



**EXAMINATION REPORT
OF**

**ASI Home Insurance Corp.
St. Petersburg, FL**

NAIC Company Code: 11072

**as of
December 31, 2022**

**By
The Florida Office of Insurance Regulation**

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April 26, 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

ASI Home Insurance Corp.
1 ASI Way
St. Petersburg, FL 33702-2514

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 March 31, 2023. The fieldwork concluded as of April 26, 2024. The Company’s last full scope examination by representatives of the Office covered the period of January 1, 2016 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 Company has business and/or licenses in multiple states. The lead state for this examination was Ohio, and states that participated in this examination are as follows: Florida, Illinois, Indiana, Louisiana, Michigan, New Jersey, New York, Texas, and Wisconsin.

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

The following is an update on other significant regulatory information disclosed in the previous examination:

Notice of Change in Director or Officer

The Company did not file a notice of change in director or officer with the Office within 45 days of an addition or removal of an officer or director, in compliance with Section 628.261, Florida Statutes.

Resolution:

The Company filed all notices of changes in directors and officers, in compliance with Section 628.261, Florida Statutes.

COMPANY HISTORY

General

The Company was incorporated on May 18, 2005, and obtained its Certificate of Authority from the Florida Office of Insurance Regulation on July 29, 2005.

The Company is licensed in Florida and Georgia to write the following lines: Fire, Allied Lines, Homeowners' Multi-Peril, Inland Marine, Other Liability, and Mobile Home Multi-Peril. The Company writes one hundred percent ("100%") of its business in Georgia.

On April 1, 2016, the Company became a wholly owned subsidiary of ARX Holding Corp. ("ARX"). On April 1, 2020, The Progressive Corporation ("TPC"), a publicly traded corporation, acquired all outstanding shares of ARX, bringing their ownership stake to 100%.

Dividends

The Company did not declare or pay any dividends 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	1,000,000
Number of shares issued and outstanding	1,000,000
Total common capital stock	\$1,000,000
Par value per share	\$1.00

During the period under examination, the Company received the following capital contributions:

2022 - \$5,000,000
2021 - \$5,000,000
2020 - None
2019 - \$5,000,000
2018 - None

Surplus Notes

The Company did not have any surplus notes during the period of this 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
Charles Ernest Conover	Mayfield Village, OH	Business Leader Agent Engagement
Heather Elizabeth Day	Mayfield Village, OH	General Manager Customer Experience Strategy
Tanya Judith Fjare	St. Petersburg, FL	Property General Manager
Patrick Thomas McCrink	St. Petersburg, FL	Senior Director of Claims
Kellie Ann O’Nuallain	St. Petersburg, FL	Director of Underwriting and Customer Care

*Chairman is not required to be appointed.

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

Senior Officers		
Name	City, State	Title
Patrick Sean Brennan	Mayfield Village, OH	Treasurer
Michelle Cristen Cavell	Mayfield Village, OH	Vice President
Tanya Judith Fjare	St. Petersburg, FL	President
Kathleen Agnes Sundberg	St. Petersburg, FL	Vice President & Secretary

The Company’s Board does not have any committees at the entity level.

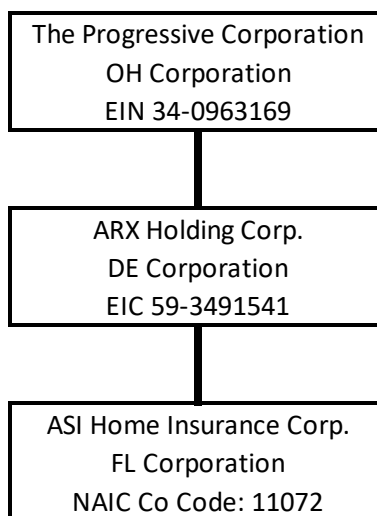
The Company maintained an audit committee, as required by Section 624.424(8)(c), Florida Statutes. The first person listed is the Chairman of the audit committee.

Audit Committee		
Stuart B. Burgdoerfer	Philip F. Bleser	Jeffrey D. Kelly

Holding Company System

A simplified 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.

ASI Home Insurance Corp. Simplified Organizational Chart December 31, 2022



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

Tax Allocation Agreement

The Company entered into an Affiliated Agreement - Allocation of Federal Income Taxes (Amended and Restated as of June 1, 2021), which is an agreement to file consolidated federal tax returns with its parent, TPC and its subsidiaries. The agreement provides that TPC and its subsidiaries file consolidated federal income tax returns, with quarterly computations of tax liability, being completed at the group level and allocated to each member of the group based on the top marginal tax rate as set forth in Internal Revenue Code section 11. The benefits of any reduced tax brackets or recapture thereof shall be allocated entirely to Progressive Casualty Insurance Company ("PCIC"). The tax liability allocated to any member shall not exceed the amount that such member would be liable for if it filed a separate income tax return. If a member has a net operating loss as determined on a separate return basis, the member will be reimbursed for such loss to the extent that the loss results in a reduction in the consolidated tax liability of the group.

