



**EXAMINATION REPORT
OF**

**American Bankers Insurance Company of Florida
Miami, Florida**

NAIC Company Code: 10111

**as of
December 31, 2022**

**By
The Florida Office of Insurance Regulation**

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May 29, 2024

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 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, 2022, of the financial condition and corporate affairs of

American Bankers Insurance Company of Florida

11222 Quail Roost Drive
Miami, Florida 33157

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, 2018 through December 31, 2022 and the fieldwork commenced with planning with the Florida Office of Insurance Regulation (“the Office”) on April 18, 2023. The fieldwork concluded as of May 29, 2024. The Company’s last full scope exam by representatives of the Office covered the period of January 1, 2014 through December 31, 2017.

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 process. The lead state for this exam was Florida, and states that participated in this exam are as follows: Delaware, Georgia, Illinois, New York, Puerto Rico, and Texas.

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

Section 628.261, Florida Statutes, requires that the Office be given written notice of any change of personnel among the directors or principal officers of the insurer within 45 days of such change. The Office was not notified of the removal of principal management and directors that occurred during the examination period.

Resolution: The Company has shown compliance throughout the current examination period with regard to Section 628.261 and notified the Office of any changes among directors and principal officers within 45 days as required.

COMPANY HISTORY

General

The Company was incorporated in Florida on October 29, 1947, and commenced business on December 30, 1948. In 1980, there was a tax-free reorganization whereby a holding company was formed. The Company's shares held by the public were surrendered in exchange for shares of the holding company, American Bankers Insurance Group, Inc. ("ABIG"). ABIG is a wholly owned subsidiary of Interfinancial, Inc., a Georgia corporation, which in turn is a wholly owned subsidiary of Assurant, Inc.

On January 1, 2004, the Company was an indirect wholly owned subsidiary of Fortis, Inc., domiciled in the United States, which was an indirect wholly owned subsidiary of Fortis N.V. of the Netherlands and Fortis SA/NV of Belgium (collectively "Fortis") through their affiliates including their wholly owned subsidiary, Fortis Insurance N.V.

On February 5, 2004, Fortis sold approximately sixty-four percent (64%) of its ownership interest in Fortis, Inc. through an Initial Public Offering ("IPO") and retained approximately thirty-six

percent (36%) of its ownership, resulting in 50,199,130 shares. In connection with the IPO, Fortis, Inc. was merged into Assurant, Inc., a Delaware corporation, which was formed solely for the purpose of the re-domestication of Fortis, Inc. After the merger, Assurant, Inc. became the successor to the business, operations, and obligations of Fortis, Inc. Assurant Inc.'s common stock is traded on the New York Stock Exchange under the symbol AIZ.

The Company operates in various property and casualty lines, the most significant of which are mobile device coverage, flood, homeowners, mobile home physical damage, retail and auto warranty and credit insurance programs. Business is primarily produced through financial institutions, retailers and other entities which provide consumer financing as a regular part of their business. The Company has a wholly owned subsidiary, American Bankers General Agency, Inc. ("ABGA") which controls, through a management agreement, Reliable Lloyds Insurance Company. The Company holds a Certificate of Authority in all fifty states, District of Columbia, Puerto Rico, U.S. Virgin Islands and Canada.

Dividends

In accordance with Section 628.371, Florida Statutes, the Company declared and paid dividends to its stockholders in the amounts of:

2018	\$141,500,000
2019	\$239,000,000
2020	\$240,000,000
2021	\$283,000,000
2022	\$198,000,000

Capital Stock and Capital Contributions

As of December 31, 2022, the Company's capitalization was as follows:

Number of authorized common capital shares	10,000,000
Number of shares issued and outstanding	5,083,164
Total common capital stock	\$5,083,164
Par value per share	\$1.00

Surplus Notes

The Company did not have or issue any surplus notes during the 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 shareholder meeting for the election of Directors was held in accordance with Section 628.231, Florida Statutes. Directors serving as of December 31, 2022, are shown below:

