



**EXAMINATION REPORT  
OF**

**Kin Interinsurance Network  
St. Petersburg, Florida**

**NAIC Company Code: 16603**

**as of  
December 31, 2022**

**By  
The Florida Office of Insurance Regulation**

## TABLE OF CONTENTS

LETTER OF TRANSMITTAL .....	-
SCOPE OF EXAMINATION.....	1
SUMMARY OF SIGNIFICANT FINDINGS .....	2
CURRENT EXAMINATION FINDINGS .....	2
PREVIOUS EXAMINATION FINDINGS .....	2
COMPANY HISTORY.....	2
GENERAL .....	2
DIVIDENDS.....	2
SUBSCRIBER AND CAPITAL CONTRIBUTIONS.....	2
SURPLUS NOTES.....	3
ACQUISITIONS, MERGERS, DISPOSALS, DISSOLUTIONS.....	3
MANAGEMENT AND CONTROL.....	3
CORPORATE GOVERNANCE.....	3
HOLDING COMPANY SYSTEM.....	5
AIF AGREEMENT.....	6
AGENCY AUTHORIZATION AND APPOINTMENT AGREEMENT.....	7
ACCOUNTS AND RECORDS .....	7
TERRITORY AND PLAN OF OPERATIONS.....	7
REINSURANCE.....	8
REINSURANCE ASSUMED .....	8
REINSURANCE CEDED .....	8
FINANCIAL STATEMENTS.....	9
COMMENTS ON FINANCIAL STATEMENT ITEMS .....	14
CAPITAL AND SURPLUS .....	14
SUBSEQUENT EVENTS.....	14
CONCLUSION.....	15

May 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

**Kin Interinsurance Network**

415 1<sup>st</sup> Avenue  
St. Petersburg, FL 33701

hereinafter referred to as “the Company” or “Kin.” Such report of examination is herewith respectfully submitted.

## SCOPE OF EXAMINATION

This examination covered the period of January 1, 2021, through December 31, 2022, and the fieldwork commenced with planning with the Florida Office of Insurance Regulation (“the Office”) on September 19, 2023. The fieldwork concluded as of May 17, 2024 . The Company’s last full scope exam by representatives of the Office covered the period of June 24, 2019 through December 31, 2020.

The examination was a multi-state examination 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 has business in multiple states. A FEETS call was sent out by the Office on April 28, 2023. While the Holding Company System includes an Arizona insurer, Kin Interinsurance Nexus (“Nexus”), the Arizona Department of Insurance did not participate. Nexus premiums were immaterial as of December 31, 2022.

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

Kin Interinsurance Network was domiciled in the State of Florida , and commenced business as a reciprocal exchange, on June 24, 2019, under the laws of Florida, existing for the benefit of its subscribers. As a reciprocal insurance exchange, Kin is an unincorporated association of subscribers operating through the contractual arrangements outlined in a Subscriber's Agreement and Power of Attorney, which all subscribers must sign. Under Florida law and pursuant to a contractual agreement, effective June 25, 2019, Kin, and its subscribers appoint Kin Risk Management ("KRM") as an attorney-in-fact ("AIF") to manage and administer Kin's operations and affairs on behalf of all subscribers. Kin is authorized to write business in Florida and Louisiana as of the examination date. As of December 31, 2022, the majority of business was written in Florida.

### Dividends

Kin has no shareholders, but rather subscribers, who pay a contribution to the subscribers' surplus account. Therefore, there are no dividend distributions.

### Subscriber and Capital Contributions

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

Subscriber Contributions	\$32,992,364
Surplus Notes	\$116,500,000

## **Surplus Notes**

Kin issued a surplus note in the amount of \$33,500,000 to Kin Insurance, Inc. on July 17, 2019. The surplus note has a fixed annual interest rate of 10.25% and is due July 15, 2029. All interest and principal payments must be approved by the Office. The terms of the note have changed multiple times during the period under examination with an additional \$83,000,000 being added to the principal. As of December 31, 2022, the interest rate on the surplus note balances is 8.75%. As of December 31, 2022, the balance of the surplus note was \$116,500,000. Subsequent to the period under examination, as of December 31, 2023, the principal balance was increased to \$148,500,000. No principal or interest payments have been made. The cash contributions in connection with the surplus notes come from Kin Insurance Inc. to support Kin and have been approved by the Office as acceptable assets pursuant to Chapter 625, Part II, Florida Statutes.

