



**EXAMINATION REPORT
OF**

**Edison Insurance Company
Boca Raton, Florida**

NAIC Company Code: 12482

**as of
December 31, 2022**

**By
The Florida Office of Insurance Regulation**

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May 8, 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

Edison Insurance Company
903 NW 65th Street, Suite 200
Boca Raton, Florida 33487

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 May 16, 2023. The fieldwork concluded as of May 8, 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 examination was on Florida domestics only and did not involve participation from other states. The Company is licensed in New Jersey but only writes business 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, are not included within the examination report but communicated separately 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 a summary of non-compliance with state Law during the last examination:

Finding: The Company's custodial agreement with JPMorgan Chase Bank did not adhere to Rule 69O-143.042, Florida Administrative Code. The Company did not have written agreements for transactions, invoices, and supporting documentation with related parties per SSAP 25.

Subsequent: The Company executed an amendment to the custodial agreement with JPMorgan Chase Bank that complies with Rule 69O-143.042, Florida Administrative Code.

COMPANY HISTORY

General

Edison Insurance Company is a wholly owned subsidiary of Florida Peninsula Insurance Company ("FPIC"). The Company was incorporated on March 9, 2005, and received its Certificate of Authority from the Office and began insurance operations on January 4, 2006.

Effective January 5, 2010, Edison Insurance Group LLC was purchased by Florida Peninsula Holdings, LLC ("FPH"). FPH then contributed 100% of the wholly owned shares of the Company to FPIC.

Effective January 1, 2012, the Company ceased writing any new business with all subsequent policy renewals written through FPIC. The Company had been running off its outstanding claims from that point in time until 2014. Effective September 18, 2014, the Office issued a consent order allowing the Company to resume writing new residential property insurance policies in the State of Florida. The Company began writing business again at the end of 2014.

The Company holds an active Florida license in the Homeowners' Multi-Peril line of business. Currently, the Company is licensed in Florida and New Jersey.

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	\$3,500,000
Par value per share	\$3.50

Surplus Notes

On September 29, 2014, the Company issued and received surplus notes from a Subordinated Surplus Debenture in the amount of \$16,000,000. The surplus note was executed between the Company and FPIC, with a term of 10 years at a rate of 5.5% per annum. Upon approval from the Office, accrued interest is payable annually commencing on January 1, 2015.

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
Paul Montgomery Adkins	Boca Raton, Florida	Chairman & CEO, Florida Peninsula
Stacey Alexander Giuliani	Fort Lauderdale, Florida	Chief Legal Officer, Florida Peninsula
Gary Andrew Cantor	Gulf Stream, Florida	Chief Financial Officer, Florida Peninsula
Gard Hinrich Olbers	Tequesta, Florida	Chief Risk Officer, Florida Peninsula
Cynthia Sue Murphy	Naples, Florida	Senior Vice President of Finance Florida Peninsula
Clint Bryan Strauch	Lighthouse Point, Florida	President, Florida Peninsula

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

Senior Officers		
Name	City, State	Title
Paul Montgomery Adkins	Boca Raton, Florida	Chief Executive Officer
Stacey Alexander Giuliani	Fort Lauderdale, Florida	Secretary
Gary Andrew Cantor	Gulf Stream, Florida	Treasurer

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.

Actuarial Committee		
Gard Hinrich Olbers	Cynthia Sue Murphy	Stacey Alexander Giuliani

Investment Committee			
Cynthia Sue Murphy	Gary Andrew Cantor	Gard Hinrich Olbers	James Cacioppo