Intercompany balances will be settled within thirty (30) days of the end of each quarter in which TPC is required to make a federal income tax estimated payment. If any estimated taxes are paid on a consolidated basis, each subsidiary shall remit its estimated tax payment to TPC no earlier than 10 days prior to the due date of the estimated taxes and the subsidiary's liability shall be reduced by the amount of any estimated taxes paid. Any difference between the estimated tax payments from the actual liability as determined on a separate-return basis shall be paid to the subsidiary no more than 30 days after the difference has been calculated. Such settlement shall not be deemed a final settlement until the return year in question has been audited and/or closed by the Internal Revenue Service.

Joint Servicing (Cost Allocation) Agreement with PCIC

The Company entered into a Joint Servicing (Cost Allocation) Agreement, effective January 1, 2016, between PCIC and various affiliated companies. Under the terms of the agreement, the Company is provided by or provides to PCIC various underwriting, claims, administrative and management services at cost, based on the use of services by any of the companies.

Joint Servicing (Cost Allocation) Agreement with ARX

The Company entered into a Joint Servicing (Cost Allocation) Agreement between ARX and other affiliates in the group, effective September 1, 2020. The parties agree to provide certain services and facilities that assist in the transaction of their insurance business, at cost.

Intercompany Allocation Agreement

The Company is party to an Intercompany Allocation Agreement with American Strategic Insurance Corp. ("ASIC"), ASI Assurance Corp. ("ASIA"), ASI Preferred Insurance Corp. ("ASIP"), Progressive Property Insurance Company ("PPIC"), ASI Lloyds ("ASIL") and ASI Select Insurance Corp. ("ASISL") (collectively, "the Parties"). This Agreement was effective on January 1, 2022, with respect to the Umbrella Excess of Loss Reinsurance Contract, for the period January 1, 2022 to January 1, 2023, by and between the Parties and Waypoint Underwriting Management LLC for and on behalf of Insurance Company of the West ("Umbrella XOL Contract") and shall include any renewals thereof. The Agreement was approved by the California, Delaware, Florida, and Texas insurance departments.

Intercompany Cash Management Agreement

The Company is party to an Intercompany Cash Management Agreement with five of its property and casualty affiliates, effective July 1, 2019. Under the terms of the agreement, the companies provide cash management services for each other to improve efficiency and reduce costs.

The Company also participates in an affiliated Cash Management Agreement with Progressive Casualty Insurance Company ("PCIC"), under which PCIC was appointed as the Company's cash manager and provides it with cash management services.

Interest Agreement

The Company participates in an Interest Agreement with Progressive Casualty Insurance Company ("PCIC"). Under this agreement, the Company agrees to pay PCIC or receive credit from PCIC for any balances owed to PCIC or owed by PCIC as a result of activity in PCIC's cashier account. The amount of these transactions shall be determined by an analysis of the

average unpaid balances of these accounts. Interest will be charged at the prevailing 90-day Treasury bill rate on the last day of each month computed to the nearest quarter of a percent.

Managing General Agent Agreement

The Company entered into a Managing General Agency Agreement between ASI Underwriters Corporation ("ASIU"), ASIC, ASIA, ASIP, and PPIC, effective September 10, 2000. The Agreement permits ASIU to provide underwriting, claims and premium processing services for all lines of business except commercial. ASIU also can provide these services to ASIL for all lines of business except commercial and in all states except Texas. ASIU receives a monthly commission based on a percentage of premium written and a new business or renewal policy fee that varies by state.

Investment Management Agreement

The Company, ARX and its insurance company subsidiaries entered into an Investment Management Agreement with Progressive Capital Management Corporation ("PCM") on January 1, 2016. The agreement provides that PCM will manage the Company's investment portfolio in accordance with the Company's investment guidelines. The agreement also provides that PCM will provide investment accounting services and assist in preparing the Company's statutory Schedule D. Management fees are assessed based on a percentage of the value of the investment portfolio as of the last trading day of the month.

Agency Agreements

The Company participates in a non-exclusive agency agreement with Sunshine Security Insurance Agency, Inc. ("SSIA"), under which SSIA sells homeowners insurance underwritten by the Company, and for which SSIA is paid a commission by the Company. The Company also participates in a non-exclusive agency agreement with Progressive Advantage Agency, Inc. ("PAA"), under which PAA sells homeowners insurance underwritten by the Company, and for which PAA is paid a commission by the Company.

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 in the following states:

- Florida
- Georgia

The Company was authorized to transact insurance in Florida on July 29, 2005, and is currently authorized for the following lines of business in Florida or Georgia as of December 31, 2022:

- Fire
- Allied Lines
- Homeowners Multi-Peril
- Other Liability
- Mobile Home Multi-Peril
- Inland Marine

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 assumed risks from an affiliate through intercompany pooling arrangements.

