REPORT ON EXAMINATION

OF

AMERICAN BANKERS INSURANCE COMPANY OF FLORIDA

MIAMI, FLORIDA

AS OF

DECEMBER 31, 2013

BY THE

FLORIDA OFFICE OF INSURANCE REGULATION

TABLE OF CONTENTS

May 29, 2015

Kevin M. McCarty
Commissioner
Office of Insurance Regulation
State of Florida
Tallahassee, Florida 32399-0326

Dear Sir:

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 (NAIC), we have conducted an examination as of December 31, 2013, of the financial condition and corporate affairs of:

AMERICAN BANKERS INSURANCE COMPANY OF FLORIDA
11222 QUAIL ROOST DRIVE
MIAMI, FLORIDA 33157-6596

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, 2011 through December 31, 2013. The Company was last examined by representatives of the Florida Office of Insurance Regulation (Office) as of December 31, 2010. This examination commenced with planning at the Office on November 3, 2014 to November 7, 2014. The fieldwork commenced on November 10, 2014 and concluded as of May 29, 2015.

This financial examination was an association examination conducted in accordance with the Financial Condition Examiners Handbook, Accounting Practices and Procedures Manual and Annual Statement Instructions promulgated by the NAIC as adopted by Rules 69O-137.001(4) and 69O-138.001, Florida Administrative Code, with due regard to the statutory requirements of the insurance laws and rules of the State of Florida.

The Financial Condition Examiners Handbook requires that the examination be planned and performed to evaluate the financial condition and identify prospective risks of the Company by obtaining information about the Company including corporate governance, identifying and assessing inherent risks within the Company, and evaluating system controls and procedures used to mitigate those risks. An examination also includes assessing the principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation and management's compliance with Statutory Accounting Principles and Annual Statement Instructions when applicable to domestic state regulations.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process.

This report of examination is confined to significant adverse findings, a material change in the financial statements or other information of regulatory significance or requiring regulatory action. The report comments on matters that involved departures from laws, regulations or rules, or which were deemed to require special explanation or description.

SUMMARY OF SIGNIFICANT FINDINGS

Current Examination Findings

There were no material findings or exceptions noted during the examination as of December 31, 2013.

Prior Examination Findings

The following is a summary of significant adverse findings contained in the Office's prior examination report as of December 31, 2010, along with resulting action taken by the Company in connection therewith.

Catastrophe Reserve

The Company's Actuarial Report did not disclose that a required catastrophe reserve had been established for rating plans that had a rate, premium and/or surcharge for catastrophe hazards. This was a violation of Section 627.062(2), Florida Statutes.

Resolution: At December 31, 2013, the Company was disclosing a required catastrophe reserve in its Actuarial Report in the amount of $3.9 million.

SUBSEQUENT EVENTS

Changes have been made to the management of the Company subsequent to the examination date. Michael Allen Hakimian, Senior Vice President was elected as an officer of the Company effective May 23, 2014, and as of May 29, 2015 is no longer with the Company. As of June 2, 2014, John Nicholas Tabar is no longer an officer of the Company.

The Company entered into a number of related party and reinsurance agreements subsequent to the examination period.

On January 1, 2015, Assurant Inc. sold its general agency business and the primary associated insurance carrier, American Reliable Insurance Company (ARIC), an affiliate of the Company, to Global Indemnity Group, Inc., a subsidiary of Global Indemnity plc, for approximately $114 million. The sale price was based on GAAP book value of the business from June 30, 2014, with adjustments until January 1, 2015. The Company cedes personal line non-auto, agricultural and commercial insurance to ARIC. The Company assumes discontinued lines of business from ARIC.

On April 28, 2015, Assurant, Inc. announced that, following a strategic review of its business portfolio, it will focus its resources on niche housing and lifestyle protection offerings where it holds market leading positions to consistently generate specialty returns long term. In reshaping its portfolio, Assurant is exploring strategic alternatives for its employee benefits and health business segments, including the sale of each business. Absent a sale of the health business segment, Assurant plans to substantially complete its exit from the health insurance market in 2016.

HISTORY

General

The Company was incorporated on October 29, 1947, as a stock property and casualty insurance company under the applicable provisions of the Florida Statutes. The Company commenced business on December 30, 1948. In 1980, there was a tax-free reorganization whereby a holding company was formed. All of the Company's shares held by the public were surrendered at that time in exchange for shares of the holding company, American Bankers Insurance Group Inc. (ABIG). In turn, ABIG received and currently holds all of the Company's issued and outstanding stock, 5,083,164 common shares as evidenced by a single stock certificate.

