



**EXAMINATION REPORT  
OF**

**American Mobile Insurance Exchange  
St. Petersburg, Florida**

**NAIC Company Code: 16883**

**as of  
September 30, 2021**

**By  
The Florida Office of Insurance Regulation**

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August 30, 2022

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 September 30, 2021, of the financial condition and corporate affairs of

**American Mobile Insurance Exchange**

6170 Central Avenue North #300

St. Petersburg, Florida 33707

hereinafter referred to as “the Company.” Such report of examination is herewith respectfully submitted.

## SCOPE OF EXAMINATION

This examination covered the period of October 14, 2020 through September 30, 2021 and the fieldwork commenced with planning with the Florida Office of Insurance Regulation (“the Office”) on January 17, 2022 to August 30, 2022. The fieldwork concluded as of August 30, 2022. This was the initial examination of the Company.

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. 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.

## COMPANY HISTORY

### General

The Company was formed in Florida on October 14, 2020 and commenced business on January 20, 2021.

### Dividends

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

### Capital Stock and Capital Contributions

The Company is a reciprocal exchange and does not have capital stock.

### Surplus Notes

The Company issued surplus notes in the amount of \$29,500,000 in exchange for cash.

Issue Date	Interest Rate	Par Value/Face of Note	Carrying Value of Note	Accrued but Unapproved Interest	Note Holder
1/20/2021	9.00%	\$13,251,000	\$13,251,000	\$831,500	HSCM Bermuda Fund LTD.
1/20/2021	9.50%	\$6,000,000	\$6,000,000	\$397,417	K2 Insurance Services, LLC
1/20/2021	9.00%	\$4,767,000	\$4,767,000	\$299,129	HS Santanoni LP
1/20/2021	9.00%	\$2,982,000	\$2,982,000	\$187,121	HS Opalescent LP
1/20/2021	9.50%	\$1,300,000	\$1,300,000	\$86,107	Britton Hill Capital, LLC
1/20/2021	9.50%	\$1,200,000	\$1,200,000	\$79,483	AMIE Investors, LLC
		\$29,500,000	\$29,500,000	\$1,880,757	

## Acquisitions, Mergers, Disposals, Dissolutions

The Company had no acquisitions, mergers, disposals, or dissolutions during the period under examination.

## MANAGEMENT AND CONTROL

### Corporate Governance

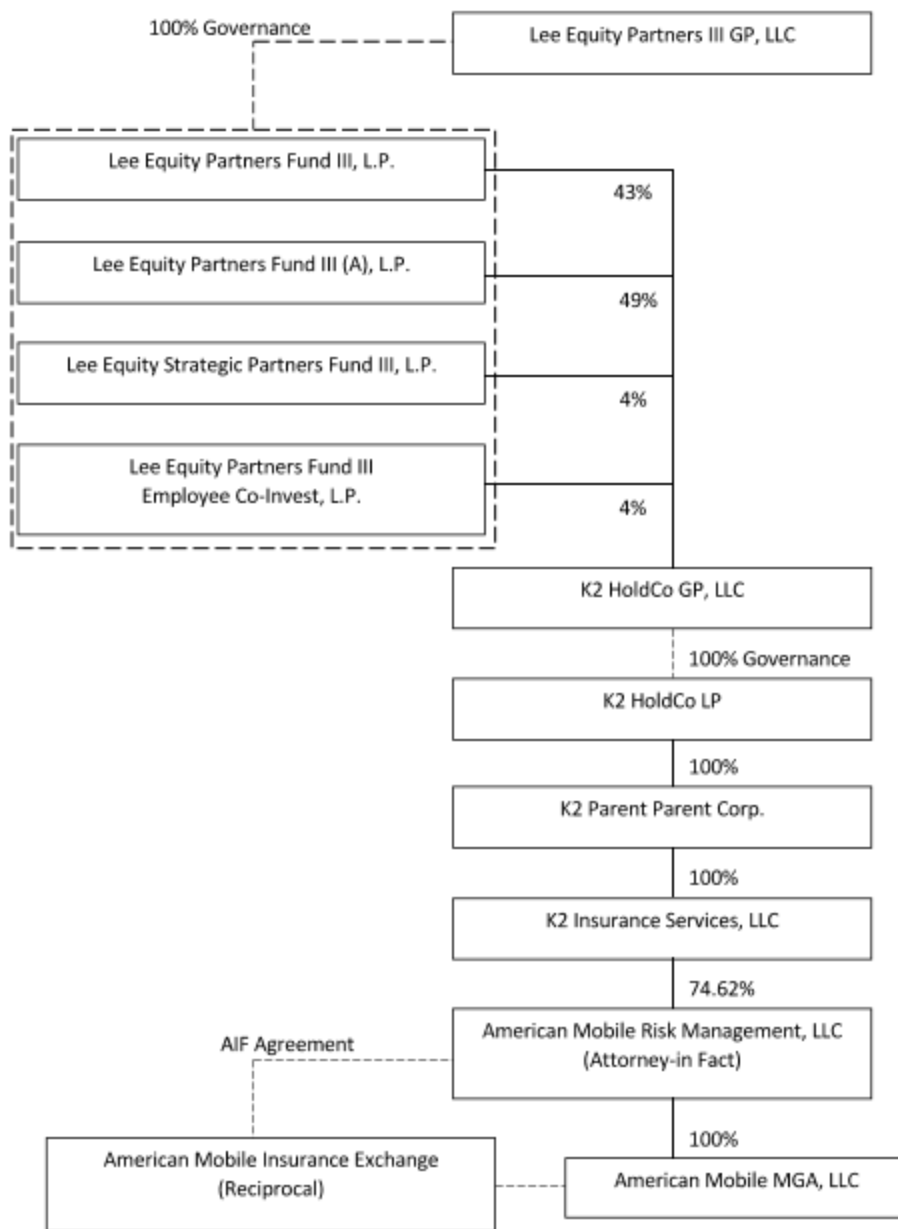
The Company is a reciprocal exchange, which is an unincorporated aggregation of subscribers operating individually and collectively through an attorney-in-fact to provide reciprocal insurance among themselves (policyholders) pursuant to Florida statute 629.021. The Company does not have a board of directors. The Company has a Subscribers Advisory Committee ("SAC"). SAC members serving as of September 30, 2021 are shown below:

<b>SAC Members</b>		
<b>Name</b>	<b>City, State</b>	<b>Principal Occupation, Company Name</b>
Steven Edward Hildebrand	Tallahassee, Florida	Senior Vice President, Operations, West Point Underwriters
Jeffrey Paul LeGare	Lucas, Texas	President, American Mobile Risk Management, LLC
Brian Reed Keller	Tallahassee, Florida	Real Estate Investment, Prime Income Properties, LLC

The Company has no employees and no officers. Operations are conducted through agreements with affiliates as described in Holding Company System section of this examination report.

### Holding Company System

An organizational chart as of September 30, 2021, reflecting the holding company system, is shown on the following page. Schedule Y of the Company's September 30, 2021 quarterly statement provided a list of all related companies of the holding company group.



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

### **Administrative Services Agreement**

The Company entered into an Administrative Services Agreement with K2 Insurance Services, LLC (“Service Provider”) and American Mobile Risk Management, LLC effective August 14, 2020. The Service Provider provides accounting, controllership, finance, financial reporting, and treasury; client and policy owner services including management of client data and communications; corporate communications; corporate actuarial; corporate tax analysis and preparation; customer relations including complaint handling; executive management; human resources including payroll processing; information systems and management; legal counsel, risk management; strategic planning and business planning; and other services. The Administrative Services Agreement is for a term beginning on the effective date and remains in effect thereafter unless the parties mutually agree otherwise.

The Company pays the Service Provider a portion of its monthly net retained revenue plus reimbursement for the direct cost for services and facilities provided by the Service Provider. Net retained revenue is the revenue actually collected by the Company each month pursuant to the Attorney-in-Fact Agreement between the Company and American Mobile Insurance Exchange. The cost of services performed by the Service Provider that are identifiable as expenses incurred directly and exclusively for the benefit of the Company is charged to the Company. Each month, the Company reimburses the Service Provider for costs of services provided or expenses incurred by the Service Provider during the preceding month. Payment is to be made by the Company to the Service Provider within thirty days of invoice or other notice.

### **Attorney-In-Fact Agreement**

The Company entered into an Attorney-In-Fact Agreement with American Mobile Risk Management (“AMRM”) on August 14, 2020. AMRM provides management services either directly, or indirectly through its Administrative Services Agreement, dated August 14, 2020, with K2 Insurance Services, LLC furnishes all employees and resources to perform necessary and appropriate management services for the Company.



## **Managing General Agent Agreement**

The Company entered into a Managing General Agency (MGA) Agreement with its affiliate, American Mobile Insurance MGA, LLC on January 1, 2021. The agreement continues in force and effect until terminated at any time by written agreement of the parties, by either party giving written notice to the other of not less than ninety days prior to the effective date of termination. MGA fees were based on direct written premium and included a per-policy fee. Claims administration services were included in the agreement.

## **ACCOUNTS AND RECORDS**

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

## **TERRITORY AND PLAN OF OPERATIONS**

The Company was authorized to transact insurance only in the State of Florida on December 8, 2020, and is currently authorized for the following lines of business as of September 30, 2021:

- Fire
- Mobile Homeowners Multiple Peril
- Mobile Home Physical Damage

The Company primarily writes mobile homeowners and mobile homeowners dwelling fire insurance coverages for manufactured homeowners in adult parks in Florida.

