



**EXAMINATION REPORT
OF**

**Ascendant Commercial Insurance, Inc.
Coral Gables, Florida**

NAIC Company Code: 13683

**as of
December 31, 2022**

**By
The Florida Office of Insurance Regulation**

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January 17, 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

Ascendant Commercial Insurance, Inc.

2199 Ponce de Leon Blvd., Suite 500

Coral Gables, Florida 33134

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 July 24, 2023. The fieldwork concluded as of January 17, 2024. The Company’s last full scope exam by representatives of the Office covered the period of January 1, 2013 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 Company solely writes business in Florida, so this examination did not involve participation from other states.

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 August 31, 2009 and commenced business on September 1, 2009. The Company was authorized to transact the following insurance coverage in Florida on August 31, 2009 and continued to be authorized as of December 31, 2022:

- Workers' compensation
- Commercial auto liability
- Other liability (including Product Liability)
- Commercial auto physical damage

Dividends

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

Capital Stock and Capital Contributions

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

Number of authorized common capital shares	1,000
Number of shares issued and outstanding	1,000
Total common capital stock	\$1,000
Par value per share	\$1.00

Control of the Company was maintained by its parent, Ascendant Holdings, LLC, which owned one hundred percent (100%) of the stock issued by the Company, which in turn was one hundred (100%) owned by an individual, Pablo L. Cejas.

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 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
Pablo Leandro Cejas	Coral Gables, Florida	Chief Executive Officer and President, Ascendant Commercial Insurance, Inc.
Paul Leandro Cejas	Miami Beach, Florida	Chief Executive Officer & Chairman, PLC Investment, Inc.
Helene Christianne Cejas	Washington, D.C.	Attorney, Helene C. Cejas, Esq.
Hilary Charles Candela	Miami, Florida	Director of Finance and Development, Ascendant Commercial Insurance, Inc.
Jose Cristobal Romano	Miami, Florida	President and Chief Executive Officer, Zoo Miami Foundation

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

Senior Officers		
Name	City, State	Title
Pablo Leandro Cejas	Coral Gables, Florida	Chief Executive Officer
Helene Christianne Cejas	Washington, D.C.	Secretary

Jorge Enrique Gonzalez	Miami, Florida	Chief Financial Officer
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The Company's Board appointed several internal committees. The following were the principal internal board committees and their members as of December 31, 2022. The first person listed for each committee is the chairman.

Investment Committee		
Pablo Leandro Cejas	Paul Leandro Cejas	Helene Christianne Cejas
Hilary Charles Candela	Jose Cristobal Romano	

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

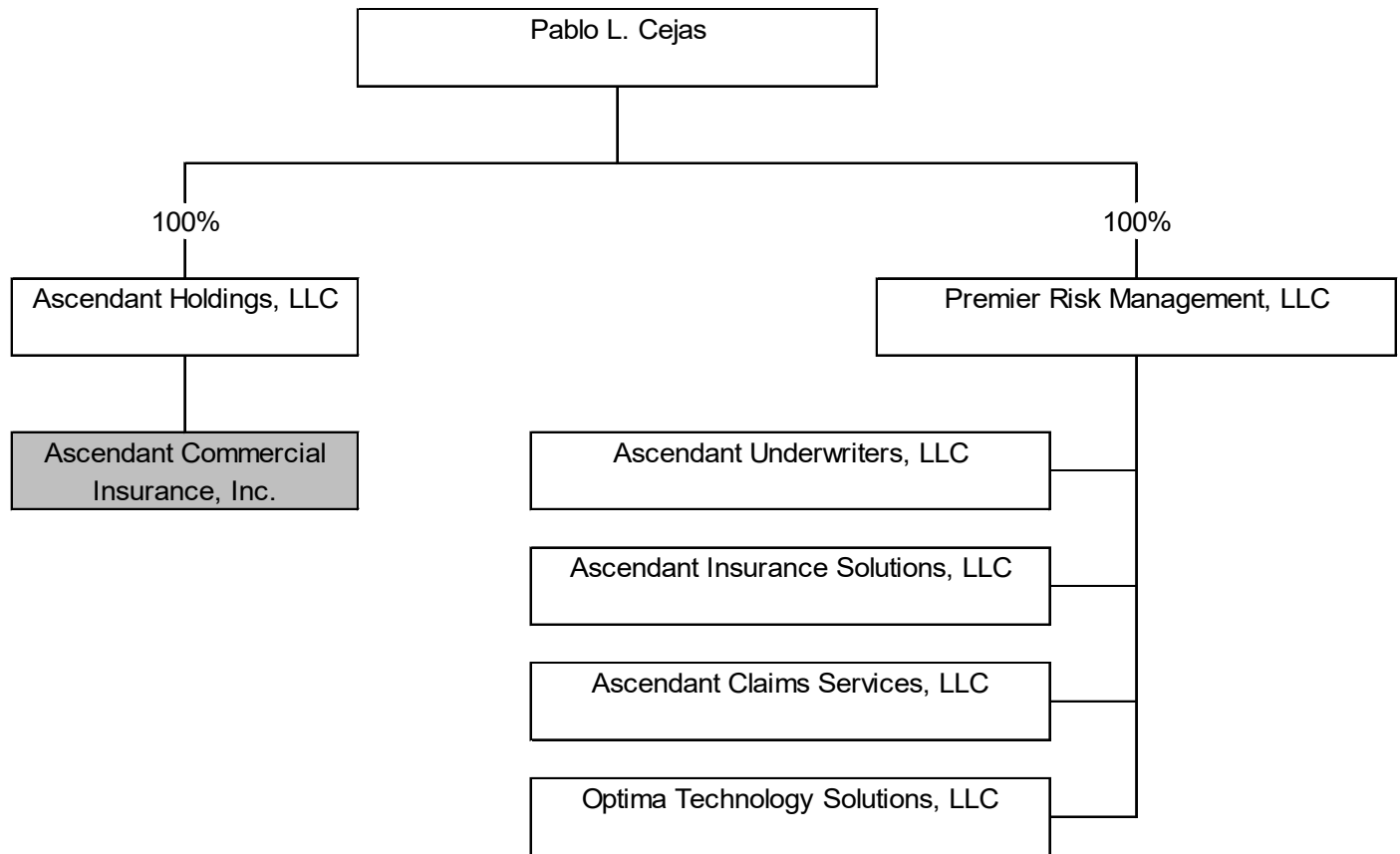
Audit Committee		
Pablo Leandro Cejas	Paul Leandro Cejas	Helene Christianne Cejas
Hilary Charles Candela	Jose Cristobal Romano	

