COMPANY HISTORY

General

The Company, formerly known as Ashmere Insurance Company and American Fuji Fire and Marine Insurance Company, was incorporated on October 6, 1981, in the state of Illinois, and commenced business on January 1, 1982. The Company re-domesticated to Florida on October 6, 2016, when it was acquired by former parent, National Fidelity Holdings, Inc. On December 30, 2020, the Company was acquired by North American Casualty Company, which is part of the Applied Underwriters Group. The Company changed its name to Florida Casualty Insurance Company effective July 7, 2021. The Company is currently not writing business.

Dividends

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

Capital Stock and Capital Contributions

As of December 31, 2021, the Company's capitalization was as follows:

Number of authorized common capital shares	140,000
Number of shares issued and outstanding	50,070
Total common capital stock	\$5,007,000
Par value per share	\$100

The Company had the following capital contributions during the period under examination:

2018	\$	500,000
2019	\$	6,000,000
2020	\$	3,700,000

Surplus Notes

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

Acquisitions, Mergers, Disposals, Dissolutions

The Company, formerly known as Ashmere Insurance Company and American Fuji Fire and Marine Insurance Company, re-domesticated from Illinois to Florida on October 6, 2016. On March 11, 2019, the Company was acquired by Sunz Insurance Company. On December 30, 2020, the Company was acquired by North American Casualty Company, which is part of the Applied Underwriters Group. The Company changed its name to Florida Casualty Insurance Company, effective July 7, 2021.

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, 2021, are shown below:

Directors		
Name	City, State	Principal Occupation, Company Name
Jon Michael McCright	Cedar Rapids, IA	Attorney Lynch Dallas P.C.
Steven Michael Menzies ⁽¹⁾	Omaha, NE	President and Chief Executive Officer Applied Underwriters
Jeffrey Alan Silver	Omaha, NE	Executive Vice President, Secretary and General Counsel Applied Underwriters
Robert Leslie Stafford	Omaha, NE	Senior Vice President Applied Underwriters
Marc Mitchell Tract	Nassau, NY	Attorney Katten Muchin Rosenmann LLP

(1) Chairman of the Board

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

Senior Officers		
Name	City, State	Title
Steven Michael Menzies	Omaha, NE	President, Chief Executive Officer, Treasurer
Jeffrey Alan Silver	Omaha, NE	Secretary
Justin Nicholas Smith	Belmont, CA	Vice President
Robert Leslie Stafford	Omaha, NE	Vice President

The Company's Board had no internal committees at the entity level. At the parent company level, there is an audit committee and investment committee. The members as of December 31, 2021 are as follows:

Audit Committee	
Jon Michael McCright	Jeffrey Alan Silver
Marc Mitchell Tract	Robert Leslie Stafford

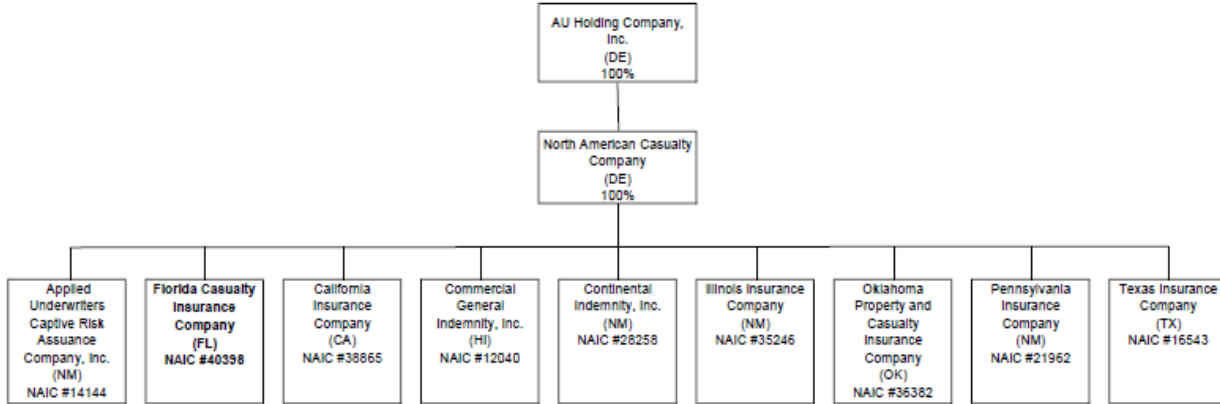
The Company maintained an audit committee, as required by Section 624.424(8)(c), Florida Statutes.

