



**EXAMINATION REPORT  
OF**

**FRSA Workers' Compensation Trust Fund  
Winter Park, Florida**

**Florida Company Code  
10023**

**as of  
December 31, 2021**

**By  
The Florida Office of Insurance Regulation**

## TABLE OF CONTENTS

<b>LETTER OF TRANSMITTAL</b> .....	<b>-</b>
<b>SCOPE OF EXAMINATION</b> .....	<b>1</b>
<b>SUMMARY OF SIGNIFICANT FINDINGS</b> .....	<b>2</b>
CURRENT EXAMINATION FINDINGS .....	2
PREVIOUS EXAMINATION FINDINGS .....	2
<b>TRUST HISTORY</b> .....	<b>2</b>
GENERAL .....	2
DIVIDENDS .....	2
CAPITAL STOCK AND CAPITAL CONTRIBUTIONS.....	2
SURPLUS NOTES .....	2
ACQUISITIONS, MERGERS, DISPOSALS, DISSOLUTIONS .....	3
<b>MANAGEMENT AND CONTROL</b> .....	<b>3</b>
CORPORATE GOVERNANCE .....	3
HOLDING COMPANY SYSTEM .....	4
ORGANIZATIONAL CHART .....	5
<b>ACCOUNTS AND RECORDS</b> .....	<b>5</b>
<b>TERRITORY AND PLAN OF OPERATIONS</b> .....	<b>6</b>
<b>REINSURANCE</b> .....	<b>6</b>
REINSURANCE ASSUMED.....	6
REINSURANCE CEDED.....	6
<b>FINANCIAL STATEMENTS</b> .....	<b>7</b>
ASSETS.....	8
LIABILITIES, SURPLUS AND OTHER FUNDS .....	8
STATEMENT OF INCOME .....	9
RECONCILIATION OF CAPITAL AND SURPLUS.....	10
<b>COMMENTS ON FINANCIAL STATEMENT ITEMS</b> .....	<b>10</b>
CAPITAL AND SURPLUS .....	10
<b>CONCLUSION</b> .....	<b>11</b>

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 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, 2021, of the financial condition and corporate affairs of

**FRSA Workers’ Compensation Trust Fund**  
4099 Metric Drive  
Winter Park, Florida 32792

hereinafter referred to as “the Trust.” 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 Trust’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 Trust, 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 Trust solely writes in the State of Florida.

All accounts and activities of the Trust 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 Trust 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 Trust.

## **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.

## **TRUST HISTORY**

### **General**

The Trust was established on January 1, 1955, in accordance with Section 624.4621, Florida Statutes. Its purpose is to operate as a Group Self-Insurance Fund and was created to provide an alternative to standard Worker's Compensation insurance for the Roofing, Sheet Metal, and Air Conditioning trades.

### **Dividends**

The Trust declared and paid dividends to its policyholders in 2021 and 2020 in the amounts of \$6 million and \$8 million, respectively.

### **Capital Stock and Capital Contributions**

The Trust maintained no capital stock and there were no capital contributions during the examination period.

### **Surplus Notes**

The Trust did not have any surplus notes during the period of this examination.

## Acquisitions, Mergers, Disposals, Dissolutions

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

## MANAGEMENT AND CONTROL

### Corporate Governance

The annual Trustees meeting for the election of Trustees and Officers was held in accordance with Section 628.231, Florida Statutes. Trustees serving as of December 31, 2021, are shown below:

Trustees		
Name	City, State	Principal Occupation, Company Name
Adam Paul Purdy <sup>(1)</sup>	Pensacola, FL	President, Edward's Roofing Co., Inc.
Stephen Farland Sutter	Sarasota, FL	Chairman and President, Sutter Roofing Co. of Florida
Donely Oudger Springer <sup>(2)</sup>	Orlando, FL	Owner, Springer-Peterson Roofing & Sheet Metal, Inc
Robert Bernard Hilson	Homestead, FL	Owner, Bob Hilson & Company, Inc.
Ralph Blackson Davis, II	Tallahassee, FL	Owner, Streamline Roofing and Construction, Inc.
Neil Arnold Samuels	Daytona Beach, FL	Owner, R&R Industries, Inc.
Jack Douglas Lanier	Longwood, FL	Owner, Collis Roofing, Inc.
Bradford Thomas Bowen, III	Sebring, FL	Owner, Bowen & Son Roofing, Inc.
James Edwin Cheshire	Orlando, FL	Owner, Dimensional Roof Systems
Jerry Leslie Sims, Jr.	San Mateo, FL`	President, Armstrong Roofing, Inc.