Reinsurance Ceded

The Company participates in a reinsurance program that is designed to reduce overall risk while, to the extent of coverage purchased, protect capital, and reduce volatility in combined ratio from the costs associated with catastrophic events. The Company's reinsurance program covers the Company and its insurer affiliates as the companies are multi-cedents on primarily all reinsurance contracts. The Company and its affiliates ceded risks through the use of various reinsurance contracts including multi-year catastrophic excess of loss, aggregate excess of loss, catastrophe bonds, excess of loss covering umbrella business, and aggregate stop loss coverage. The excess of loss treaty is supplemented by a catastrophe bond and the Florida Hurricane Catastrophe Fund.

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.)

ASI Home Insurance Corp.
Assets
December 31, 2022

	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	\$64,944,972		\$64,944,972
Cash and short-term investments	5,471,436		5,471,436
Subtotals, cash and invested assets	\$70,416,408		\$70,416,408
Investment income due and accrued	688,548		688,548
Premiums and considerations			
Uncollected premiums and agents' balances	713,499	10,051	703,448
Deferred premiums, agents' balances and installments	5,559,074	41,147	5,517,927
Reinsurance			
Amounts recoverable from reinsurers	3,496,883		3,496,883
Net deferred tax asset	1,351,761	1,351,761	
Receivable from parent, subsidiaries and affiliates	94,228		94,228
Health care and other amounts receivable			
Aggregate write-in for other than invested assets	1,843		1,843
Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts	82,322,244	1,402,959	80,919,285
From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
Total	<u>\$82,322,244</u>	<u>\$1,402,959</u>	<u>\$80,919,285</u>

**ASI Home Insurance Corp.
Liabilities, Surplus and Other Funds
December 31, 2022**

	Per Company
Losses	\$14,017,276
Reinsurance payable on paid losses and loss adjustment expenses	2,609,067
Loss adjustment expenses	3,564,157
Commissions payable, contingent commissions and other similar charges	606,178
Other expenses	302,870
Taxes, licenses and fees	406,187
Current federal and foreign income taxes	331,388
Unearned premiums	27,090,760
Advance premiums	2,557,755
Ceded reinsurance premiums payable	5,799,415
Payable to parent, subsidiaries and affiliates	855,596
Aggregate write-in for liabilities	722,594
Total liabilities excluding protected cell liabilities	58,863,243
Total liabilities	\$58,863,243
Common capital stock	1,000,000
Gross paid-in and contributed surplus	25,500,000
Unassigned funds (surplus)	(4,443,958)
Surplus as regards policyholders	22,056,042
Totals	<u>\$80,919,285</u>

ASI Home Insurance Corp.
Statement of Income
December 31, 2022

	Per Company
Underwriting Income	
Premiums earned	\$42,948,367
Deductions	
Losses Incurred	\$30,126,700
Loss adjustment expenses incurred	5,223,083
Other underwriting expenses incurred	12,173,123
Total Underwriting deductions	\$47,522,906
Net underwriting gain (loss)	\$(4,574,539)
Investment Income	
Net investment income earned	\$1,156,648
Net realized capital gains or (losses)	(53,658)
Net investment gain or (loss)	\$1,102,990
Other Income	
Net gain or (loss) from agents' or premium balances charged off	\$(60,928)
Finance and service charges not included in premiums	403,941
Aggregate write-ins for miscellaneous income	263,359
Total other income	606,372
Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	\$(2,865,177)
Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	\$(2,865,177)
Federal & foreign income taxes incurred	(486,911)
Net Income	<u>\$<u>(2,378,266)</u></u>

	Per Company
Capital and Surplus Account	
Surplus as regards policyholders, December 31 prior year	\$20,651,599
Net Income	(2,378,266)
Change in net deferred income taxes	131,388
Change in non-admitted assets	(1,348,679)
Surplus adjustments:	
Paid in	5,000,000
Change in surplus as regards policyholders for the year	1,404,443
Surplus as regards policyholders, December 31, current year	<u>\$<u>22,056,042</u></u>

**ASI Home Insurance Corp.
Reconciliation of Capital and Surplus
December 31, 2022**

Capital/Surplus Change during Examination Period			
Surplus at December 31, 2017, per Company			\$15,931,170
	Increase	Decrease	
Net income		(8,852,639)	
Change in net deferred income tax	1,319,227		
Change in non-admitted assets		(1,341,716)	
Change in paid in surplus	15,000,000		
Net increase (or decrease)			6,124,872
Surplus at December 31, 2022, per Company			<u>\$22,056,042</u>

ASI Home Insurance Corp.
Analysis of Changes in Financial Statement Resulting from the Examination
December 31, 2022

No adjustments were made to surplus as regards to 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 \$22,056,042, 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 ASI Home Insurance Corp. as of December 31, 2022, consistent with the insurance laws of the State of Florida.

In addition to the undersigned, the following individuals from INS Regulatory Insurance Services, Inc. also participated in the examination:

Kelly Willison, CPA, CFE, CFE (Fraud)	Examination Manager	INSRIS
Zach Cannon	Staff Examiner	INSRIS

Respectfully submitted,



Renee Hanshaw, CPA, CFE
Examiner-in-Charge
INS Regulatory Insurance Services, Inc.
Representing the Florida Office of Insurance Regulation



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