Investment Committee		
Steven Michael Menzies	Jeffrey Alan Silver	Robert Leslie Stafford

Holding Company System

A simplified organizational chart as of December 31, 2021, reflecting the holding company system, is shown below. Schedule Y of the Company's 2021 annual statement provided a list of all related companies of the holding company group.

**Florida Casualty Insurance Company
Simplified Organizational Chart
December 31, 2021**



The Company had no agreements, in effect, with any affiliates, as of the examination date.

ACCOUNTS AND RECORDS

The Company maintained its principal operational offices in Omaha, Nebraska.

In accordance with 624.318 (2), Florida Statutes, “every person being examined or investigated, and its officers, attorneys, employees, agents, and representatives, shall make freely available to the department or office or its examiners or investigators the accounts, records, documents, files, information, assets, and matters in their possession or control relating to the subject of the examination or investigation.” Throughout the course of the examination, the Company has failed to comply with its statutory obligations. It is recommended that the Company provide timely and free access to all books, records, accounts, papers, documents, and any or all computer or other recordings relating to the property, assets, business, and affairs of the companies being examined and implement procedures to ensure future compliance with 624.318 (2), Florida Statutes.

TERRITORY AND PLAN OF OPERATIONS

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

- Alabama
- Colorado
- District of Columbia
- Hawaii
- Indiana
- Kentucky
- Massachusetts
- Montana
- New Jersey
- North Carolina
- Oklahoma
- South Carolina
- Texas
- Wisconsin
- Arizona
- Connecticut
- Florida
- Idaho
- Iowa
- Louisiana
- Michigan
- Nebraska
- New Mexico
- North Dakota
- Oregon
- South Dakota
- Utah
- California
- Delaware
- Georgia
- Illinois
- Kansas
- Maryland
- Minnesota
- Nevada
- New York
- Ohio
- Pennsylvania
- Tennessee
- Washington

The Company was authorized to transact insurance in Florida on October 6, 2016, and is currently authorized for the following lines of business in Florida as of December 31, 2021: Workers' Compensation.

Prior to the acquisition in 2020, the Company had existing business that is being run off. The Company is currently dormant, and no policies were written policies in the states where it is licensed or eligible for 2020 or 2021. The Company has stated that there are future plans to write business in the Southeastern region of the United States.

REINSURANCE

Reinsurance Assumed

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

Reinsurance Ceded

Upon acquisition of the Company by National Fidelity Holdings, Inc. in 2016, the Company was covered by multiple existing reinsurance treaties on a combined basis with Guarantee Insurance Company. The combined reinsurance treaties were effective June 30, 2016, through June 1, 2017, and provided coverage of \$48,000,000 in excess of \$2,000,000 on a per occurrence basis.

Effective January 1, 2017, the Company entered into a stand-alone reinsurance agreement providing \$1,000,000 in excess of \$1,000,000.

Effective April 1, 2017, the Company entered into a thirty-five percent (35%) quota share reinsurance agreement with Harco Re for the first \$1,000,000 per occurrence. The agreement ran through April 1, 2018, with the Company's net retention for all claims being sixty-five percent (65%) of the first \$1,000,000 per occurrence.

Amounts recoverable under these agreements were immaterial to the examination. Therefore, the existing contracts in place were not requested or reviewed as part of this examination.

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, 2021. 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, 2021. (Note: Failure of the columns to add to the totals reflected in this Report is due to rounding.)

