



**EXAMINATION REPORT  
OF**

**Anchor Property and Casualty Insurance Company  
St. Petersburg, Florida**

**NAIC Company Code: 15617**

**as of  
December 31, 2021**

**By  
The Florida Office of Insurance Regulation**

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July 28, 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

**Anchor Property and Casualty Insurance Company**  
5959 Central Avenue, Suite 200  
St. Petersburg, Florida 33710

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 February 16, 2023. The fieldwork concluded as of July 28, 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 by assessing the risk present and tailoring the procedures accordingly. 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.

## **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.”

### **Uncollected Premiums and Agents’ Balances**

The Company did not age agents’ balances on a policy-by-policy basis to determine if any balance was ninety (90) days past due. Not aging agents’ balances on a separate policy-by-policy basis is in violation of Rule 69O-138.024(2), Florida Administrative Code. Therefore, agents’ balances in the amount of \$920,583 were non-admitted. The examiners confirmed this issue have been corrected during the current exam period and these findings have been resolved.

## Reinsurance Premium Payable and Unearned Premiums

The examination reclassification in the amount of \$2,188,990 decreasing payable for reinsurance and increasing unearned premium reserve by \$2,188,990, was due to the erroneous calculation of subject premiums. Per the reinsurance contract, the Company failed to reduce ceded written premium by the catastrophic reinsurance allowance. The reclassification did not impact profit or loss. There was no change in overall liabilities. The examiners confirmed this issue has been corrected during the current exam period and these findings have been resolved.

## COMPANY HISTORY

### General

The Company was incorporated in Florida on October 28, 2014, and commenced business on January 13, 2015. In accordance with Consent Order 258650-20-CO the Company was placed in public administrative supervision by the Office on February 13, 2020.

### Dividends

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

### Capital Stock and Capital Contributions

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

Number of authorized common capital shares	2,500,000
Number of shares issued and outstanding	2,500,000
Total common capital stock	\$2,500,000
Par value per share	\$1.00

The Company received surplus contributions for all years under the period of examination as follows:

2017	\$1,400,000
2018	\$10,675,555
2019	\$1,000,000
2020	\$3,950,000
2021	\$425,000

### Surplus Notes

Contributor	Date of Approval	Amount
Balance As of December 31, 2016		\$3,000,000
Anchor Insurance Holdings, Inc.	March 31, 2017	\$4,000,000
Anchor Insurance Holdings, Inc.	September 30, 2017	\$6,000,000
Anchor Insurance Holdings, Inc.	February 27, 2018	\$20,500,000
Anchor Insurance Holdings, Inc.	February 28, 2019	\$10,900,000
Anchor Insurance Holdings, Inc.	October 15, 2019	\$4,000,000
Balance as of December 31, 2021		\$48,400,000

### 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 Directors was held in accordance with Section 628.231, Florida Statutes. Directors serving as of December 31, 2021, are shown below:

<b>Directors</b>		
<b>Name</b>	<b>City, State</b>	<b>Principal Occupation, Company Name</b>
Brian Katz	Tampa, Florida	President & CEO, Anchor Property and Casualty Insurance Company
Pramod Datta Kerkar	Tampa, Florida	Director, Anchor Property and Casualty Insurance Company
Kyle Hooker	St. Petersburg, Florida	Director, Anchor Property and Casualty Insurance Company
Christopher Moench	St. Petersburg, Florida	Director, Anchor Property and Casualty Insurance Company