## **Acquisitions, Mergers, Disposals, Dissolutions**

On December 3, 2021, Kin Insurance Inc. purchased Nexus, formerly known as ADM Insurance Company, from Agrinational Insurance Company. On June 1, 2022, Nexus received permission from the Arizona Department of Insurance to change its name to Kin Interinsurance Nexus Exchange (KINE). On the same day, KINE entered into an AIF agreement with Kin Risk Management Nexus, LLC (KRMN). As of December 31, 2022, KINE was licensed in 43 states to write property and casualty insurance. Kin Insurance Inc. plans to use the state licenses to execute its expansion strategy.

## **MANAGEMENT AND CONTROL**

### **Corporate Governance**

The Subscribers Advisory Committee (“SAC”) is an independent committee made up of the Company’s subscribers. The SAC is responsible for oversight of the Company and appoints Kin’s AIF. Members of the SAC as of December 31, 2022, are shown below. The AIF is managed by a Board of Managers, as listed below. The Board of Managers is responsible for appointing officers of the Company.

<b>Members of the Subscribers Advisory Committee</b>		
<b>Name</b>	<b>City, State</b>	<b>Principal Occupation, Company Name</b>
Phillip Roy Godin	St. Augustine, FL	Attorney, Godin Geraghty Puntillo Camilli and Hughes, S.C.
Russell Joseph Carpel	Naples, FL	Insurance Executive, Level Funded Health Partners LLC
Nisha Desai Waranch	Winter Park, FL	Attorney, The Leach Firm

<b>Board of Managers for Kin Risk Management, LLC</b>		
<b>Name</b>	<b>City, State</b>	<b>Principal Occupation, Company Name</b>
Sean Nicholas Harper	Wilmette, IL	President, Kin
Angel Dawn Conlin	Gainesville, FL	Chief Executive Officer, Kin
Jerome Tonra Fadden	Wellington, IL	Chief Financial Officer, Kin

The Board of Managers appointed the following Officers of Kin:

<b>Officers</b>		
<b>Name</b>	<b>City, State</b>	<b>Title</b>
Sean Nicholas Harper	Wilmette, IL	President
Jerome Tonra Fadden	Wellington, IL	Chief Financial Officer
Angel Dawn Conlin	Gainesville, FL	Chief Executive Officer

The Company's AIF formed an Enterprise Risk Management ("ERM") Committee and an Investment Committee. Members of those committees as of December 31, 2022, are shown below.

<b>Enterprise Risk Management Committee</b>		
<b>Name</b>	<b>City, State</b>	<b>Title, Company Name</b>
Jodi Pinilla	Erie, CO	Deputy General Counsel, Kin
Angel Dawn Conlin	Gainesville, FL	Chief Executive Officer, Kin
Jerome Tonra Fadden	Wellington, IL	Chief Financial Officer, Kin

<b>Investment Committee</b>		
<b>Name</b>	<b>City, State</b>	<b>Title, Company Name</b>
Sean Nicholas Harper	Wilmette, IL	President, Kin
Angel Dawn Conlin	Gaiensville, FL	Chief Executive Officer, Kin
Jerome Tonra Fadden	Wellington, IL	Chief Financial Officer; Kin

The Company does not maintain a separate audit committee. However, the Company's independent SAC is the oversight for the external audit function. Members of the SAC are listed above.