On January 1, 2004, the Company was an indirect wholly owned subsidiary of Fortis, Inc., domiciled in the US, which itself was an indirect, wholly owned subsidiary of Fortis N.V. of the Netherlands and Fortis SA/NV of Belgium (collectively, Fortis) through their affiliates, including their wholly owned subsidiary, Fortis Insurance N.V.

On February 5, 2004, Fortis sold approximately 65% of its ownership interest in Fortis, Inc. through an Initial Public Offering (IPO) and retained approximately 35% of its ownership, 50,199,130 shares. In connection with the IPO, Fortis, Inc. was merged into Assurant, Inc., a Delaware corporation, which was formed solely for the purpose of the redomestication of Fortis, Inc. After the merger, Assurant, Inc. became the successor to the business, operations and obligations of Fortis, Inc. Assurant, Inc. stocks are traded on the New York Stock Exchange under the symbol AIZ. During the period from January 1, 2006 to December 31, 2010, ABIG maintained complete ownership of the Company and ABIG was owned 100% by Interfinancial, Inc.

The Company provides credit-related insurance programs in the United States and Canada. The Company operates in various property and casualty lines, the most significant of which are credit property, unemployment, homeowner's multiple peril, inland marine, and accident and health. The Company, as an international wholesaler and marketer of insurance products, services and programs, concentrates on marketing through financial institutions, retailers, and other entities which provide consumer financing as a regular part of their business. The Company has a wholly owned subsidiary, ABGA, which it controls through a management agreement, Reliable Lloyds Insurance Company (RLIC).

The Company was authorized to transact the following insurance coverage in Florida on various dates in 1948, 1999 and 2003 and continued to be authorized as of December 31, 2013:

Prepaid Legal
Other Liability
Private Passenger Auto Physical Damage
Miscellaneous Casualty
Commercial Automobile Liability
Farmowners Multi-Peril
Allied Lines
Private Passenger Auto Liability
Inland Marine
Earthquake
Ocean Marine
Glass
Homeowner's Multi-Peril
Fire
Credit Disability
Livestock
Bailbonds
Auto Warranties
Mobile Home Multi-Peril
Mobile Home Physical Damage
Accident and Health
Commercial Multi-Peril
Surety
Service Warranties (non-auto)
Commercial Auto Physical Damage
Home Warranties
Credit

The Articles of Incorporation were not amended during the period covered by this examination. The Bylaws were amended effective January 1, 2011 to dissolve the Investment Committee and make certain other administrative and technical changes.

Dividends to Stockholders

In accordance with Section 628.371, Florida Statutes, the Company declared and paid dividends to its stockholder in 2011, 2012 and 2013 in the amounts of $15,000,000, $10,000,000 and $52,000,000 respectively.

Capital Stock and Capital Contributions

As of December 31, 2013, the Company's capitalization was as follows:

Number of authorized common capital shares	10,000,000
Number of shares issued and outstanding	5,083,164
Total common capital stock	$5,083,164
Par value per share	$1.00

Control of the Company was maintained by its parent, American Bankers Insurance Group, who owned 100% of the stock issued by the Company, who in turn was 100% owned by Interfinancial, Inc., who in turn was 100% owned by Assurant, Inc., a Delaware corporation.

The Company received a capital infusion of $10,870,779 in the form of a deferred tax asset in 2011. The Company received a surplus contribution of $50,000,000 in 2012.

Surplus Notes

The Company did not have any surplus notes during the period of this examination.

Acquisitions, Mergers, Disposals, Dissolutions and Purchase or Sales through Reinsurance

The Company had no acquisitions, mergers, disposals, dissolutions and purchase or sales through reinsurance during the period of this examination.

CORPORATE RECORDS

The recorded minutes of the Shareholder, Board of Directors (Board) and certain internal committees were reviewed for the period under examination. The recorded minutes of the Board adequately documented its meetings and approval of Company transactions and events, in compliance with the NAIC Financial Condition Examiners Handbook adopted by Rule 69O-138.001, Florida Administrative Code including the authorization of investments as required by Section 625.304, Florida Statutes.

