



**EXAMINATION REPORT
OF**

**SLIDE INSURANCE COMPANY
Tampa, Florida**

NAIC Company Code: 17227

**as of
December 31, 2022**

**By
The Florida Office of Insurance Regulation**

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February 14, 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

Slide Insurance Company
4221 W Boy Scout Blvd
Tampa, Florida 33607

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

SCOPE OF EXAMINATION

This examination covered the period of March 1, 2022 through December 31, 2022 and the fieldwork commenced with planning with the Florida Office of Insurance Regulation (“the Office”) on August 16, 2023. The fieldwork concluded on February 14, 2024. This is the Company’s first examination.

The examination was a single 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 examination was on a Florida domestic only and 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

The following is a summary of significant findings of fact including material adverse findings, significant non-compliance findings, such as non-compliance with state law(s), SSAPs, annual financial statement instructions, etc. or material changes in the financial statements. Some of the findings noted during this examination period have been resolved by the Company subsequent to the examination date. These findings or exceptions are discussed in detail in the body of the examination report.

Conflict of Interest Statements

The Company was unable to provide signed Conflict of Interest Statements for all Officers and Directors.

Previous Examination Findings

This is the Company's first examination.

COMPANY HISTORY

General

The Company is a domestic property and casualty stock insurer based in Florida that is licensed in two states, Florida and South Carolina, and specializes primarily in writing homeowners' insurance.

The Company was licensed in Florida on February 24, 2022 and commenced business on March 1, 2022.

The Company is 100% owned by its ultimate parent, Slide Insurance Holdings, Inc., which also owns other entities that provide various services to the Company.

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 | 10,000 |
| Number of shares issued and outstanding | 10,000 |
| Total common capital stock | \$10,000 |
| Par value per share | \$1.00 |

Slide Insurance Holdings, Inc. contributed \$24,990,000 in additional paid in capital in 2022.

Surplus Notes

The Company entered into a subordinated surplus debenture with its parent, Slide Insurance Holdings, Inc., on March 1, 2022. The debenture is for \$13,000,000 with an interest rate of 12%. The interest is required to be paid quarterly and said repayment is subject to first having been approved by the Office. This transaction has been approved by the Office and found to be acceptable pursuant to Chapter 625 Part I, Florida Statutes. The principal sum of this debenture and any unpaid interest thereon shall be due and payable in full on December 31, 2032, subject to approval by the Office.

Acquisitions, Mergers, Disposals, Dissolutions

In March of 2022, the Company acquired 147,000 policies from St. Johns Insurance Company and issued new "stub" policies to cover the remaining term of those policies.

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 |
| Bruce Thomas Lucas (1) | Tampa, Florida | Director, Slide Insurance Company |
| Shannon Elizabeth Lucas | Tampa, Florida | Director, Slide Insurance Company |
| Robert Dauby Gries | Tampa, Florida | Director, Slide Insurance Company |
| Stephen Lowell Rohde | St. Paul, Minnesota | Director, Slide Insurance Company |
| Sheel Vijay Walvekar | Bloomfield Township, Michigan | Director, Slide Insurance Company |

(1) Chairman

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

| Senior Officers | | |
|--------------------------|--------------------|---|
| Name | City, State | Title |
| Bruce Thomas Lucas | Tampa, Florida | Chief Executive Officer & President, Slide Insurance Company |
| Shannon Elizabeth Lucas | Tampa, Florida | Chief Risk Officer & Chief Operating Officer, Slide Insurance Company |
| John Christopher Devoe | Tampa, Florida | Chief Claims Officer, Slide Insurance Company |
| Jennifer Lee Gravelle(a) | Tampa, Florida | Chief Financial Officer, Slide Insurance Company |

(a) Resigned on January 6, 2023, replaced by Rick Hanson, effective December 18, 2023

The Company’s Board appointed several internal committees. The following were the principal internal board committees and their members as of December 31, 2022:

| Audit Committee | | |
|------------------------|----------------------|----------------------|
| Bruce Thomas Lucas (1) | Sheel Vijay Walvekar | Stephen Lowell Rohde |