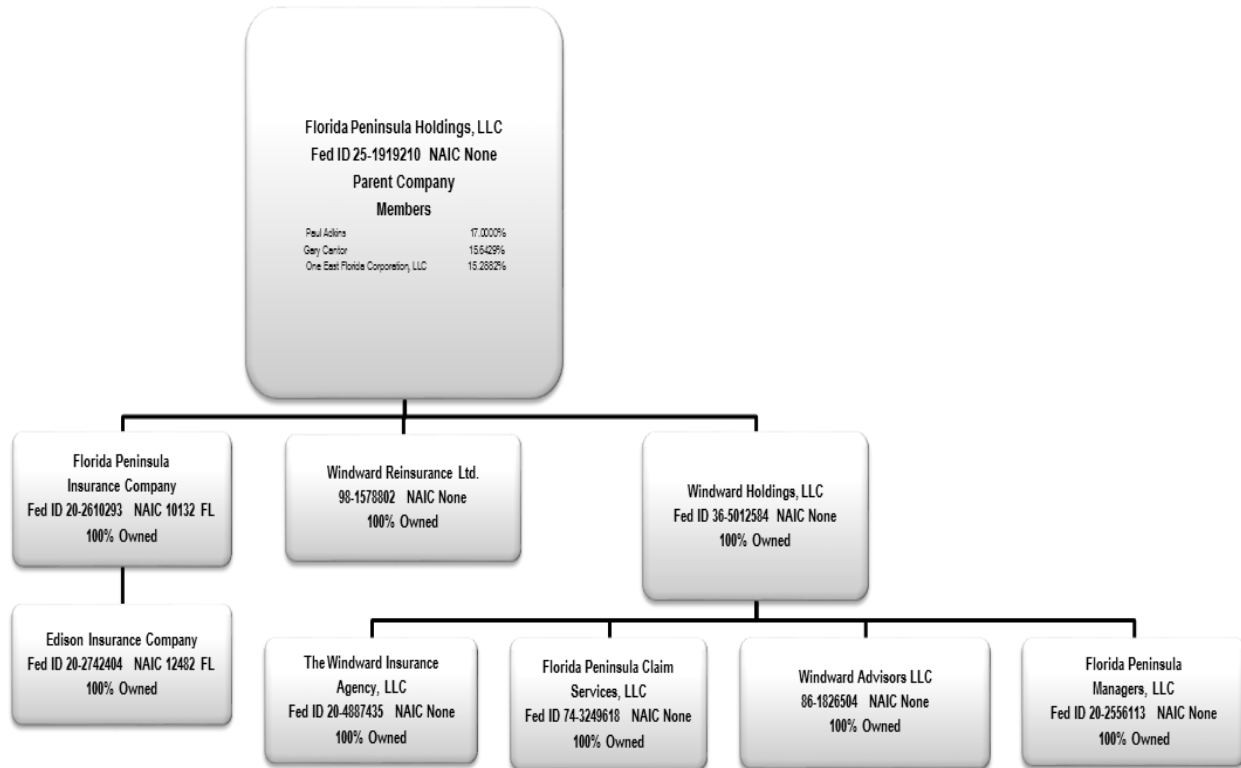
The Company maintained FPH's audit committee to serve as the Company's audit committee, as required by Section 624.424(8)(c), Florida Statutes.

Audit Committee			
James Cacioppo	Paul Montgomery Adkins	Gary Andrew Cantor	Stacey Alexander Giuliani

Holding Company System

An 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.

Edison Insurance Company Organizational Chart December 31, 2022



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

Managing General Agent Agreement

FPM is the exclusive managing general agent for the Company. Under the Managing General Agency (MGA) Agreement, the Company pays a commission to FPM for expenses the Company incurs that are charged to loss adjustment expense; acquisition; field supervision and collection expenses; general expenses; and investment expenses. The Agreement was amended effective March 20, 2019, to remove the depository account provision.

Catastrophe Reinsurance Agreement

The Company ceded premium of \$12,630,948 to Windward Reinsurance Ltd., for the year ended December 31, 2022, under a Catastrophe Reinsurance Agreement effective December 1, 2022.

Tax Allocation Agreement

The Company, along with affiliates, files a consolidated tax return under a Federal Income Tax Allocation Agreement effective December 31, 2015.

Claims Administration Agreement

FPCS provides claim adjusting services for the Company under a Claims Administration Agreement between FPCS and FPM effective May 1, 2019. For the year ended December 31, 2022, the Company paid \$3,029,695 for services rendered by FPCS.

ACCOUNTS AND RECORDS

The Company maintained its principal operational offices in Boca Raton, Florida.

TERRITORY AND PLAN OF OPERATIONS

The Company was authorized to transact insurance in Florida and New Jersey. The Company was authorized to transact insurance in Florida on March 9, 2005, and is currently authorized for the Homeowners Multiple Peril line of business as of December 31, 2022.

The Company primarily writes homeowners multiple peril 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

Certain premiums and losses are ceded to other insurance companies through various excess of loss (XOL) reinsurance agreements. The ceded reinsurance agreements are intended to provide the Company with the ability to maintain the Company's exposure to catastrophe and other large losses based on its available capital and surplus. The Company maintained XOL treaties with various reinsurers during the examination period, which were effective annually from June 1 to May 31, each year.

The Company carries quota share reinsurance to mitigate its risk with respect to attritional losses. On November 1, 2014, the Company entered into a quota share agreement ceding a portion of its net liability to a group of unaffiliated reinsurers. Property reinsurance contracts cover FPIC and all companies that are or may become, wholly owned subsidiaries. As such, for the years under examination, these contracts cover both FPIC and the Company with shared retention and limits of reinsurance ceded.

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.