(1) Chairperson

(2) Effective December 31, 2022, Don Springer, of Springer-Peterson Roofing & Sheet Metal retired and was replace by Peter Rintlemann, owner of Hartford South, LLC effective January 1, 2023.

In accordance with the Trust’s Bylaws, the Board of Trustees (“Board”) appointed the following Senior Officers:

<b>Senior Officers</b>		
<b>Name</b>	<b>City, State</b>	<b>Title</b>
Debra Kaye Guidry	Orlando, FL	Acting Administrator
Michael John Ricker	Winter Park, FL	Chief Financial Officer

The Trust’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.

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

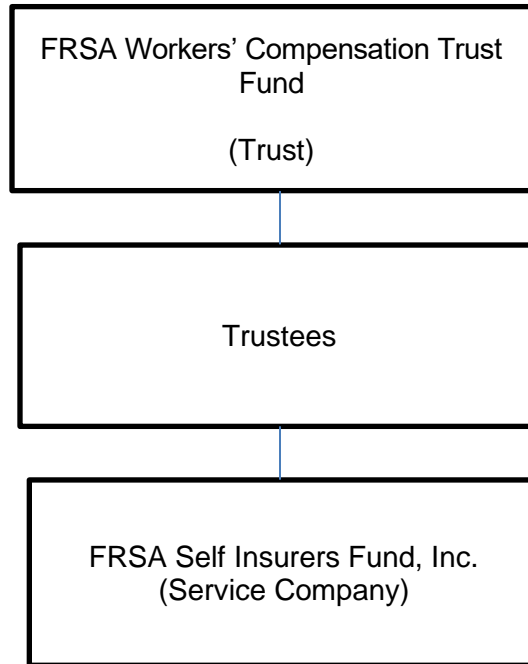
<b>Audit Committee</b>	
Stephen Farland Sutter (Chair)	James Edwin Cheshire
Bradford Thomas Bowen, III	Donely Oudger Springer

<b>Nominating Committee</b>		
Jack Douglas Lanier (Chair)	Robert Bernard Hilson	Neil Arnold Samuels

### **Holding Company System**

The Trust is part of a holding company system as there are two business entities with common control and management. However, according to Chapter 628.011 Florida Statutes, traditional holding company laws, rules, and regulations that would normally apply to a traditional insurer do not apply in this instance.

**RSA Workers' Compensation Trust Fund  
Organizational Chart  
December 31, 2021**



The Following agreements were in effect between the Trust and its affiliates:

**Administrative Service Agreement**

During the years ended December 31, 2021 and 2020, the Trust incurred \$3,628,000 and \$2,910,000, respectively, as an administrative service fee to the Service Company.

**ACCOUNTS AND RECORDS**

The Trust maintained its principal operational offices in Winter Park, Florida.



## **TERRITORY AND PLAN OF OPERATIONS**

The Trust was authorized to transact insurance only in the State of Florida, on January 1, 1955. The Trust writes workers' compensation insurance for the roofing, sheet metal and air conditioning trades.

## **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. In the normal course of business, the Trust seeks to reduce the losses that may arise from catastrophes or other events that cause unfavorable underwriting results by reinsuring certain levels of risk with other insurance enterprises. Recoverables due from such reinsurers attributable to paid losses are reported as assets in the Statements of Financial Position - Statutory Basis.

### **Reinsurance Assumed**

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

### **Reinsurance Ceded**

The Trust has a strong reinsurance program. It includes things like CAT reinsurance, and other policies that help mitigate losses occurring during the year.

## **FINANCIAL STATEMENTS**

The following includes the Trust'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 Trust with the Florida Office of Insurance Regulation and present the financial condition of the Trust 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.)