Conflict of Interest

The Company adopted a policy statement requiring periodic disclosure of conflicts of interest in accordance with the NAIC Financial Condition Examiners Handbook adopted by Rule 69O-138.001, Florida Administrative Code.

MANAGEMENT AND CONTROL

Management

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, 2013, were:

Directors

Name and Location	Principal Occupation
Gene Edward Mergelmeyer Santa Ana, California	President American Bankers Insurance Company of Florida
Gregory Joseph DeChurch Miami, Florida	General Counsel American Bankers Insurance Company of Florida
Dina Olsen Miami, Florida	Vice President, Operations and Product Development American Bankers Insurance Group, Inc.
Katherine Ann McDonald Miami, Florida	CEO American Bankers Insurance Company of Florida
Kimberly Lee Swackhammer Miami, Florida	Vice President, Records and Information Management OFAC and AML American Bankers Insurance Group
Peter Alexander Walker Atlanta, Georgia	Senior Vice President American Bankers Insurance Company of Florida

In accordance with the Company's bylaws, the Board appointed the following senior officers:

Senior Officers

Name	Title
Gene Edward Mergelmeyer	President
Katharine Ann McDonald	Chief Executive Officer
Jeannie Amy Aragon-Cruz	Secretary
Andrew Paul Chung	Treasurer
Jeffrey Alan Lamy	Actuary
Gregory Joseph DeChurch	General Counsel
Steven Craig Lemasters	Executive Vice President
Manuel Jose Becerra	Group Senior Vice President
Michael David Anderson	Senior Vice President
Russell Gary Kirsch	Senior Vice President
Joseph Edward Erdeman	Senior Vice President
John Nicholas Tabar (a)	Senior Vice President
Michael Campbell	Senior Vice President
John August Frobose	Senior Vice President
Ivan Carlos Lopez-Morales	Senior Vice President
Peter Alexander Walker	Senior Vice President

(a) John Nicholas Tabar resigned on June 2, 2014, and was replaced by Michael Allen Hakimian as Senior Vice President on May 23, 2014.

Some of the Company's Board members were also members of several committees at the parent or ultimate parent level. As of December 31, 2013, the Company had no committees.

The Company's ultimate parent maintains an audit committee at the holding company level, as required by Section 624.424(8) (c), Florida Statutes.

Affiliated Companies

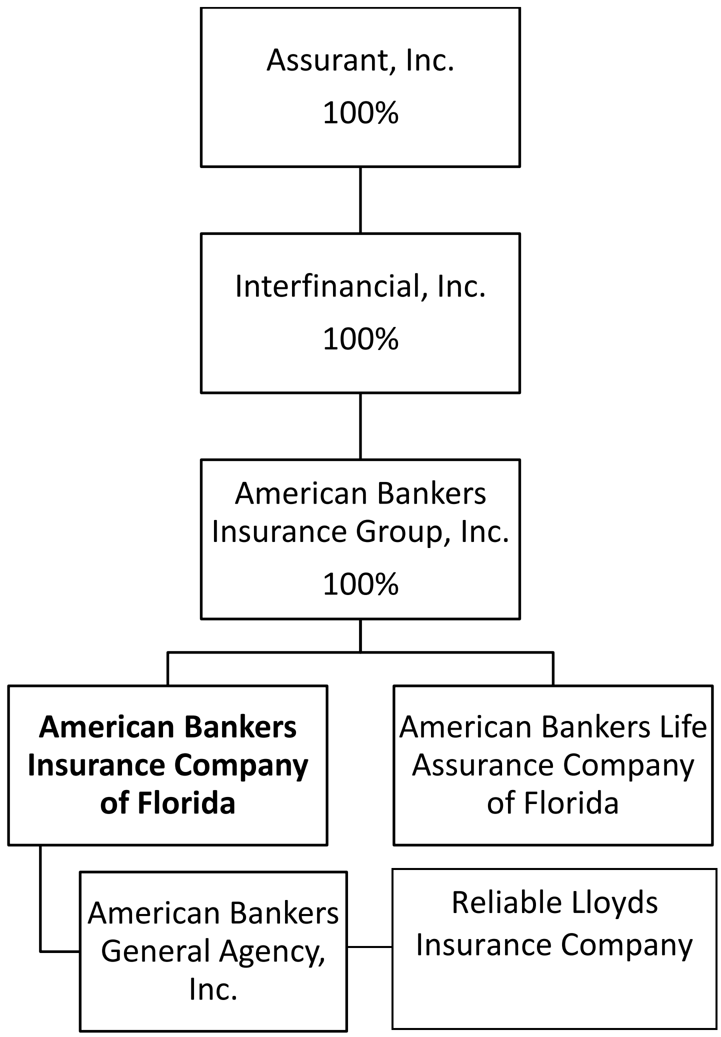
The most recent holding company registration statement was filed with the Office on March 25, 2015 as required by Section 628.801, Florida Statutes, and Rule 69O-143.046, Florida Administrative Code.

