



**EXAMINATION REPORT  
OF**

**Florida Peninsula Insurance Company  
Boca Raton, Florida**

**NAIC Company Code: 10132**

**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

**Florida Peninsula Insurance Company**  
903 NW 65<sup>th</sup> 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 South Carolina 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

Florida Peninsula Insurance Company ("FPIC") is a domestic stock company that became licensed in Florida on April 22, 2005. FPIC is a wholly owned subsidiary of Florida Peninsula Holdings, LLC ("FPH"). The Company wholly owns Edison Insurance Company ("EIC"), a Florida domestic insurance company.

The Company holds an active Florida license in Homeowners' Multi-Peril, Fire, and Inland Marine lines of business. However, since its inception, FPIC has been concentrating its writing efforts in the homeowners' market only in the state of Florida. Currently FPIC has an additional license in South Carolina.

### 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	20,000
Number of shares issued and outstanding	20,000
Total common capital stock	\$2,000,000
Par value per share	\$100.00

## Surplus Notes

On December 31, 2019, the Company issued and received surplus notes from a Subordinated Surplus Debenture in the amount of \$5,000,000. The surplus note was executed between the Company and FPM, at a rate of 5% per annum.

## 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:

<b>Senior Officers</b>		
<b>Name</b>	<b>City, State</b>	<b>Title</b>
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.

<b>Actuarial Committee</b>		
Gard Hinrich Olbers	Cynthia Sue Murphy	Stacey Alexander Giuliani

<b>Investment Committee</b>			
Cynthia Sue Murphy	Gary Andrew Cantor	Gard Hinrich Olbers	James Cacioppo

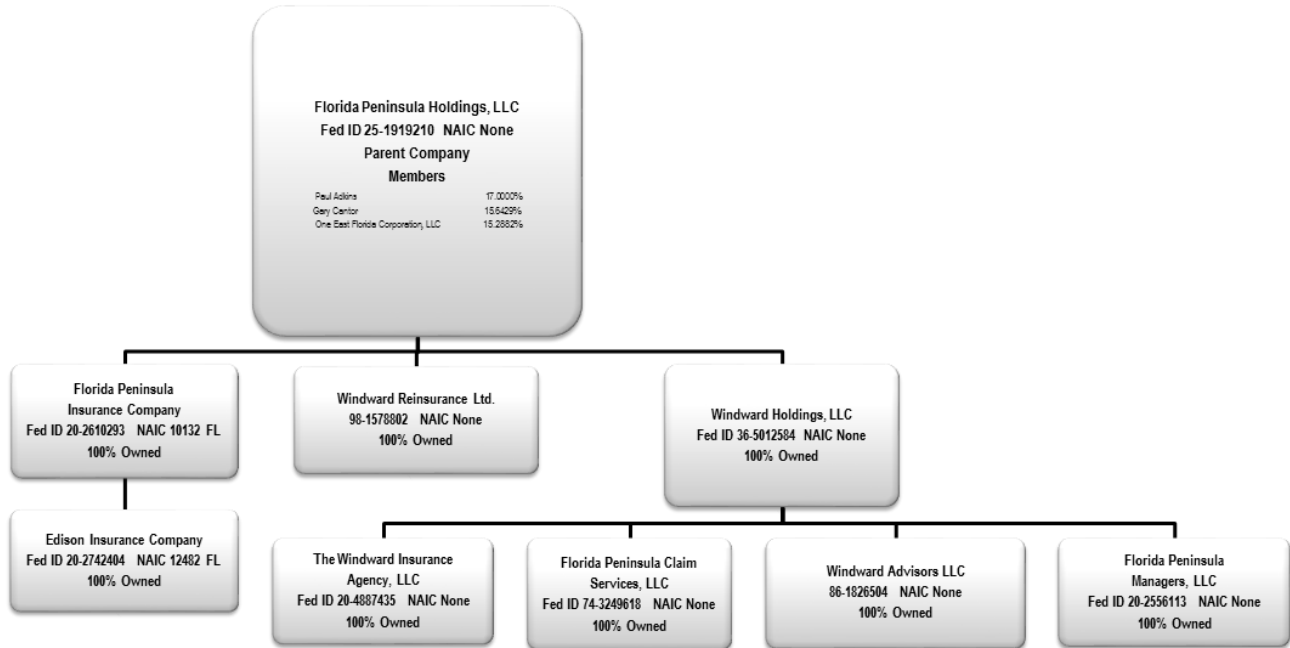
The Company maintained FPH's audit committee to serve as the Company's audit committee, as required by Section 624.424(8)(c), Florida Statutes.

<b>Audit Committee</b>			
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.

# Florida Peninsula 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 expenses; acquisition expenses; 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 \$15,347,825 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, file 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 \$3,662,110 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 South Carolina. The Company was authorized to transact insurance in Florida on April 22, 2005, and is currently authorized for the following lines of business in Florida as of December 31, 2022:

- Homeowners Multiple Peril
- Fire
- Inland Marine

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 EIC 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.