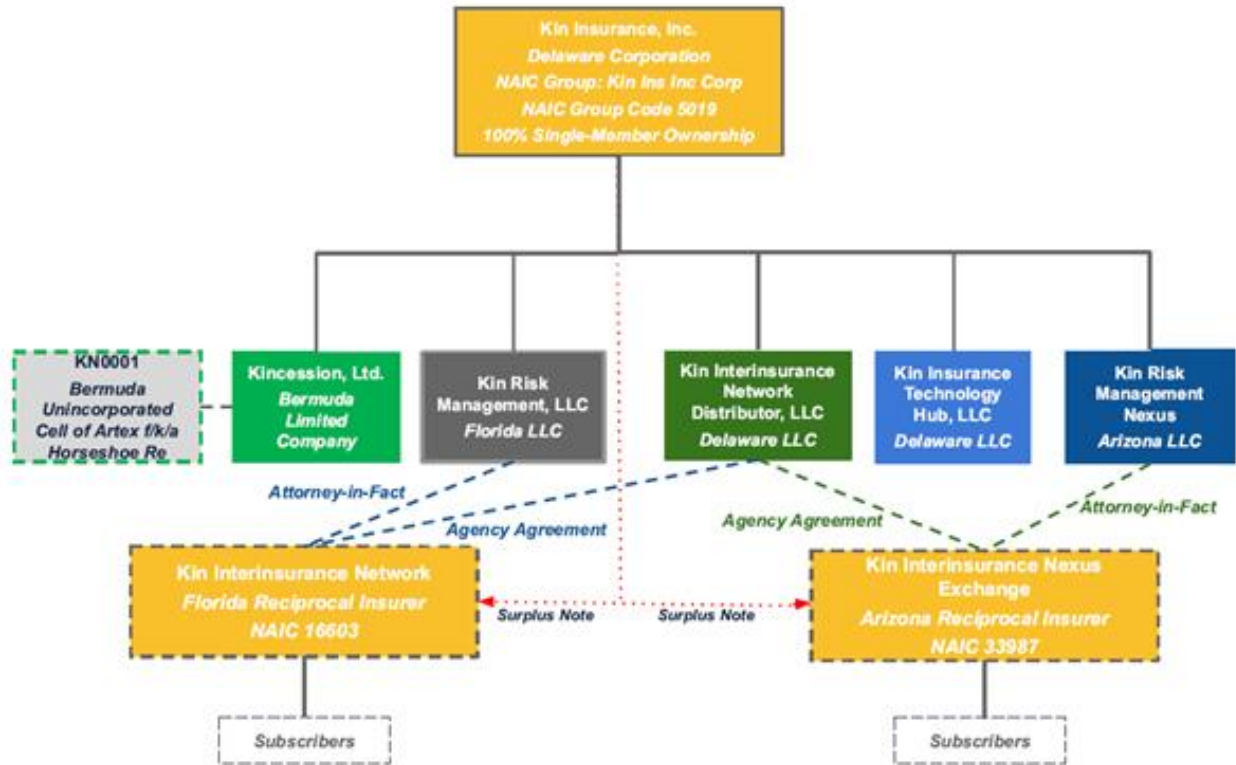
**Holding Company System**

Kin is owned by its subscribers, but controlled by KRM, the Attorney-In-Fact. KRM is wholly owned by Kin Insurance, Inc., which is owned by the ultimate controlling party. Kin Insurance Inc. is owned by various investors, with no single person or entity owning 10% or more of the shares outstanding. Other entities owned by Kin Insurance, Inc. include Kincession, Ltd, LLC; Kin Insurance Technology Hub, LLC; Kin Insurance Network Distributors, LLC, and Kin Risk Management Nexus, an Arizona company.

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.



**Kin Interinsurance Network  
Organizational Chart  
December 31, 2022**



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

**AIF Agreement**

Kin entered into an AIF agreement with KRM on June 25, 2019, which was amended as of January 1, 2022 and extended for a term expiring on January 1, 2027. KRM will provide management services for Kin, including the administration and management of the day-to-day operations; underwriting of applications for insurance; policy administration, cancellation and renewal; claims management; reinsurance management; collection of premium and accounting; investment management; promotion and marketing; and human resources. The AIF agreement authorized KRM to contract with third parties, including Kin Insurance, Inc. and its affiliates. After the current term expires on January 1, 2027, the agreement will automatically renew for successive 1-year terms, but may be terminated at any time by mutual agreement between Kin

and KRM. The agreement can also be terminated by the SAC should there be a breach of contract.

As of June 1, 2022, the intercompany agreements were retrospectively amended and restated between Kin and KRM as of January 1, 2022, to allow for changes in the basis of compensation to the AIF. KRM receives 17% of the annual gross premium written by Kin in exchange for underwriting and marketing management services. KRM receives 5% of annual gross premiums written for services provided in the servicing and management of claims.

### **Agency Authorization and Appointment Agreement**

Kin has entered into an agreement with Kin Insurance Network Distributors, LLC (KIND) effective July 3, 2019. KIND serves as the appointed agent to Kin and receives commissions of 10% of premiums for new and renewal business..

## **ACCOUNTS AND RECORDS**

The Company maintained its principal operational offices in Chicago, IL. The statutory office is in St. Petersburg, FL.