Florida Casualty Insurance Company
Assets
December 31, 2021

	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	\$1,372,958		\$1,372,958
Cash and short-term investments	8,541,143		8,541,143
Subtotals, cash and invested assets	9,914,101		9,914,101
Investment income due and accrued	6,508		6,508
Reinsurance			
Amounts recoverable from reinsurers	69,077		69,077
Current federal and foreign income taxes recoverable and interest thereon	433,104		433,104
Net deferred tax asset	978,655	768,943	209,712
Receivable from parent, subsidiaries and affiliates	259		259
Aggregate write-in for other than invested assets	15,749	5,744	10,005
Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts	11,417,453	774,687	10,642,766
Total	11,417,453	774,687	10,642,766

Florida Casualty Insurance Company
Liabilities, Surplus and Other Funds
December 31, 2021

	Per Company
Other expenses	\$ 41,223
Taxes, licenses and fees	89,807
Ceded reinsurance premiums payable	38,433
Aggregate write-in for liabilities	12,921
Total liabilities	\$ 182,384
Common capital stock	\$ 5,007,000
Gross paid-in and contributed surplus	14,193,631
Unassigned funds (surplus)	(8,740,249)
Surplus as regards policyholders	\$ 10,460,382
Totals	\$ 10,642,766

Florida Casualty Insurance Company
Statement of Income
December 31, 2021

	Per Company
Underwriting Income	
Premiums earned	
Deductions	
Other underwriting expenses incurred	\$ (28,704)
Total Underwriting deductions	\$ (28,704)
Net underwriting gain (loss)	\$ (28,704)
Investment Income	
Net investment income earned	\$ 44,779
Net investment gain or (loss)	\$ 44,779
Other Income	
Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	\$ 73,483
Federal & foreign income taxes incurred	(572,104)
Net Income	\$ 645,587

Capital and Surplus Account	
Surplus as regards policyholders, December 31 prior year	\$ 10,854,535
Net Income	645,587
Change in net deferred income taxes	(2,368,994)
Change in non-admitted assets	1,329,254
Change in surplus as regards policyholders for the year	(394,153)
Surplus as regards policyholders, December 31, current year	\$ 10,460,382

**Florida Casualty Insurance Company
Reconciliation of Capital and Surplus
December 31, 2021**

Capital/Surplus Change during Examination Period			
Surplus at December 30, 2016, per Company			\$9,150,945
	Increase	Decrease	
Net income (loss)		8,707,716	
Change in net deferred income tax	591,840		
Change in non-admitted assets		774,687	
Change in paid in surplus	10,200,000		
Net increase (or decrease)			1,309,437
Surplus at December 31, 2021 per Company			\$10,460,382

Florida Casualty Insurance Company
Analysis of Changes in Financial Statement Resulting from the Examination
December 31, 2021

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

COMMENTS ON FINANCIAL STATEMENT ITEMS

Capital and Surplus

The amount of capital and surplus reported by the Company of \$10,460,382, exceeded the minimum of \$4,000,000 required by Section 624.408, Florida Statutes.

SUBSEQUENT EVENTS

As of the completion of fieldwork, there were no material subsequent events noted for the Company.

SUMMARY OF RECOMMENDATIONS

Accounts and Records (Page 5): It is recommended that the Company provide timely and free access to all books, records, accounts, papers, documents, and any or all computer or other recordings relating to the property, assets, business, and affairs of the companies being examined and implement procedures to ensure future compliance with 624.318 (2), Florida Statutes.

CONCLUSION

The insurance examination practices and procedures as promulgated by the NAIC have been followed in ascertaining the financial condition of Florida Casualty Insurance Company as of December 31, 2021, consistent with the insurance laws of the State of Florida.

In addition to the undersigned, the following individuals also participated in the examination: Kelly Willison, CPA, CFE, CFE (Fraud), Examination Manager, INS and Dan Applegarth, CPA, CFE, PIR, Chief Financial Examiner, Florida Office of Insurance Regulation.

Respectfully submitted,



Renee Hanshaw, CPA, CFE
Examiner-in-Charge
INS Regulatory Insurance Services, Inc.
Representing the Florida Office of Insurance Regulation



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