**FRSA Workers' Compensation Trust Fund**  
**Assets**  
**December 31, 2021**

	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	\$31,437,361	\$0	\$31,437,361
Real Estate			
Properties occupied by the Trust	557,732	0	557,732
Cash and short-term investments	1,883,383	0	1,883,383
Aggregate write-in for invested assets	8,310	0	8,310
Subtotals, cash and invested assets	33,886,786	0	33,886,786
Investment income due and accrued	243,510		243,510
Premiums and considerations			
Uncollected premiums and agents' balances	596	596	0
Deferred premiums, agents' balances and installments	1,848,989	0	1,848,989
Reinsurance			
Amounts recoverable from reinsurers	95,358	0	95,358
Electronic data processing equipment and software	160,462	160,462	0
Receivable from parent, subsidiaries and affiliates	297,000	297,000	0
Aggregate write-in for other than invested assets	969,633	0	969,633
Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts	37,502,334	458,058	37,044,276
Total	37,502,334	458,058	37,044,276

**A Workers' Compensation Trust Fund**  
**Liabilities, Surplus and Other Funds**  
**December 31, 20xx**

	Per Trust
Losses	16,138,000
Reinsurance payable on paid losses and loss adjustment expenses	0
Loss adjustment expenses	2,488,000
Other expenses	55,235
Taxes, licenses and fees	97,544
Unearned premiums	(144,730)
Dividends declared and unpaid	
Policyholders	15,430,062
Aggregate write-in for liabilities	2,010,532
Total liabilities excluding protected cell liabilities	36,074,643
Total liabilities	36,074,643
Aggregate write-ins for special surplus funds	969,633
Common capital stock	0
Preferred capital stock	0
Surplus as regards policyholders	969,633
Totals	37,044,276

**FRSA Workers' Compensation Trust Fund**  
**Statement of Income**  
**December 31, 2021**

	Per Trust
<b>Underwriting Income</b>	
Premiums earned	16,741,165
<b>Deductions</b>	
Losses Incurred	7,670,830
Loss adjustment expenses incurred	1,545,763
Other underwriting expenses incurred	3,878,788
Total Underwriting deductions	13,095,381
Net underwriting gain (loss)	3,645,784
<b>Investment Income</b>	
Net investment income earned	932,973
Net realized capital gains or (losses)	227,216
Net investment gain or (loss)	1,160,189
<b>Other Income</b>	
Aggregate write-ins for miscellaneous income	260,115
Total other income	260,115
Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	5,066,088
Dividends to policyholders	5,071,550
Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	(5,462)
Federal & foreign income taxes incurred	(5,462)
Net Income	0
<b>Capital and Surplus Account</b>	
<b>Surplus as regards policyholders, December 31 prior year</b>	
Surplus as regards policyholders, December 31 prior year	178,932
Net Income	0
Change in non-admitted assets	(20,271)
Capital Changes	0
Surplus adjustments	0
Aggregate write-ins for gains and losses in surplus	810,972
Change in surplus as regards policyholders for the year	790,701
Surplus as regards policyholders, December 31, current year	969,633

**FRSA Workers' Compensation Trust Fund  
Reconciliation of Capital and Surplus  
December 31, 2021**

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

<b>Capital/Surplus Change during Examination Period</b>			
Surplus at December 31, 2016, per Trust			\$1,469,279
	Increase	Decrease	
Change in non-admitted assets	43,142		
Change in aggregate write-ins		542,788	
Net increase (or decrease)			(499,646)
Surplus at December 31, 2021 per Trust			\$969,643

**COMMENTS ON FINANCIAL STATEMENT ITEMS**

**Capital and Surplus**

The amount of capital and surplus reported by the Trust of \$969,633 was maintained in a positive amount, in accordance with Sections 624.4621(10), Florida Statutes.

## CONCLUSION

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

Per examination findings, the Trust's surplus as regards policyholders was \$969,633, which was maintained in a positive amount, in accordance with Sections 624.4621(10), Florida Statutes.

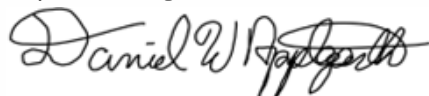
In addition to the undersigned, the following individuals from The NOVO Consulting Group, LLC (NOVO Consulting Group) and Taylor-Walker Consulting, LLC (Taylor-Walker Consulting) also participated in the examination:

Jeffrey Good, CFE, CIE, CPCU, MCM	Supervisor	Novo Consulting Group
Ray Conover, AIE, Are, FLMI, MCM	Participating Examiner	Novo Consulting Group
Clifton Day, MPA, MCM, CPM, CSM	Participating Examiner	Novo Consulting Group
Robert Ficken, CPA, CISA, CFE	Senior IT Examiner	Novo Consulting Group
Brent Sallay, FCAS, MAAA	Senior Consulting Actuary	Taylor-Walker Consulting
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Chad Mason, PIR	Examination Manager	Office

Respectfully submitted,



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