



**EXAMINATION REPORT
OF**

**Florida Lawyers Mutual Insurance Company
Oviedo, Florida**

NAIC Company Code: 34150

**as of
December 31, 2021**

**By
The Florida Office of Insurance Regulation**

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March 2, 2023

Michael Yaworsky
Interim 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 Lawyers Mutual Insurance Company
541 E. Mitchell Hammock Road
Oviedo, Florida, 32765-5525

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 July 12, 2022. The fieldwork concluded as of March 2, 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.

This examination was conducted on a Florida domestic only and did not involve participation from other states. The Company solely writes in the State of Florida.

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 was incorporated in Florida on May 27, 1987, and commenced business on November 25, 1988. The Company was organized at the direction of The Florida Bar and is owned by its policyholder members. The Company's primary objective is to assure lawyers in Florida have continued availability of professional liability insurance coverage.

Dividends

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

Capital Stock and Capital Contributions

The Company is a mutual insurance company and, therefore, has no outstanding capital stock.

Surplus Notes

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

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 meeting of members 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
Raymond Frank Ferrero Jr. ⁽¹⁾	Ft. Lauderdale, FL	University Chancellor, Nova Southeastern University
Donald Layton Braddock	Jacksonville, FL	Lawyer, Donald L. Braddock, Chartered
Lake Henry Lytal Jr. ^(a)	West Palm Beach, FL	Lawyer, Retired
Ava Kirshenbaum Doppelt	Orange County, FL	Lawyer, Allen, Dyer, Doppelt, et al.
Kimberly Alario Bald	Sarasota, FL	Lawyer, Harlee & Bald, P.A.
Lake Henry Lytal, III	West Palm Beach	Lawyer, Lytal and Reiter, et al.
Phillip Allan Disque	Plantation, FL	Lawyer, Powers & Disque, CPA, PA
Stephen Andrew Rappenecker	Gainesville, FL	Lawyer, Stephen A. Rappenecker, PA
Craig Anthony Gibbs	Jacksonville, FL	Lawyer, Law Office of Craig Gibbs
Ramon Alberto Abadin	Miami, FL	Lawyer, Law Offices of Ramon Abadin
Lansing Charles Scriven	Tampa, FL	Lawyer, Lanse Scriven Law
Robert Max Sondak	Miami	Lawyer, Cohen, Chase, et al.
Juliet Murphy Roulhac	Plantation, FL	Lawyer, Florida Power and Light
John Franklin Harkness Jr.	Tallahassee, FL	Executive Director, Florida Bar, retired
William Joseph Schifino Jr.	Tampa, FL	Lawyer, Managing Shareholder, Gunster
John Dudley Goodlette	Naples, FL	Lawyer, Retired
Clyde Gary Williams	Tallahassee, FL	Lawyer, Retired
Alan Bart Bookman ^(b)	Pensacola, FL	Lawyer, Emmanuel, Sheppard & Condon
Gordon Johnson Glover	Ocala, FL	Lawyer, Glover Law Firm

⁽¹⁾ Chairman

^(a) Term as Director expired June 16, 2021 and did not stand for reelection. Nominating Committee is actively searching for a new Director replacement.

^(b) Deceased as of December 24, 2021. Gerrard Grant was elected to the Board in his place on September 23, 2022.

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

Senior Officers		
Name	City, State	Title
William Earl Loucks ^{(a)(b)}	Ormond Beach, FL	President
Philip Allan Disque	Plantation, FL	Treasurer
Ava Kirshenbaum Doppelt	Orange County, FL	Secretary
Raymond Frank Ferrero Jr.	Ft. Lauderdale, FL	Chairman
Clyde Gary Williams	Tallahassee, FL	Vice Chairman
Cathleen Michelle Sargent	Windermere, FL	Executive Vice President

(a) Effective April 1, 2022, William Earl Loucks retired as President of the Company, but remained as a member of the Board of Directors.

(b) Effective April 1, 2022, Cathleen Sargent was appointed President and CEO of the Company and replaced William Earl Loucks.

The Company's Board appointed several internal committees. The following were the principal internal board committees and their members as of December 31, 2021. The first person listed for each committee is the chairman.

Executive Committee		
Ray Ferrero Jr.	Clyde Gary Williams	Ava Kirshenbaum Doppelt
William Earl Loucks	Donald Layton Braddock	Ramon Alberto Abadin
Stephen Andrew Rappenecker	John Franklin Harkness Jr.	Phillip Allan Disque
Juliet Murphy Roulhac	John Dudley Goodlette	

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

Audit Committee		
Donald Layton Braddock	John Franklin Harkness Jr.	Kimberly Alario Bald
Craig Anthony Gibbs	Robert Max Sondak	

Investment Committee		
Philip Allan Disque	Donald Layton Braddock	Kimberly Alario Bald
Ramon Alberto Abadin		William Joseph Schifino Jr.