(1) Chairman

| Investment Committee | | |
|------------------------|----------------------|--------------------|
| Bruce Thomas Lucas (1) | Sheel Vijay Walvekar | Robert Dauby Gries |

(1) Chairman

Compliance with Section 624.4073 Florida Statutes

According to Section 624.4073 F.S., any person who was an officer or director of an insurer doing business in this state and who served in that capacity within the 2-year period before the date the insurer became insolvent, may not thereafter serve as an officer or director of an insurer authorized in this state or have direct or indirect control over the selection or appointment of an officer or director through contract, trust, or by operation of law, unless the officer or director demonstrates that his or her personal actions or omissions were not a significant contributing cause to the insolvency.

Upon the January 6, 2023 resignation of the Company's Chief Financial Officer (CFO), Jesse Schalk, CFO/President of Slide Insurance Holdings, Inc., informally assumed those responsibilities at the Company and was also reported as having Jeremy Baczkiewicz as a direct report. Mr. Baczkiewicz is the Senior Vice President of Underwriting for the Company. It is the examination's opinion that Mr. Schalk was performing the roles and responsibilities of an officer at the Company that included control over the Company's selection of officers, which was a violation of Section 624.4073 F.S.

The Examination recommended the Company comply with the statute by hiring a separate CFO for the Company and having defined separation of duties that allow Mr. Schalk to perform specific duties at the Holding Company level that remove any direct or indirect control over the Company's selection of Officers or Directors.

Subsequent Event:

Effective December 18, 2023, the Board of Directors appointed Rick Hanson as CFO and the paperwork is being prepared for submission to the Office.