## **REINSURANCE**

The reinsurance agreements reviewed complied with NAIC standards with respect to the standard insolvency clause, arbitration clause, intermediary clause, transfer of risk, reporting and settlement information deadlines.

### **Reinsurance Assumed**

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

## **Reinsurance Ceded**

The Company had three reinsurance agreements in place as of September 30, 2021 with various reinsurance partners in the United States, Bermuda, and London Markets. The Company also purchased coverage from the Florida Hurricane Catastrophe Fund. No reinsurance is with affiliates.

The Company had a Property Catastrophe Excess of Loss reinsurance treaty, they had a reinstatement premium protection reinsurance agreement, and they had a top Layer Catastrophe Excess of Loss agreement.

## **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 period ending September 30, 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 September 30, 2021. (Note: Failure of the columns to add to the totals reflected in this Report is due to rounding.)

**American Mobile Insurance Exchange**  
**Assets**  
**September 30, 2021**

	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	26,229,694		26,229,694
Preferred stocks	43,575		43,575
Cash and short-term investments	3,706,196		3,706,196
Subtotals, cash and invested assets	29,979,465		29,979,465
Investment income due and accrued	129,793		129,793
Premiums and considerations			
Uncollected premiums and agents' balances in the course of collection	124,179	1,946	122,233
Deferred premiums, agents' balances and installments booked but deferred and not yet due	423,803		423,803
Other amounts receivable under reinsurance contracts	41,733		41,733
Net deferred tax asset	120,935		120,935
Aggregate write-in for other than invested assets	39,137	39,137	
<b>Total</b>	<b>30,859,045</b>	<b>41,083</b>	<b>30,817,962</b>

**American Mobile Insurance Exchange  
Liabilities, Surplus and Other Funds  
September 30, 2021**

	Per Company
Losses	85,097
Loss adjustment expenses	28,708
Other expenses	54,942
Taxes, licenses and fees	26,933
Unearned premiums	2,497,047
Payable to parent, subsidiaries and affiliates	371,369
Total liabilities	3,064,097
Surplus notes	29,500,000
Gross paid-in and contributed surplus	180,274
Unassigned funds (surplus)	(1,926,409)
Surplus as regards policyholders	27,753,865
Totals	30,817,962

**American Mobile Insurance Exchange**  
**Statement of Income**  
**September 30, 2021**

	Per Company
<b>Underwriting Income</b>	
Premiums earned	591,568
<b>Deductions</b>	
Losses Incurred	146,765
Loss adjustment expenses incurred	63,598
Other underwriting expenses incurred	145,842
Aggregate write-ins for underwriting deductions	2,331,784
Total Underwriting deductions	2,687,989
Net underwriting gain (loss)	(2,096,421)
<b>Investment Income</b>	
Net investment income earned	89,526
Net realized capital gains or (losses)	809
Net investment gain or (loss)	90,335
Net Income	(2,006,086)
	Per Company
<b>Capital and Surplus Account</b>	
Surplus as regards policyholders, December 31 prior year	0
Net Income	(2,006,086)
Change in net unrealized foreign exchange capital gain (loss)	(175)
Change in net deferred income taxes	120,935
Change in non-admitted assets	(41,083)
Change in surplus notes	29,500,000
Capital Changes:	
Paid in	180,274
Change in surplus as regards policyholders for the year	27,753,865
Surplus as regards policyholders, December 31, current year	27,753,865

**American Mobile Insurance Exchange  
Reconciliation of Capital and Surplus  
September 30, 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 \$27,753,865, exceeded the minimum of \$15,000,000 required by Section 624.408, Florida Statutes.

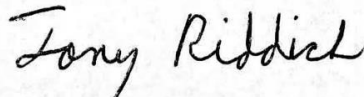
## CONCLUSION

The insurance examination practices and procedures as promulgated by the NAIC have been followed in ascertaining the financial condition of American Mobile Insurance Exchange as of September 30, 2021, consistent with the insurance laws of the State of Florida.

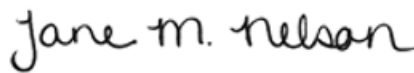
In addition to the undersigned, the following also participated in the examination:

Kelly Willison, CFE	Examination Manager	The INS Companies
David Wolfe, ACAS, MAAA	Actuarial Manager	Baker Tilly US, LLP
Kaitlyn Stauder	Staff Actuary	Baker Tilly US, LLP
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Dan Applegarth, CFE, CPE, PIR	Chief Financial Examiner	Office

Respectfully submitted,



Tony Riddick, CFE  
Examiner in Charge  
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Representing the Florida Office of Insurance Regulation



Jane Nelson, PIR  
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