**Florida Peninsula Insurance Company**  
**Assets**  
**December 31, 2022**

	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	\$151,083,166	\$0	\$151,083,166
Stocks			
Preferred stocks			
Common stocks	61,967,106	0	61,967,106
Cash and short-term investments	47,029,443	0	47,029,443
Other invested assets	27,375,902	16,000,000	11,375,902
Subtotals, cash and invested assets	\$287,455,617	16,000,000	\$271,455,617
Investment income due and accrued	834,968	0	834,968
Premiums and considerations			
Uncollected premiums and agents' balances	5,143,114	51,237	5,091,877
Deferred premiums, agents' balances and installments	14,240,845	0	14,240,845
Reinsurance			
Amounts recoverable from reinsurers	26,051,444	0	26,051,444
Current federal and foreign income taxes recoverable and interest thereon	2,357,815	0	2,357,815
Net deferred tax asset	4,215,958	0	4,215,958
Receivable from parent, subsidiaries and affiliates	7,946,197	0	7,946,197
Aggregate write-in for other than invested assets	9,040,907	359,661	8,681,246
Total	<u>\$357,286,865</u>	<u>\$16,410,898</u>	<u>\$340,875,967</u>

**Florida Peninsula Insurance Company**  
**Liabilities, Surplus and Other Funds**  
**December 31, 2022**

	Per Company
Losses	\$72,732,972
Loss adjustment expenses	8,855,993
Other expenses	139,187
Taxes, licenses and fees	1,552,001
Unearned premiums	71,104,785
Advance premiums	5,952,259
Ceded reinsurance premiums payable	42,101,705
Funds held by company under reinsurance treaties	18,437,842
Remittances and items not allocated	16,595
Payable to parent, subsidiaries and affiliates	31,566,519
Aggregate write-in for liabilities	26,337
Total liabilities	\$252,486,195
Common capital stock	2,000,000
Surplus notes	5,000,000
Gross paid-in and contributed surplus	47,000,000
Unassigned funds (surplus)	34,389,772
Surplus as regards policyholders	88,389,772
Totals	<u>\$340,875,967</u>

**Florida Peninsula Insurance Company**  
**Statement of Income**  
**December 31, 2022**

	Per Company
<b>Underwriting Income</b>	
Premiums earned	\$98,236,913
<b>Deductions</b>	
Losses Incurred	\$53,697,746
Loss adjustment expenses incurred	22,087,181
Other underwriting expenses incurred	19,589,044
Total Underwriting deductions	\$95,373,971
Net underwriting gain (loss)	\$2,862,942
<b>Investment Income</b>	
Net investment income earned	\$3,426,631
Net realized capital gains or (losses)	(257,770)
Net investment gain or (loss)	\$3,168,861
<b>Other Income</b>	
Net gain or (loss) from agents' or premium balances charged off	\$(105,468)
Finance and service charges not included in premiums	314,268
Aggregate write-ins for miscellaneous income	(916)
Total other income	\$207,884
Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	\$6,239,687
Federal & foreign income taxes incurred	2,618,065
Net Income	\$3,621,622
<b>Capital and Surplus Account</b>	
Surplus as regards policyholders, December 31 prior year	\$82,248,375
Net Income	3,621,622
Change in net unrealized capital gains or losses less capital gains tax	1,159,298
Change in net deferred income taxes	1,423,553
Change in non-admitted assets	(63,076)
Change in surplus as regards policyholders for the year	6,141,397
Surplus as regards policyholders, December 31, current year	\$88,389,772

**Florida Peninsula 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.

<b>Capital/Surplus Change during Examination Period</b>			
Surplus at December 31, 2017, per Examination			\$108,929,964
	Increase	Decrease	
Loss in surplus		(\$6,807,746)	(\$6,807,746)
Change in net deferred income tax	\$628,484		\$628,484
Change in non-admitted assets		(\$100,742)	(\$100,742)
Change in surplus notes		(\$3,272,057)	(\$3,272,057)
Net increase (or decrease)			(\$20,900,191)
Surplus at December 31, 2022 per examination			<u>\$88,389,772</u>

**COMMENTS ON FINANCIAL STATEMENT ITEMS**

**Capital and Surplus**

The amount of capital and surplus reported by the Company of \$88,389,772, exceeded the minimum of \$17,711,019 required by Section 624.408, Florida Statutes.

## **SUBSEQUENT EVENTS**

The Company's parent 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 Florida Peninsula Insurance Company as of December 31, 2022, consistent with the insurance laws of the State of Florida.

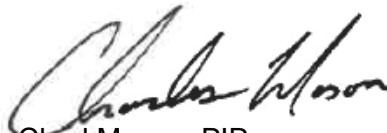
In addition to the undersigned, the following individuals from Lewis & Ellis, LLC (L&E), Jennan Enterprises (JE) and the Florida Office of Insurance Regulation (FLOIR) participated in the examination:

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