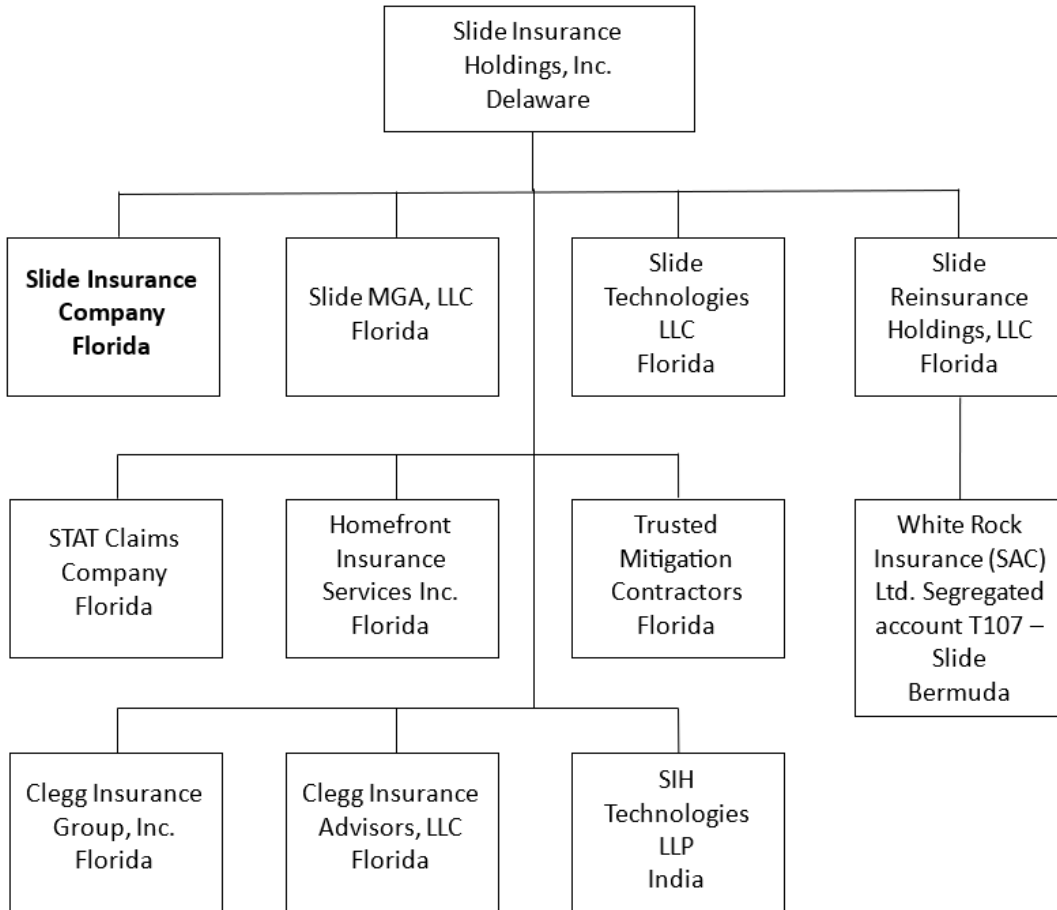
Holding Company System

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.

Slide Insurance Company

Organizational Chart

December 31, 2022



Affiliate Agreements

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

Slide MGA, LLC

On February 21, 2022, the Company entered into an MGA Agreement with Slide MGA, LLC ("Slide MGA") in which Slide MGA performs certain functions on behalf of the Company for a commission, to include policy processing, agent services, and claims handling. In 2022, the Company paid \$79.8 million to Slide MGA.

Agreement with Affiliate

The Company utilized an agreement with an affiliate in effect since June 1, 2022, that was not filed with the Office until May 1, 2023. The filing regarding this agreement was withdrawn on October 13, 2023, and the Company discontinued the use of the agreement on that date. As of the completion of exam fieldwork, the Company has continued to be cooperative with the Office.

STAT Claims Company

The Company is party to a Claims Services Agreement with STAT Claims Company (STAT Claims) in which STAT Claims provides claims adjusting services. Payments to STAT Claims are directly allocated to claim Loss Adjustment Expense (LAE). In 2022, the Company paid approximately \$49.1 million to STAT Claims.

Slide Reinsurance Holdings, LLC

Slide Reinsurance Holdings, LLC (Slide Re) owns shares of White Rock Insurance (SAC) Ltd (White Rock), which is organized as a Segregated Account Captive. Affiliate reinsurance agreements for White Rock coverage are transacted through Slide Re.

On March 31, 2022, the Company executed a 20% Quota Share Reinsurance Agreement with White Rock. The contract was effective until June 1, 2022, and was replaced by a similar

agreement with White Rock effective through June 1, 2023. In 2022, under the terms of this agreement, the Company reported \$53.2 million in ceded premium, \$10.9 million in ceded Loss and LAE payments, and \$7.6 million in ceded Loss and LAE reserves. The Company also reported a \$42.6 million Funds Held liability to Slide Re to collateralize the reinsurance recoverables.

On June 30, 2022, the Company executed a Catastrophe Excess of Loss (CAT XOL) Agreement with White Rock providing 1st and 2nd event coverage up to \$22.5 million for losses exceeding \$7.5 million. In 2022, under the terms of this agreement, the Company reported \$28.8 million in ceded premium, \$22.5 million in ceded Loss LAE payments, and \$17.5 million in ceded Loss and LAE reserves.

On June 30, 2022, the Company purchased Reinstatement Premium Protection (RPP) coverage under an agreement with White Rock providing the option to reinstate coverage should losses exceed those amounts provided by the CAT XOL agreement. In 2022, under the terms of this agreement, the Company paid approximately \$2.2 million to Slide Re.

ACCOUNTS AND RECORDS

The Company maintained its principal operational offices in Tampa, Florida.

Conflict of Interest

The Company adopted a policy statement requiring periodic disclosure of conflicts of interest in accordance with the Handbook adopted by Rule 690-138.001, Florida Administrative Code. However, the Company was unable to provide the Conflict of Interest statements for Directors, Robert Gries, Stephen Rohde, and Sheel Walvekar.

The Examination recommended the Company require annual completion of the Conflict of Interest Statements from all Officer and Directors.