Holding Company System

The last holding company registration statement was filed with the State of Florida on March 31, 2023, as required by Section 628.801, Florida Statutes, and Rule 69O-143.046, Florida Administrative Code.

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

**Ascendant Commercial Insurance, Inc.
Organizational Chart
December 31, 2022**



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

Cost Allocation Agreement

Effective September 1, 2009, the Company entered into a cost allocation agreement with Ascendant Underwriters, LLC (“AU”), Ascendant Claims Services, LLC (“ACS”), Ascendant Holdings, LLC, and Specialty Commercial Brokers, LLC, an entity under common control and with common business interest, whereby the companies share the costs of salaries and related benefits, and common office expenses initially paid by the Company. These expenses are allocated based on the value of the services utilized by each company. As of December 31, 2022, receivables from affiliates under the agreement were approximately \$2,455,000.

Management General Agency Agreement

Effective September 1, 2009, the Company entered into a Managing General Agency Agreement with AU. Compensation to AU under the agreement is calculated at 10% of gross written premium plus reimbursement of producing agent commissions paid by AU and policy management fees. The agreement also allows for a profit-sharing arrangement which entitles AU to a 5% share of the Company’s statutory profit. During 2022, management fees, agent commissions, and policy management fees incurred were \$12,786,000, \$16,150,019, and \$407,320, respectively. No amounts were paid through the profit-sharing component of this agreement during the examination period.

Claims Administration Services Agreement

Effective September 1, 2009, the Company entered into a Claims Administration Services Agreement with ACS. Under the agreement, ACS maintains a claims management system, and provides claims adjudication, regulatory reporting, and data storage and security. ACS is compensated based on a per claim basis utilizing per claim fees by line of business and coverage. During 2022, claims service fees incurred under the agreement were \$5,124,652.

ACCOUNTS AND RECORDS

The Company maintained its principal operational offices in Coral Gables, Florida.

TERRITORY AND PLAN OF OPERATIONS

The Company was authorized to transact insurance only in the State of Florida. The Company primarily writes commercial auto liability and workers' compensation policies 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

Effective September 30, 2022, the Company entered into a quota share agreement that provides coverage for automobile physical damage, general liability, workers' compensation and employers' liability, and commercial automobile liability policies.

Effective October 1, 2022, the Company entered into an excess of loss reinsurance agreement that provides coverage on a per occurrence basis on workers' compensation and employers' liability policies and automobile liability and general liability policies.

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.)