Claims Committee		
Juliet Roulhac	William Joseph Schifino Jr.	Donald Layton Braddock
Craig Anthony Gibbs	Ramon Alberto Abadin	Lansing Charles Scriven
Stephen Andrew Rappenecker		

Underwriting Committee		
John Dudley Goodlette	Lansing Charles Scriven	Ava Kirshenbaum Doppelt
Gordon Johnson Glover	Lake Henry Lytal, III	Robert Max Sondak
Stephen Andrew Rappenecker	Kimberly Alario Bald	

Business Development Committee		
Stephen Andrew Rappenecker	Craig Anthony Gibbs	Ava Kirshenbaum Doppelt
Philip Allan Disque	Robert Max Sondak	John Dudley Goodlette
Kimberly Alario Bald	Gordon Johnson Glover	William Joseph Schifino Jr.
John Franklin Harkness Jr.	Lake Henry Lytal, III	

Nominating Committee		
Ava Kirshenbaum Doppelt	Juliet Murphy Rouhac	Lake Henry Lytal, III
Clyde Gary Williams	Ramon Alberto Abadin	John Dudley Goodlette
John Franklin Harness Jr.		

Holding Company System

The Company is a member of a holding company system.

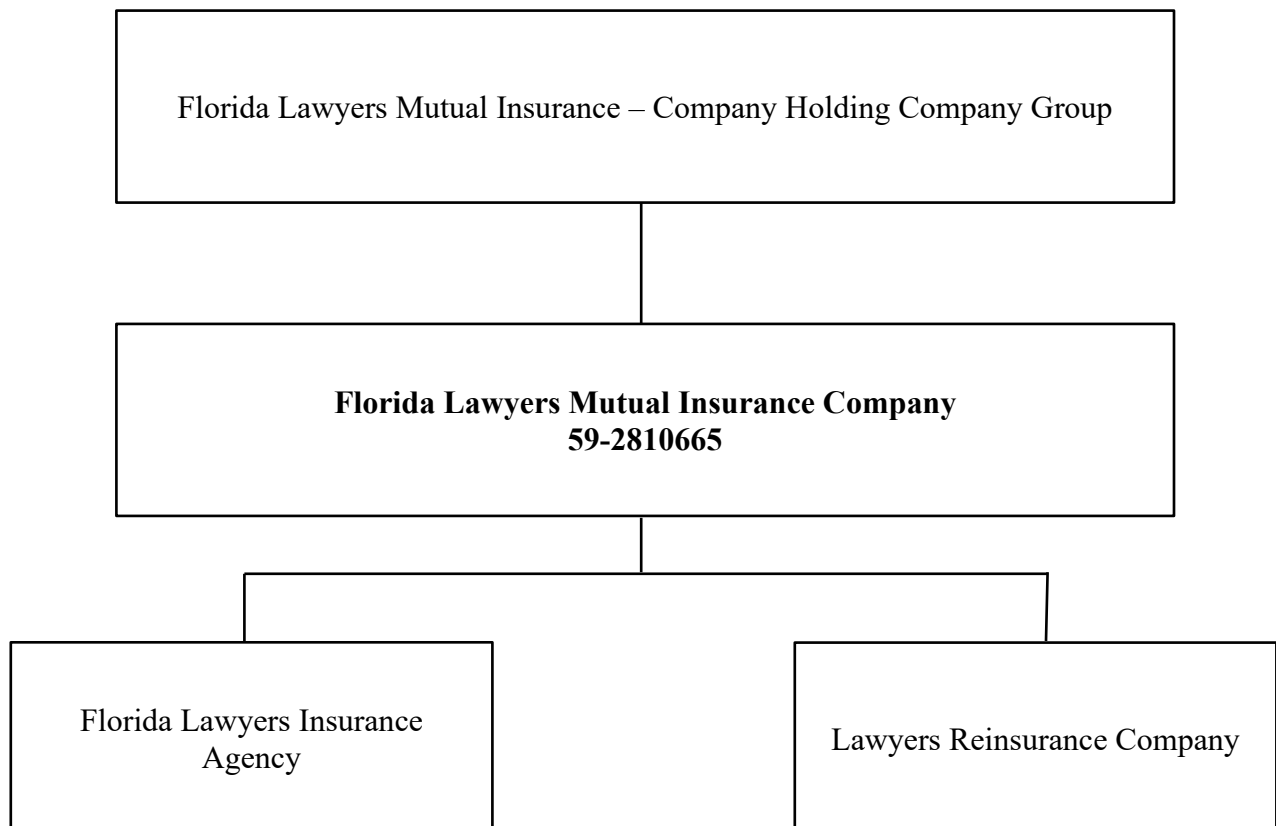
The Company's holding company system consists of:

1. Florida Lawyers Mutual Insurance Agency (FLMIA). A 100% wholly owned subsidiary, and
2. Lawyers Reinsurance, Inc. (Law Re), an affiliate

The Company has chosen not to have FLMIA and Lawyers Re valued by the SVO and non-admits them in its regulatory financials.

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 Lawyers Mutual Insurance Company Organizational Chart December 31, 2021



Agreements

The Company does not have any intercompany or related-party agreements or transactions.

ACCOUNTS AND RECORDS

The Company maintained its principal operational offices in Oviedo, Florida.