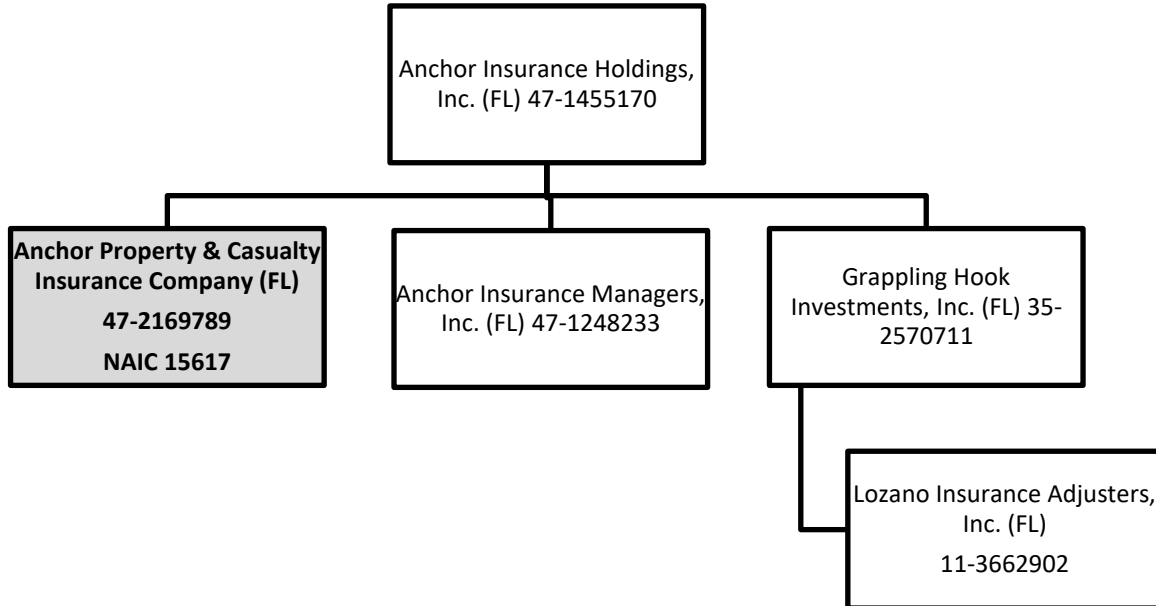
In accordance with the Company's Bylaws, the Board appointed the following Senior Officers:

<b>Senior Officers</b>		
<b>Name</b>	<b>City, State</b>	<b>Title</b>
Brian Katz	Tampa, Florida	President & CEO
David Weiner	St. Petersburg, Florida	CFO
Eric Scott Adams		Secretary

### **Holding Company System**

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

**Anchor Company Name  
Simplified Organizational Chart  
December 31, 2023**





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

### **Tax Allocation Agreement**

The Company participates in a Tax Sharing Agreement with Anchor Insurance Holdings and its subsidiaries dated as of October 1, 2014, through which the affiliated group files a consolidated tax return.

### **Cost Allocation Agreement**

The Company participates in a Cost Sharing Agreement with AIH and its subsidiaries dated as of October 1, 2014.

### **Management Agreement**

All management agreements, service contracts and all cost-sharing arrangements:

- a. Executive Management Agreement among AIH and Company dated as of October 27, 2014.
- b. Policy & Claims Administrations Agreement between Company and Anchor Insurance Managers, Inc. ("AIM") dated as of October 27, 2014.
- c. Legal Services Agreement between Anchor Insurance Holdings, Inc., Anchor Property and Casualty Insurance Company, and Lozano Insurance Adjusters, Inc. and Shutts & Bowen, LLP dated April 7, 2021.

### **Managing General Agent Agreement**

The Company entered into a Managing General Agency (MGA) Agreement with its affiliate, Anchor Insurance Holdings, Inc. on July 1, 2020. 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. MGA fees were based on direct written premium and also included a policy fee. Claims administration services were included in the

agreement. Claims administration fees were calculated according to a fee schedule based on size of claim.

## **ACCOUNTS AND RECORDS**

The Company maintained its principal operational offices in St. Petersburg, Florida.

## **TERRITORY AND PLAN OF OPERATIONS**

The Company is only authorized to write business in Florida and received its Certificate of Authority on October 28, 2014. The Company has entered runoff and no longer writes new business.

It is authorized to write the following lines of business:

- Fire
- Allied Lines
- Homeowners Multi-Peril
- Commercial Multi-Peril
- Inland Marine
- Other Liability

The Company has entered runoff and no longer writes new business.