TERRITORY AND PLAN OF OPERATIONS

The Company was authorized to transact insurance in the following states:

| | |
|---------|----------------|
| Florida | South Carolina |
|---------|----------------|

The Company was authorized to transact insurance in Florida on February 24, 2022 and is currently authorized for the following lines of business as of December 31, 2022:

| | |
|---------------------------|------------------------------|
| Fire | Allied Lines |
| Homeowners Multiple Peril | Inland Marine |
| Earthquake | Other Liability - Occurrence |

The Company primarily writes homeowners insurance in the states where it is licensed or eligible.

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

The Company's reinsurance program consisted of Quota Share (QS), Facultative (FAC), and Excess of Loss coverages (XOL). The Company utilized non-affiliate reinsurers from the private market and the Florida Hurricane Catastrophe Fund. Affiliated reinsurance was provided through Slide Re and its direct subsidiary White Rock Insurance (SAC) Limited.

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 Office 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.)

Slide Insurance Company
Assets
December 31, 2022

| | Assets | Nonadmitted Assets | Net Admitted Assets |
|--|-----------------------------|---------------------------|-----------------------------|
| Bonds | \$24,909,756 | | \$24,909,756 |
| Cash and short-term investments | 115,428,111 | | 115,428,111 |
| Receivables for securities | 500,000 | | 500,000 |
| Subtotals, cash, and invested assets | \$140,837,867 | | \$140,837,867 |
| Investment income due and accrued | 212,769 | | 212,769 |
| Premiums and considerations | | | |
| Deferred premiums, agents' balances, and installments | 12,201,740 | | 12,201,740 |
| Reinsurance | | | |
| Amounts recoverable from reinsurer | 84,817,854 | | 84,817,854 |
| Net deferred tax asset | 3,700,117 | 22,561 | 3,677,556 |
| Electronic data processing equipment and software | 5,266,906 | 3,885,521 | 1,381,385 |
| Receivables from parent, subsidiaries and affiliates | 15,300,007 | | 15,300,007 |
| Aggregate write-in for other than invested assets | 662,193 | 351,729 | 310,464 |
| Total assets excluding Separate Accounts, Segregated Accounts, and Protected Cell Accounts | 262,999,453 | 4,259,811 | 258,739,642 |
| Totals | <u>\$262,999,453</u> | <u>\$4,259,811</u> | <u>\$258,739,642</u> |

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

| | Per Company |
|--|----------------------|
| Losses | \$53,261,295 |
| Loss adjustment expenses | 237,004 |
| Other expenses | 453,872 |
| Taxes, licenses and fees | 3,221,610 |
| Current federal and foreign income taxes | 4,296,996 |
| Unearned premiums | 68,444,875 |
| Advance premiums | 10,878,965 |
| Ceded reinsurance premiums payable | 4,191,422 |
| Funds held by company under reinsurance treaties | 42,648,595 |
| Payable to parent, subsidiaries and affiliates | 4,777,182 |
| Aggregate write-in for liabilities | 15,222,712 |
| Total liabilities excluding protected cell liabilities | 207,634,528 |
| Total liabilities | \$207,634,528 |
| Common capital stock | 10,000 |
| Surplus notes | 28,000,000 |
| Gross paid-in and contributed surplus | 24,990,000 |
| Unassigned funds (surplus) | (1,894,886) |
| Surplus as regards policyholders | 51,105,114 |
| Totals | <u>\$258,739,642</u> |