Directors		
Name	City, State	Principal Occupation, Company Name
Dina E. Olsen	Coral Gables, Florida	Vice President, Assurant, Inc.
Gregory Joseph De Church	Miami, Florida	General Counsel, Assurant, Inc.
Jeffrey Unterreiner ^(a)	Atlanta, Georgia	President and Chief Executive Officer, Assurant, Inc.
Michael P. Campbell	Santa Ana, California	Senior Vice President, Assurant, Inc.
Vadim Lipovetsky	Paramus, New Jersey	Assistant Vice President, Assurant, Inc.

(a) Chairman

In accordance with the Company's Bylaws, the Board appointed the following Senior Officers with the officers serving as of December 31, 2022 shown below:

Senior Officers		
Name	City, State	Title
Jeffrey Unterreiner	Atlanta, Georgia	President & Chief Executive Officer
Manuel Jose Becerra	Miami, Florida	Senior Vice President
Gregory Joseph De Church	Miami, Florida	General Counsel
Athanasios Bolovinos	Jersey City, New Jersey	Treasurer
Jeannie Amy Aragon-Cruz	Miami, Florida	Secretary
Jeffrey Alan Lamy	Miami, Florida	Appointed Actuary
Keith Rolan Meier	Atlanta, Georgia	Senior Vice President
Marilyn Montero Piccolo	Miami, Florida	Chief Information Security Officer
Michael P. Campbell	Santa Ana, California	Chairman & Senior Vice President

Several of the Company's Board members were also members of numerous committees at the parent or ultimate parent level.

The Company's ultimate parent maintains an audit committee at the holding company level as required by Section 624.424(8)(c), Florida Statutes.

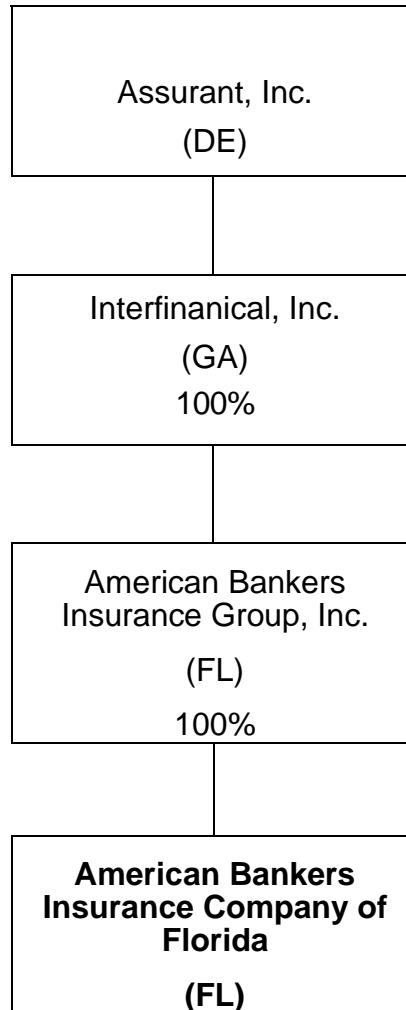
Audit Committee	
Robert W. Stein	Paul J. Reilly ¹
Harriet Edelman	J. Braxton Carter

¹ Chairman

Holding Company System

A simplified organizational chart as of December 31, 2022, reflecting the holding company system, is shown on the following page. Schedule Y of the Company's 2022 annual statement provided a list of all related companies of the holding company group.

**American Bankers Insurance Company of Florida
Simplified Organizational Chart
December 31, 2022**



The Company had in excess of one hundred agreements in force with various affiliates during the examination period. In 2022, the amount paid with respect to the management agreements and service contracts totaled \$168.53 million. These affiliated agreements primarily consisted of intercompany services agreements with Assurant, Inc., the ultimate parent, ABIG, the immediate parent and other entities. Under these agreements, the Company received or rendered services relating to administrative, information technology, investment management, operational, payment intermediary and various other services. The agreements were reflected in the holding company filings made by Assurant, Inc. on behalf of the Company and its affiliates. The most significant agreements by the Company were reviewed as part of the current examination, with no exceptions noted.