A simplified organizational chart as of December 31, 2013, reflecting the holding company system, is shown on the following page. Schedule Y of the Company's 2013 annual statement provided a list of all related companies of the holding company group.

AMERICAN BANKERS INSURANCE COMPANY OF FLORIDA

SIMPLIFIED ORGANIZATIONAL CHART

DECEMBER 31, 2013



Agreements (Between Company & Affiliates)

The Company had in excess of ninety agreements in force with various affiliates during the examination period. These affiliated agreements primarily consisted of various investment management and inter-company services agreements with ABIG, the immediate parent and Assurant, Inc., the ultimate parent. Under these agreements, the Company received services from either Assurant, Inc. or ABIG, relating to investment management, accounting, safekeeping of assets, information systems, office space, administration, marketing, and various other services. The agreements were reflected in the holding company filings made by and on behalf of the Company and its parent and affiliates. The most significant agreements between the Company and its parent were reviewed as part of the current examination, with no exceptions noted.

The Company entered into the following agreements during the examination period:

- General Agency Agreement (premium collection and remittance, funding of Claims Account-a zero balance account, funded by applicable insurer) between the Company and The Signal LP, effective October 1, 2008; amended effective October 1, 2008; and amended effective June 1, 2013.
- Second Amended and Restated Federal Tax Allocation Agreement among Assurant, Inc. and its subsidiaries dated December 27, 2013.
- Inter-Company Services Agreement by and between the Company (performing party) and Assurant Life of Canada (benefiting party), for the performance of certain administrative and operational services, effective January 1, 2009; amended effective January 1, 2009, January 1, 2010, July 1, 2010, January 1, 2011, January 1, 2012.

- Intercompany Services and Payment Intermediary Agreement by and between the Company and Union Security Insurance Company for the performance of certain administrative and operational services for each other, effective February 15, 2011.
- Insurance Services Agreement by and between American Security Insurance Company, the Company, ABGA and The Signal, LP, effective November 1, 2012.
- Catastrophe Aggregate Reinsurance Contract, effective June 1, 2011, June 1, 2012, June 1, 2013 by and between ARIC and the Company, whereby ARIC will retain an ultimate net loss of $2 million.
- Catastrophe Excess of Loss Reinsurance Contract, effective June 1, 2011, June 1, 2012, June 1, 2013, by and between Caribbean American Property Insurance Company and the Company, whereby the Company will reinsure the excess net loss greater than $500,000 but is not liable for more than $3 million in each loss occurrence with $9 million aggregate for losses incurred anywhere within the limits of Puerto Rico and the US Virgin Islands.
- Property and Casualty Reinsurance Contract, effective January 1, 2011, by and between Caribbean American Life Assurance Company and the Company whereby Caribbean American Life Assurance Company cedes certain credit involuntary unemployment insurance risks to the Company.
- Property and Casualty Reinsurance Contract, effective January 1, 2011, by and between Caribbean American Property Insurance Company and the Company whereby Caribbean American Property Insurance Company cedes certain credit involuntary unemployment insurance risks to the Company.
- Contract for Proportional Reinsurance on Surplus, effective July 31, 2011, by and between Assurant Argentina Compañía de Seguros S.A. and the Company, whereby

Assurant Argentina Compañía de Seguros S.A. cedes certain unemployment insurance risks to the Company.