Slide Insurance Company
Statement of Income
December 31, 2022

| Underwriting Income | Per Company |
|---|---------------------|
| Premiums earned | \$152,730,439 |
| Deductions | |
| Losses incurred | \$99,293,195 |
| Loss adjustment expenses incurred | 17,354,857 |
| Other underwriting expenses incurred | 34,145,217 |
| Total Underwriting deductions | 150,793,269 |
| Net underwriting gain (loss) | \$1,937,170 |
| Investment Income | |
| Net investment income earned | \$1,218,891 |
| Net realized capital gains or (losses) | (2,709) |
| Net investment gain or (loss) | \$1,216,182 |
| Other Income | |
| Net gain or (loss) from agents' or premium balances charged off | \$(748,519) |
| Finance and service charges not included in premiums | 227,322 |
| Aggregate write-ins for miscellaneous income | 329,649 |
| Total other income | \$(191,548) |
| Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes | \$2,961,804 |
| Federal & foreign income taxes incurred | 4,296,996 |
| Net Income | \$(1,335,192) |
| Capital and Surplus Account | |
| Surplus as regards policyholders, December 31 prior year | |
| Net Income | \$(1,335,192) |
| Change in net deferred income taxes | 3,700,117 |
| Change in non-admitted assets | (4,259,811) |
| Change in surplus notes | 28,000,000 |
| Capital Changes: | |
| Paid in | 10,000 |
| Surplus adjustments: | |
| Paid in | 24,990,000 |
| Change in surplus as regards policyholders for the year | 51,105,115 |
| Surplus as regards policyholders, December 31, current year | <u>\$51,105,115</u> |

**Slide Insurance Company
Reconciliation of Capital and Surplus
December 31, 2022**

No adjustments were made to surplus as regards policyholders as a result of the examination.

| Capital/Surplus Change during Examination Period | | | |
|---|------------|-----------|---------------------|
| Surplus at March 1, 2022, per Company | | | \$0 |
| | Increase | Decrease | |
| Net Income (loss) | | 1,335,192 | |
| Change in net deferred income tax | 3,700,117 | | |
| Change in non-admitted assets | | 4,259,811 | |
| Change in surplus notes | 28,000,000 | | |
| Change in paid in capital | 10,000 | | |
| Change in paid in surplus | 24,990,000 | | |
| Net increase (or decrease) | | | \$51,105,115 |
| Surplus at December 31, 2022, per Company | | | <u>\$51,105,115</u> |

COMMENTS ON FINANCIAL STATEMENT ITEMS

Capital and Surplus

The amount of capital and surplus reported by the Company of \$51,105,114 exceeded the minimum of \$19,069,345 required by Section 624.408, Florida Statutes.

SUBSEQUENT EVENTS

- Jennifer Gravelle, CFO, resigned from the Company in January 2023. Effective December 18, 2023, the Board of Directors appointed Rick Hanson as CFO.

- The Company entered into a subordinated surplus note with its parent, Slide Insurance Holdings, Inc., on February 2, 2023. The debenture is for \$15,000,000 with an interest rate of 12%. The interest is required to be paid quarterly and said repayment is subject to first having been approved by the Office. The principal sum of this debenture and any unpaid interest thereon shall be due and payable in full under this debenture on December 31, 2033, subject to approval by the Office. This transaction has been approved by the Office and found to be acceptable assets pursuant to Chapter 625 Part II, Florida Statutes. The Company received permission from the Office to include it as surplus as of December 31, 2022 per SAP 72 request approved February 20, 2023.

- On September 29, 2023 and again on December 15, 2023 Slide Insurance Holdings, Inc. made capital contributions of \$25,000,000 to the Company totaling \$50,000,000.

- On January 26, 2023, the Company was approved to transfer 72,000 policies from United Property & Casualty Insurance Company.

- In October 2023, the Company acquired renewal rights to 86,000 homeowners policies from Farmers' Insurance Company.

- On October 31, 2023 the Company was approved to take-out policies from Citizens Property Insurance Corp (Citizens) through the Citizens Depopulation Program.

- The Office determined that the effect of reporting the utilization of the unapproved agreement on both the 2022 and 2023 year-end financial statements, as apportioned to each year, were not material to Slide's financial statement.

SUMMARY OF RECOMMENDATIONS

Conflict of Interest Statements

The Examination recommended the Company require annual completion of the Conflict of Interest Statements from all Officer and Directors.

CONCLUSION

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

In addition to the undersigned, the following also participated in the examination:

Lori Shores, CISA
Aleksandreja Kulits
Laura Martin, FCAS, MAAA

Examiner, IT Specialist
Examiner
Exam Actuary

Highland Clark, LLC
Highland Clark, LLC
The Actuarial Advantage, Inc.

Respectfully submitted,



Tracy, Gates, CISA, CFE
Examiner in Charge, IT Specialist
Highland Clark, LLC



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