ACCOUNTS AND RECORDS

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

TERRITORY AND PLAN OF OPERATIONS

The Company was authorized to transact insurance in all fifty states, the District of Columbia, Puerto Rico, the US Virgin Islands, and Canada.

The Company was authorized to transact insurance in Florida on December 30, 1948, and is currently authorized for the following lines of business in Florida as of December 31, 2022:

- Private Passenger Auto Physical Damage
- Credit
- Bail Bonds
- Mobile Home Physical Damage
- Credit Disability
- Inland Marine
- Commercial Auto Physical Damage
- Surety
- Allied Lines
- Private Passenger Auto Liability
- Auto Warranties
- Commercial Multi-Peril
- Mobile Home Multi-Peril
- Service Warranties (Non-Auto)
- Livestock
- Glass
- Commercial Auto Liability
- Accident and Health
- Ocean Marine
- Homeowners Multi-Peril
- Home Warranties
- Miscellaneous Casualty
- Fire
- Other Liability

The Company primarily writes mobile device coverage, flood, homeowners’ multi-peril, mobile home physical damage, renters’ insurance, retail and auto warranty, credit insurance programs (unemployment, property, and accident & health) and sharing economy products, throughout the United States and Canada. The Company also acts as an administrator for the U.S. Government under the voluntary National Flood Insurance Program (“NFIP”), for which the Company earns fees for collecting premiums and processing claims. This business is 100% reinsured to the U.S. Government. The Company, as an international wholesaler and marketer of insurance products, services, and programs, concentrates on marketing through financial institutions, retailers, and other entities which provide consumer financing as a regulator part of their business.

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

In 2022, the Company assumed \$519.6 million in business from affiliates, non-affiliates, and other non-U.S. insurers. The affiliated business primarily consisted of lines originating from Assurant Captive Insurance Company, Voyager Indemnity Insurance Company, Reliable Lloyds Insurance Company, and American Security Insurance Company. The unaffiliated business primarily consisted of lines originating from Wesco Insurance Company, Ranchers and Farmers Mutual Insurance Co., and Imprise Insurance Co., PC. The business from other non-U.S. insurers primarily consisted of lines originating from Cardif Mexico Seguros Generales, S.A.

The company assumed premiums in the following manner:

Affiliates	\$295,664,000
Non-Affiliates	\$172,275,000
Other Non-U.S. Insurers	\$51,684,000

Reinsurance Ceded

In 2022, the Company ceded \$4.224 billion of the \$5.556 billion of gross premiums written. A substantial portion of the Company's reinsurance activities are related to agreements to reinsure premiums generated by certain clients' own captive insurance companies or to reinsure subsidiaries in which the clients have an ownership interest. The Company is not relieved of its primary obligation to the policyholders in a reinsurance transaction, therefore a credit exposure exists to the extent that any reinsurer is unable to meet its obligations of the reinsurance contracts. To mitigate this exposure to reinsurance insolvencies, the Company evaluates the financial condition of its reinsurers and holds collateral (in the form of funds withheld, trusts and letters of credit) as security under the reinsurance agreements.

The company ceded premiums to the following:

Authorized Affiliate: U.S. Non-Pool	\$39,000
Unauthorized Affiliate: U.S. Non-Pool	\$(4,082,000)
Authorized: Other U.S. Unaffiliated Insurers	\$45,492,000
Unauthorized: Other U.S. Unaffiliated Insurers	\$2,796,526,000
Authorized: Pools- Mandatory Pools	\$435,298,000
Authorized: Other Non-U.S. Insurers	\$13,497,000
Unauthorized: Other Non-U.S. Insurers	\$907,410,000
Certified: Other Non-U.S. Insurers	\$26,828,000

The Company cedes a significant portion of premiums to unauthorized insurers, specifically U.S. unaffiliated and other non-U.S. insurers. The unauthorized U.S. unaffiliated insurers consist primarily of TMUS Assurance Corporation and Global Vision II, Inc. The unauthorized non-U.S. insurers primarily consist of Vanderbilt P&C Company, Ltd., and TD Reinsurance (Barbados) Inc. Additionally, the company cedes a significant amount of premium to authorized mandatory pools, ceding primarily to the NFIP.