Edison Insurance Company
Assets
December 31, 2022

	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	\$85,486,812	\$0	\$85,486,812
Cash and short-term investments	107,563,671	0	107,563,671
Receivables for securities	6,100,552	0	6,100,552
Subtotals, cash and invested assets	\$199,151,035	0	\$199,151,035
Investment income due and accrued	453,110	0	453,110
Premiums and considerations			
Uncollected premiums and agents' balances	5,529,768	53,591	5,476,177
Deferred premiums, agents' balances and installments	13,071,724	0	13,071,724
Reinsurance			
Amounts recoverable from reinsurers	20,622,006	0	20,622,006
Current federal and foreign income taxes recoverable and interest thereon	5,140,361	0	5,140,361
Net deferred tax asset	4,294,326	0	4,294,326
Receivable from parent, subsidiaries and affiliates	27,298,792	0	27,298,792
Prepaid expenses	183,226	183,226	0
Total	<u>\$275,744,348</u>	<u>\$236,817</u>	<u>\$275,507,531</u>

Edison Insurance Company
Liabilities, Surplus and Other Funds
December 31, 2022

	Per Company
Losses	\$71,793,824
Loss adjustment expenses	2,688,037
Other expenses	52,856
Taxes, licenses and fees	2,949,925
Unearned premiums	76,068,295
Advance premiums	6,432,792
Ceded reinsurance premiums payable	37,149,326
Funds held by company under reinsurance treaties	13,012,668
Remittances and items not allocated	271,175
Drafts outstanding	16,765
Aggregate write-in for liabilities	45,916
Total liabilities	\$213,680,425
Common capital stock	3,500,000
Surplus notes	16,000,000
Gross paid-in and contributed surplus	72,160,614
Unassigned funds (surplus)	(29,833,508)
Surplus as regards policyholders	61,827,106
Totals	<u>\$275,507,531</u>

Edison Insurance Company
Statement of Income
December 31, 2022

	Per Company
Underwriting Income	
Premiums earned	\$109,114,862
Deductions	
Losses Incurred	\$62,067,628
Loss adjustment expenses incurred	15,614,342
Other underwriting expenses incurred	30,276,977
Total Underwriting deductions	\$107,958,947
Net underwriting gain (loss)	\$1,155,914
Investment Income	
Net investment income earned	\$1,589,666
Net realized capital gains or (losses)	(176,399)
Net investment gain or (loss)	\$1,413,267
Other Income	
Net gain or (loss) from agents' or premium balances charged off	\$(88,046)
Finance and service charges not included in premiums	300,855
Aggregate write-ins for miscellaneous income	(720)
Total other income	\$212,089
Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	\$2,781,270
Federal & foreign income taxes incurred	2,386,437
Net Income	\$394,833
Capital and Surplus Account	
Surplus as regards policyholders, December 31 prior year	\$35,768,467
Net Income	394,833
Change in net deferred income taxes	1,727,694
Change in non-admitted assets	(63,888)
Surplus adjustments:	
Paid in	24,000,000
Change in surplus as regards policyholders for the year	26,058,639
Surplus as regards policyholders, December 31, current year	\$61,827,106

**Edison Insurance Company
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 Examination			\$21,050,000
	Increase	Decrease	
Loss in surplus		(\$13,216,239)	(\$13,216,239)
Change in net deferred income tax	\$3,378,796		\$3,378,796
Change in non-admitted assets		(\$180,976)	(\$180,063)
Change in paid in surplus	\$50,794,612		\$50,794,612
Net increase (or decrease)			\$40,777,106
Surplus at December 31, 2022 per examination			<u>\$61,827,106</u>

COMMENTS ON FINANCIAL STATEMENT ITEMS

Capital and Surplus

The amount of capital and surplus reported by the Company of \$61,827,106, exceeded the minimum of \$17,003,153 required by Section 624.408, Florida Statutes.

SUBSEQUENT EVENTS

FPH created a new entity within the holding company, Ovation Home Insurance Exchange. This is not expected to have an impact on the Company.


CONCLUSION

The insurance examination practices and procedures as promulgated by the NAIC have been followed in ascertaining the financial condition of Edison Insurance Company as of December 31, 2022, consistent with the insurance laws of the State of Florida.

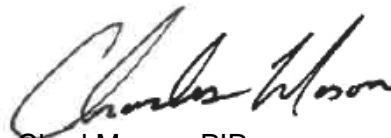
In addition to the undersigned, the following individuals from Lewis & Ellis, LLC (L&E), Jennan Enterprises (JE), and the Florida Office of Insurance Regulation (FLOIR) also participated in the examination:

Bobby Jackson, CPA	Exam Manager	FLOIR
Mel Heaps, CFE	Participating Examiner	L&E
Derek Petersen, CFE	Participating Examiner	L&E
Katie Koch, FCAS, MAAA	Actuarial Specialist	L&E
Joanna Latham, CFE, AES, CPA, CISA	IT Specialist	JE
Trevor Eaton	Participating Examiner	FLOIR

Respectfully submitted,



Omar D. Akel, CFE
Examiner-in-Charge
Lewis & Ellis, LLC
Representing the Florida Office of Insurance Regulation



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