TERRITORY AND PLAN OF OPERATIONS

As of December 31, 2021, the Company was authorized to write Other Liability insurance in the State of Florida and the State of Alabama. On December 23, 2022, the Company withdrew its license from the State of Alabama, since it did not write business there.

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

During this examination, the Company ceded risk on an excess of loss basis. The ceded business included all claims-made and occurrence policies written by the Company. The Company utilized Lockton Re. and Guy Carpenter (JLT Re), as its reinsurance intermediaries during the term 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 Lawyers Mutual Insurance Company Name
Assets
December 31, 2021

	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	\$60,361,863	\$	\$60,361,863
Stocks			
Preferred stocks	461,109	0	461,109
Common stocks	51,341,889	945,954	50,395,935
Real Estate			
Properties occupied by the company	1,043,702	0	1,043,702
Cash and short-term investments	13,307,459	0	13,307,459
Other invested assets	317,417	0	317,417
Subtotals, cash and invested assets	126,833,438	945,954	125,887,484
Investment income due and accrued	392,760	0	392,760
Premiums and considerations			
Uncollected premiums and agents' balances	39,644	0	39,644
Deferred premiums, agents' balances and installments	1,447,906	0	1,447,906
Reinsurance			
Amounts recoverable from reinsurers	6	0	6
Aggregate write-in for other than invested assets	224,417	173,669	50,748
Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts	128,938,171	1,119,623	127,818,548
From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
Total	128,938,171	1,119,623	127,818,548

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

	Per Company
Losses	11,191,006
Loss adjustment expenses	9,082,510
Other expenses	417,439
Current federal and foreign income taxes	208,751
Net deferred tax liability	2,398,598
Unearned premiums	7,004,063
Advance premiums	1,352,778
Ceded reinsurance premiums payable	646,748
Aggregate write-in for liabilities	5,104,750
Total liabilities excluding protected cell liabilities	37,406,643
Total liabilities	37,406,643
Gross paid-in and contributed surplus	299,235
Unassigned funds (surplus)	90,112,671
Surplus as regards policyholders	90,411,906
Totals	127,818,548

Florida Lawyers Mutual Insurance Company Name
Statement of Income
December 31, 2021

	Per Company
Underwriting Income	
Premiums earned	14,027,338
Deductions	
Losses Incurred	3,813,952
Loss adjustment expenses incurred	1,561,890
Other underwriting expenses incurred	5,091,128
Total Underwriting deductions	10,466,970
Net underwriting gain (loss)	3,560,368
Investment Income	
Net investment income earned	1,270,043
Net realized capital gains or (losses)	5,745,818
Net investment gain or (loss)	7,015,861
Other Income	
Aggregate write-ins for miscellaneous income	(135,730)
Total other income	(135,730)
Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	10,440,498
Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	10,440,498
Federal & foreign income taxes incurred	983,448
Net Income	9,457,050
Capital and Surplus Account	
Surplus as regards policyholders, December 31 prior year	79,277,142
Net Income	9,457,050
Change in net unrealized capital gains or losses less capital gains tax	1,497,517
Change in net deferred income taxes	45,629
Change in non-admitted assets	83,147
Change in provision for reinsurance	51,420
Change in surplus as regards policyholders for the year	11,134,764
Surplus as regards policyholders, December 31, current year	90,411,906

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

Capital/Surplus Change during Examination Period			
Surplus at December 31, 2016, per Company			45,751,136
	Increase	Decrease	
Net Income	34,997,511		
Change in net unrealized capital gain (loss)	10,604,515		
Change in net deferred income tax		85,887	
Change in non-admitted assets		951,137	
Change in provision for reinsurance	95,768		
Change in paid in surplus			
Transferred to surplus			
Net increase (or decrease)			44,660,770
Surplus at December 31, 2016, per Company			90,411,906

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 \$90,411,906, exceeded the minimum of \$4,000,000 required by Section 624.408, Florida Statutes.

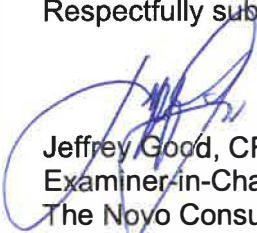
CONCLUSION

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

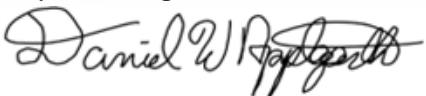
In addition to the undersigned, the following individuals from the NOVO Consulting Group, LLC (NOVO Consulting) and Taylor-Walker Consulting, LLC (Taylor-Walker) also participated in the examination:

Lori Ruggiero, CFE, CIE, MCM	Supervisor	NOVO Consulting
Ray Conover, AIE, Are, FLMI, MCM	Participating Examiner	NOVO Consulting
Clifton Day, MPA, MCM, CPM, CSM	Participating Examiner	NOVO Consulting
Robert Ficken, CPA, CISA, CFE	Senior IT Examiner	NOVO Consulting
Solomon Frazier, FCAS, FSA, MAAA	Actuary Manager	Taylor-Walker
Chad Mason, PIR	Exam Manager	Office

Respectfully submitted,



Jeffrey Good, CFE, CIE, CPCU, MCM
Examiner-in-Charge
The Novo Consulting Group
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