## **TERRITORY AND PLAN OF OPERATIONS**

As of December 31, 2022, Kin was authorized to write business in Florida and Louisiana. There were no changes to authorized states during the period of examination.

As of December 31, 2022, Kin wrote homeowners multiple peril, allied lines, and fire business in Florida and Louisiana. The majority of business, 97.5%, was written in Florida as of December 31, 2022, with homeowners' multiple peril being the largest line written at 79.4% of the business.

## REINSURANCE

### Reinsurance Assumed

The Company did not assume any reinsurance during the period of this examination.

### Reinsurance Ceded

Kin's reinsurance program consists of catastrophe excess of loss, per risk excess of loss, a quota share agreement, and CAT Bonds.

The catastrophe excess of loss coverage is provided by agreement with commercial reinsurers and by the Florida Hurricane Catastrophe Fund (FHCF). Effective June 1, 2022, FHCF provides coverage for 90% of the losses from qualifying catastrophic events in excess of \$93 million up to a maximum of \$215.9 million. Kin has excess of loss reinsurance contracts that provide a total limit of \$415 million for the first catastrophic event.

FHCF covers named hurricanes and exhausts coverage after reaching a one-time limit. Reinsurance premiums are based on total insured value, and Kin may recover FHCF assessments from policyholders.

Effective July 1, 2019, Kin entered a quota share agreement with Swiss Re covering 90% of flood losses. This agreement is in effect until terminated by either party.

Effective July 1, 2020, the Company entered a quota share reinsurance agreement that continues to provide coverage of 50% of ultimate net losses, subject to a limit of liability of \$500,000 of losses on all catastrophe occurrences. This agreement was replaced on July 1, 2022, with a protected cell reinsurance agreement with Artex/Horseshoe Re, featuring a 31.0% ceding commission rate and a 50% quota share.

In 2022, Kin issued a CAT bond with a principal amount of \$175,000,000 for additional reinsurance capacity. This was in response to the rising cost of reinsurance.

## **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.)

**Kin Interinsurance Network**  
**Assets**  
**December 31, 2022**

	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	\$28,368,059	0	\$28,368,059
Stocks			
Common stocks	1,157,847	0	1,157,847
Cash and short-term investments	64,455,497	0	64,455,497
Subtotals, cash and invested assets	\$93,981,403	0	\$93,981,403
Investment income due and accrued	277,517	0	277,517
Premiums and considerations			
Uncollected premiums and agents' balances	1,803,586	170,217	1,633,369
Deferred premiums, agents' balances, and installments	16,828,260	0	16,828,260
Reinsurance			
Amounts recoverable from reinsurers	3,391,248	0	3,391,248
Receivables from parent, subsidiaries, and affiliates	578,445	0	578,445
Aggregate write-in for other than invested assets	2,971,693	394,804	2,576,889
Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts	119,832,153	565,021	119,267,131
Total	<u>\$119,832,153</u>	<u>\$565,021</u>	<u>\$119,267,131</u>

**Kin Interinsurance Network  
Liabilities, Surplus, and Other Funds  
December 31, 2022**

	Per Company
Losses	\$ 31,382,818
Loss adjustment expenses	7,211,503
Other expenses	2,796,532
Taxes, licenses, and fees	1,590,854
Unearned premiums	(24,109,040)
Advance premiums	5,395,799
Ceded reinsurance premiums payable	31,770,417
Provision for reinsurance	614,430
Payable to parent, subsidiaries, and affiliates	6,655,302
Total liabilities	\$63,308,615
Aggregate write-ins for other than special surplus funds	32,992,364
Surplus notes	116,500,000
Unassigned Funds	(93,533,848)
Surplus as regards policyholders	55,958,516
<b>Totals</b>	<b><u>\$119,267,131</u></b>