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, 2022. 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, 2022. (Note: Failure of the columns to add to the totals reflected in this Report is due to rounding.)

American Bankers Insurance Company of Florida
Assets
December 31, 2022

	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	\$1,341,635,864		\$1,341,635,864
Stocks			
Preferred stocks	49,347,540		49,347,540
Common stocks	13,718,091	215,695	13,502,396
Mortgage loans on real estate			
First liens	65,593,755		65,593,755
Real Estate			
Properties occupied by the company	3,965,145		3,965,145
Cash and cash equivalents	18,819,861		18,819,861
Other invested assets	77,893,001		77,893,001
Receivables for securities	55,749		55,749
Subtotals, cash and invested assets	\$1,571,029,006	\$215,695	\$1,570,813,311
Investment income due and accrued	13,722,373		13,722,373
Premiums and considerations			
Uncollected premiums and agents' balances	191,337,404	4,698,324	186,639,080
Deferred premiums, agents' balances and installments	130,507,259	48,237	130,459,022
Reinsurance			
Amounts recoverable from reinsurers	87,295,376		87,295,376
Funds held by or deposited with reinsured companies	4,450,827		4,450,827
Net deferred tax asset	71,135,264	3,642,499	67,492,765
Guaranty funds receivable or on deposit	128,392		128,392
Electronic data processing equipment and software	14,340		14,340
Furniture and equipment, including health care delivery assets	221,425	221,425	
Receivable from parent, subsidiaries and affiliates	538,394,964	26,812	538,368,152
Aggregate write-in for other than invested assets	8,369,960	4,052,704	4,317,256
Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts	2,616,606,590	12,905,696	2,603,700,893
Total	\$2,616,606,590	\$12,905,696	\$2,603,700,893

American Bankers Insurance Company of Florida
Liabilities, Surplus and Other Funds
December 31, 2022

	Per Company
Losses	\$244,217,541
Reinsurance payable on paid losses and loss adjustment expenses	38,166,790
Loss adjustment expenses	16,263,931
Commissions payable, contingent commissions and other similar charges	78,548,567
Other expenses	45,118,770
Taxes, licenses and fees	19,394,414
Current federal and foreign income taxes	2,496,768
Unearned premiums	1,083,330,842
Ceded reinsurance premiums payable	174,331,391
Funds held by company under reinsurance treaties	94,953,056
Amounts withheld or retained by company for account of others	64,057,375
Remittances and items not allocated	5,923,902
Provision for reinsurance	11,934,785
Payable to parent, subsidiaries and affiliates	42,969,362
Derivatives	1,107,300
Aggregate write-in for liabilities	105,467,570
Total liabilities excluding protected cell liabilities	\$2,028,282,364
Total liabilities	\$2,028,282,364
Common capital stock	5,083,164
Gross paid-in and contributed surplus	262,826,791
Unassigned funds (surplus)	307,508,574
Surplus as regards policyholders	\$575,418,529
Totals	<u>\$2,603,700,893</u>

American Bankers Insurance Company of Florida
Statement of Income
December 31, 2022