Ascendant Commercial Insurance, Inc.
Assets
December 31, 2022

	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	\$8,280,688		\$8,280,688
Cash and short-term investments	51,045,600		51,045,600
Subtotals, cash and invested assets	\$59,326,288		\$59,326,288
Investment income due and accrued	109,946		109,946
Premiums and considerations			
Uncollected premiums and agents' balances	6,285,253	\$3,493,292	2,791,961
Deferred premiums, agents' balances and installments	57,053,174	328,626	56,724,548
Accrued retrospective premiums			
Reinsurance			
Amounts recoverable from reinsurers	2,506,333		2,506,333
Net deferred tax asset	2,172,532		2,172,532
Furniture and equipment, including health care delivery assets	176,501		176,501
Receivable from parent, subsidiaries and affiliates	2,455,032		2,455,032
Aggregate write-in for other than invested assets	293		293
Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts	130,085,352	3,821,918	126,263,434
From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
Total	<u>\$130,085,352</u>	<u>\$3,821,918</u>	<u>\$126,263,434</u>

Ascendant Commercial Insurance, Inc.
Liabilities, Surplus and Other Funds
December 31, 2022

	Per Company
Losses	\$39,703,446
Loss adjustment expenses	4,549,914
Other expenses	2,909,921
Taxes, licenses and fees	721,326
Current federal and foreign income taxes	150,235
Unearned premiums	16,147,129
Advance premiums	356,707
Ceded reinsurance premiums payable	36,221,446
Payable to parent, subsidiaries and affiliates	6,962,098
Total liabilities	\$107,722,222
Common capital stock	1,000
Gross paid-in and contributed surplus	9,539,000
Unassigned funds (surplus)	9,001,212
Surplus as regards policyholders	18,541,212
Total	<u>\$126,263,434</u>

Ascendant Commercial Insurance, Inc.
Statement of Income
December 31, 2022

	Per Company
Underwriting Income	
Premiums earned	\$37,746,667
Deductions	
Losses Incurred	\$25,388,625
Loss adjustment expenses incurred	3,789,827
Other underwriting expenses incurred	10,899,930
Total Underwriting deductions	\$40,078,382
Net underwriting gain (loss)	\$(2,331,715)
Investment Income	
Net investment income earned	\$933,299
Net realized capital gains or (losses)	(23,410)
Net investment gain or (loss)	\$909,889
Other Income	
Net gain or (loss) from agents' or premium balances charged off	\$(500,481)
Finance and service charges not included in premiums	4,124,151
Total other income	\$3,623,670
Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	\$2,201,844
Dividends to policyholders	280,968
Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	\$1,920,876
Federal & foreign income taxes incurred	389,174
Net Income	\$1,531,702
Capital and Surplus Account	
Surplus as regards policyholders, December 31 prior year	\$17,190,072
Net Income	1,531,702
Change in net unrealized capital gains or losses less capital gains tax	(4,444)
Change in net deferred income taxes	141,800
Change in non-admitted assets	(317,918)
Change in surplus as regards policyholders for the year	1,351,140
Surplus as regards policyholders, December 31, current year	\$18,541,212

Ascendant Commercial Insurance, Inc.
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			
Surplus at December 31, 2017, per Company			\$11,301,559
	Increase	Decrease	
Gain in surplus	8,064,540		
Change in net unrealized capital gain (loss)		54,380	
Change in net deferred income tax	1,012,529		
Change in non-admitted assets		1,783,036	
Net increase (or decrease)			\$7,239,653
Surplus at December 31, 2022 per Company			<u>\$18,541,212</u>

COMMENTS ON FINANCIAL STATEMENT ITEMS

Capital and Surplus

The amount of capital and surplus reported by the Company of \$18,541,212, exceeded the minimum of \$6,075,720 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 Ascendant Commercial Insurance, Inc. as of December 31, 2022, consistent with the insurance laws of the State of Florida.

In addition to the undersigned, the following individuals from EWM Group, PC, Jennan Enterprises, LLC, and Actuaries, Inc. also participated in the examination:

Thomas Mayberry, CPA, CFE	Participating Examiner	EWM Group, PC
Paul Sliwinski, CPA, ARe	Participating Examiner	EWM Group, PC
Chris Davis, CPA	Participating Examiner	EWM Group, PC
Jenny Jeffers, AES, CISA	IT Specialist	Jennan Enterprises, LLC
Joanna Latham, AES, CISA, CFE, CPA	IT Specialist	Jennan Enterprises, LLC
Anthony Pipia, ACAS, MAAA	Actuary	Actuaries, Inc.
Gustave Krause, FCAS, MAAA	Actuary	Actuaries, Inc.

Respectfully submitted,



Philip D. Engelhart, CPA, AIAF, CFE
Examiner-in-Charge
EWM Group, PC
Representing the Florida Office of Insurance Regulation



Chad Mason, PIR
Chief Financial Examiner
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Florida Office of Insurance Regulation