**Kin Interinsurance Network  
Statement of Income  
December 31, 2022**

	Per Company
<b>Underwriting Income</b>	
Premiums earned	\$ 33,396,102
<b>Deductions</b>	
Losses Incurred	\$45,414,486
Loss adjustment expenses incurred	22,231,100
Other underwriting expenses incurred	25,062,281
Total Underwriting deductions	\$92,707,867
Net underwriting gain (loss)	(\$59,311,765)
<b>Investment Income</b>	
Net investment income earned	\$804,059
Net realized capital gains or (losses)	(2,341)
Net investment gain or (loss)	\$801,718
<b>Other Income</b>	
Net gain or (loss) from agents' or premium balances charged off	\$(597,213)
Finance and service charges not included in premiums	4,666
Total other income	\$(592,547)
Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	(\$59,102,594)
Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	(\$59,102,594)
Federal & foreign income taxes incurred	0
Net Income	(\$59,102,594)
<b>Capital and Surplus Account</b>	
<b>Surplus as regards policyholders, December 31 prior year</b>	
Surplus as regards policyholders, December 31 prior year	\$25,852,955
Net Income	(59,102,594)
Change in net unrealized capital gains or losses less capital gains tax	(32,723)
Change in non-admitted assets	(206,290)
Change in provision for reinsurance	(614,430)
Change in surplus notes	68,000,000
Aggregate write-ins for gains and losses in surplus	22,061,599
Change in surplus as regards policyholders for the year	\$30,105,561
Surplus as regards policyholders, December 31, current year	<u>\$55,958,516</u>

**Kin Interinsurance Network  
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 January 1, 2021, per Company			\$ 26,074,472
	Increase	Decrease	
Net income		83,344,465	
Change in net unrealized capital gain (loss)	141,635		
Change in net deferred income tax	46,348		
Change in non-admitted assets		497,140	
Change in provision for reinsurance		614,430	
Change in surplus notes	83,000,000		
Aggregate write-ins for gains/losses in surplus	31,152,097		
Net increase (or decrease)			\$29,884,044
Surplus at December 31, 2022 per Company			<u>\$55,958,516</u>



## COMMENTS ON FINANCIAL STATEMENT ITEMS

### Capital and Surplus

The amount of capital and surplus reported by the Company of \$55,958,516, exceeded the minimum of \$15,000,000 as required by Sections 624.408 and 629.071, Florida Statutes.

### SUBSEQUENT EVENTS

A review of financial information, the Company's records, and the minutes to the meetings of the Board and Board Committees, and other information, for the period subsequent to the examination period was performed to ascertain whether any subsequent events have occurred which would have a material impact on the Company's operations or financial statements. In addition, an inquiry was made of the Company's management regarding subsequent events. The following significant events identified subsequent to December 31, 2022, and through the date of this report are noted.

#### Surplus Note Amendments

Subsequent to the balance sheet date under examination, Kin amended the surplus two additional times, increasing the principal balance by \$32,000,000, and bringing the total surplus note to \$148,500,000 as of December 31, 2023. The increases in surplus notes have allowed Kin to maintain a risk based capital level above the minimum requirements and have funded Kin's capital requirements to offset reported losses.

#### Net Losses

Kin continued to sustain high losses. Net underwriting loss increased from \$59,311,765 at December 31, 2022, to \$64,835,759 at December 31, 2023. This underwriting performance resulted in an overall net loss of \$59,533,599.

## CONCLUSION

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

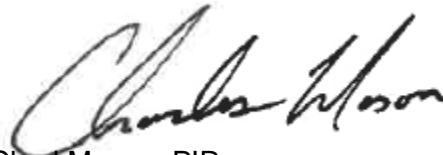
The following individuals with the Florida Office of Insurance Regulation (“FLOIR”) and the firms of INS Regulatory Insurance Services, Inc., INS Consultants, Inc., and INS Services, Inc., collectively referred to as The INS Companies, participated in the examination.

Kelly Willison CPA, CFE, CFE (Fraud)	Examination Manager	The INS Companies
Stephen Kalargyros	Staff Examiner	The INS Companies
Dave Gordon, CISA, CFE (Fraud)	IT Examiner	The INS Companies
John Albertini CISA, CISM, CISSP	IT Examiner	The INS Companies
John Pedrick, FCAS, MAAA	Actuarial Examiner	The INS Companies
Pete Vuong, FCAS, MAAA	Actuarial Examiner	The INS Companies
Joe Morris, ACAS, MAAA	Actuarial Examiner	The INS Companies
Bobby Jackson, CPA, APIR	Examination Supervisor	FLOIR
Trevor Eaton	Staff Examiner	FLOIR

Respectfully submitted,



Don Carbone, CFE, CIE, ARe, AIAF, AMCM,  
Examiner In Charge;  
The INS Companies  
Representing the Florida Office of Insurance Regulation



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