## **REINSURANCE**

### **Reinsurance Assumed**

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

### **Reinsurance Ceded**

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

## **FINANCIAL STATEMENTS**

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

**Anchor Property and Casualty Insurance Company**  
**Assets**  
**December 31, 2021**

	Assets	Nonadmitted Assets	Net Admitted Assets
Cash and short-term investments	3,935,928		3,935,928
Other invested assets	625,715		625,715
Subtotals, cash and invested assets	4,561,643		4,561,643
Amounts recoverable from reinsurers	802,312		802,312
Electronic data processing equipment and software	198,209		198,209
Receivable from parent, subsidiaries and affiliates	102,695		102,695
Aggregate write-in for other than invested assets	124,957	112,172	12,785
<b>Total</b>	<b>5,789,816</b>	<b>112,172</b>	<b>5,677,644</b>

**Anchor Property & Casualty Insurance Company**  
**Liabilities, Surplus and Other Funds**  
**December 31, 2021**

	Per Company
Losses	4,149,853
Loss adjustment expenses	1,159,462
Total liabilities excluding protected cell liabilities	5,309,315
Total liabilities	5,309,315
Common capital stock	2,500,000
Surplus notes	48,400,000
Gross paid-in and contributed surplus	39,950,555
Unassigned funds (surplus)	(90,482,226)
Surplus as regards policyholders	396,329
Totals	5,677,644

**Anchor Property & Casualty Insurance Company**  
**Statement of Income**  
**December 31, 2021**

	Per Company
<b>Underwriting Income</b>	
<b>Deductions</b>	
Losses Incurred	(816,739)
Loss adjustment expenses incurred	816,739
Other underwriting expenses incurred	1,282,144
Total Underwriting deductions	1,282,144
Net underwriting gain (loss)	(1,282,144)
<b>Investment Income</b>	
Net investment income earned	(133,338)
Net realized capital gains or (losses)	718,225
Net investment gain or (loss)	584,887
<b>Other Income</b>	
Net gain or (loss) from agents' or premium balances charged off	(75,690)
Aggregate write-ins for miscellaneous income	(213,767)
Total other income	(289,457)
Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	(986,714)
Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	(986,714)
Net Income	(986,714)
<b>Capital and Surplus Account</b>	
Surplus as regards policyholders, December 31 prior year	386,067
Net Income	(989,714)
Change in net unrealized capital gains or losses less capital gains tax	192,381
Change in non-admitted assets	351,595
Paid in	425,000
Change in surplus as regards policyholders for the year	(17,738)
Surplus as regards policyholders, December 31, current year	368,329

**Anchor Property & Casualty Insurance Company**  
**Reconciliation of Capital and Surplus**  
**December 31, 2021**

<b>Capital/Surplus Change during Examination Period</b>			
Surplus at December 31, 2016, per Company			23,195,860
	Increase	Decrease	
Loss in surplus		85,532,299	
Change in net unrealized capital gain (loss)	828,535		
Change in net deferred income tax		1,480,927	
Change in non-admitted assets	506,605		
Change in surplus notes	45,400,000		
Change in paid in surplus	17,450,555		
Net increase (or decrease)			(22,827,531)
Surplus at December 31, 2021 per Company			368,329

Note: No Adjustments Were Made in this Examination

## COMMENTS ON FINANCIAL STATEMENT ITEMS

### Capital and Surplus

The minimum required amount of capital and surplus per by Section 624.408, Florida Statutes, is \$15,000,000.



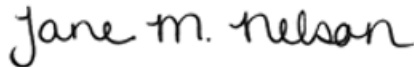
## CONCLUSION

Appropriate procedures to ascertain the financial condition of Anchor Property and Casualty Insurance Company as of December 31, 2021.

The following individuals from Florida Office of Insurance Regulation (“Office”) participated in the examination:

Bobby Jackson, PIR	Exam Manager	Office
Casey Hengstebeck, APIR	Participating Examiner	Office
Dan Applegarth, CFE, CPA, PIR	Chief Financial Examiner	Office

Respectfully submitted,



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