	Per Company
Underwriting Income	
Premiums earned	\$1,194,452,706
Deductions	
Losses Incurred	\$421,685,313
Loss adjustment expenses incurred	54,284,841
Other underwriting expenses incurred	582,752,655
Total Underwriting deductions	\$1,058,722,809
Net underwriting gain (loss)	\$135,729,897
Investment Income	
Net investment income earned	\$68,149,145
Net realized capital gains or (losses)	(14,451,357)
Net investment gain or (loss)	\$53,697,788
Other Income	
Net gain or (loss) from agents' or premium balances charged off	\$(124,521)
Finance and service charges not included in premiums	46,818,329
Aggregate write-ins for miscellaneous income	14,446,340
Total other income	\$61,140,147
Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	\$250,567,832
Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	\$250,567,832
Federal & foreign income taxes incurred	52,987,852
Net Income	\$197,579,980
Capital and Surplus Account	
Surplus as regards policyholders, December 31 prior year	\$589,099,704
Net Income	197,579,980
Change in net unrealized capital gains or losses less capital gains tax	(10,610,138)
Change in net unrealized foreign exchange capital gain (loss)	(6,638,138)
Change in net deferred income taxes	580,353
Change in non-admitted assets	3,719,324
Change in provision for reinsurance	(312,556)
Dividends to stockholders	(198,000,000)
Change in surplus as regards policyholders for the year	(13,681,174)
Surplus as regards policyholders, December 31, current year	<u>\$575,418,529</u>

**American Bankers Insurance Company of Florida
Reconciliation of Capital and Surplus
December 31, 2022**

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

Capital/Surplus Change during Examination Period			
	Increase	Decrease	
Surplus at December 31, 2021 per Company			\$589,099,704
Net income	197,579,980		
Change in net unrealized capital gain (loss)		10,610,138	
Change in net unrealized foreign exchange capital gain (loss)		6,638,138	
Change in net deferred income tax	580,353		
Change in non-admitted assets	3,719,324		
Change in provision for reinsurance		312,556	
Dividends to stockholder		198,000,000	
Net increase (or decrease)			\$(13,681,174)
Surplus at December 31, 2022 per Company			<u>\$575,418,529</u>

COMMENTS ON FINANCIAL STATEMENT ITEMS

Liabilities

Jeffrey A. Lamy, ACAS, MAAA, Chief Actuary, appointed by the Board, rendered an opinion that the amounts carried in the balance sheet as of December 31, 2022, made a reasonable provision for all unpaid loss and loss expense obligations of the Company under the terms of its policies and agreements.

The Office consulting actuary, Katie Koch, FCAS, MAAA, of Lewis & Ellis, Inc., reviewed the loss and loss adjustment expense work papers provided by the Company and she was in concurrence with this opinion.

Capital and Surplus

The amount of capital and surplus reported by the Company of \$575,418,529, exceeded the minimum of \$100,000,000 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 Bankers Insurance Company of Florida as of December 31, 2022, consistent with the insurance laws of the State of Florida.

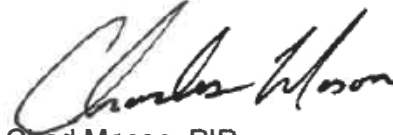
In addition to the undersigned, the following individuals from Lewis & Ellis, LLC also participated in the examination:

David Palmer, CFE	Supervising Examiner	Lewis & Ellis, LLC
Amy Carter, CFE	Participating Examiner	Lewis & Ellis, LLC
Derek Petersen, CFE	Participating Examiner	Lewis & Ellis, LLC
Novalene Forbes, CFE	Participating Examiner	Lewis & Ellis, LLC
Noah Taylor, AFE	Participating Examiner	Lewis & Ellis, LLC
Mackenzie Katz	Participating Examiner	Lewis & Ellis, LLC
Sarah Mayberry	Participating Examiner	Lewis & Ellis, LLC
Katie Koch, FCAS, MAAA	Actuary	Lewis & Ellis, LLC
Jenny Jeffers	Information Technology Supervisor	Jennan Enterprises
Joanna Latham	Information Technology Examiner	Jennan Enterprises

Respectfully submitted,



Ryne Davison
Examiner-in-Charge
Lewis & Ellis, LLC
Representing the Florida Office of Insurance Regulation



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