- Non-Catastrophe Losses Property Quota Share Reinsurance Contract, effective January 1, 2011, by and between Caribbean American Property Insurance Company and the Company whereby Caribbean American Property Insurance Company cedes non-catastrophe losses under dwelling policy insurance risks to the Company, amended January 1, 2012.
- Excess of Loss Catastrophe Losses Reinsurance Contract, effective January 1, 2011, by and between Caribbean American Property Insurance Company and the Company whereby Caribbean American Property Insurance Company cedes catastrophe losses under dwelling policy insurance risks in excess of $235,000 to the Company up to a limit of $190 million, amended January 1, 2012.
- Reinsurance Contract, effective January 1, 2011, by and between Voyager Indemnity Insurance Company and the Company whereby Voyager Indemnity Insurance Company cedes certain property and casualty insurance risks to the Company, amended effective November 1, 2011 and February 1, 2012.
- Reinsurance Contract, effective June 1, 2012, by and between Standard Guaranty Insurance Company and the Company whereby Standard Guaranty Insurance Company cedes certain property and casualty insurance risks to the Company.
- Catastrophe Aggregate Reinsurance Contract, effective January 1, 2012, January 1, 2013, by and between Voyager Indemnity Insurance Company and the Company, whereby Voyager Indemnity Insurance Company will retain an ultimate net loss of $3 million.
- Credit Accident & Health Reinsurance Contract, effective January 1, 2011 by and

between the Company and American Bankers Life Assurance Company whereby the Company cedes certain credit accident and health insurance risks to American Bankers Life Assurance Company.

- Reinsurance Contract, effective January 1, 2013, by and between American Security Insurance Company and the Company whereby American Security Insurance Company cedes certain property and casualty insurance risks covering service contracts to the Company.
- Reinsurance Agreement effective October 2, 2011 by and between the Company and Bankers Atlantic Reinsurance Company, where by the Company cedes certain unemployment, credit property and accidental death risks to Bankers Atlantic Reinsurance Company, amended effective February 1, 2013.
- Reinsurance Contract, effective February 1, 2013, by and between Standard Guaranty Insurance Company and the Company whereby Standard Guaranty Insurance Company cedes certain property and casualty insurance risks to the Company.
- Reinsurance Contract, effective October 1, 2013, by and between the Company and Assurant General Insurance Limited whereby the Company cedes certain property and casualty wireless insurance and service contract risks to Assurant General Insurance Limited.

FIDELITY BOND

The Company was a named insured on an Assurant, Inc. fidelity bond with coverage up to $10,000,000 with deductibles of $0 each loss, audit expense, $0 each loss, claims expense and $250,000 each loss, each insuring clause which exceeded the suggested minimum as recommended by the NAIC.

PENSION, STOCK OWNERSHIP AND INSURANCE PLANS

Assurant, Inc. sponsors a qualified defined benefit pension plan and certain other post-retirement plans covering employees who meet eligibility requirements as to age and length of service. Plan assets of the pension plan are not specifically identified by each participating subsidiary. The Company has no legal obligation for benefits under these plans. Assurant, Inc.'s funding policy is to contribute amounts to the pension plan sufficient to meet the minimum funding requirements set forth in the Employee Retirement Income Security Act of 1974, plus additional amounts as Assurant, Inc. may determine to be appropriate from time to time up to the maximum permitted. Certain subsidiaries are charged an allocable amount based on its employee pensionable earnings. Pension costs allocated to the Company were $4,711,015, $4,766,298, and $4,330,749 for 2013, 2012, and 2011, respectively.

The Company participates in a defined contribution plan, sponsored by Assurant, Inc., covering employees who meet eligibility requirements as to age and length of service. Benefits are payable to participants on termination of employment and to the beneficiaries of participants in the event of death. The amounts expensed were $3,927,943, $3,893,399, and $3,593,595 for 2013, 2012, and 2011, respectively.

With respect to retirement benefits, the Company participates in other retirement, health care, and life insurance benefit plans for retired employees, sponsored by Assurant, Inc. The Assurant, Inc. contribution, plan design, and other terms of remaining benefits will not change for those remaining employees. The Company is not legally obligated for benefits under these plans. During 2013, 2012, and 2011, the Company incurred expenses related to post-retirement benefits of $760,687, $1,091,850, and $1,127,574, respectively.

TERRITORY AND PLAN OF OPERATIONS

The Company is licensed to write business in all fifty states, the District of Columbia, Puerto Rico, the US Virgin Islands, and Canada.

Treatment of Policyholders

The Company established procedures for handling written complaints in accordance with Section 626.9541(1) (j), Florida Statutes. The Company maintained a claims procedure manual that included detailed procedures for handling each type of claim in accordance with Section 626.9541(1) (i) 3a, Florida Statutes.

COMPANY GROWTH

The Company provides credit-related insurance programs in the United States and Canada and operates in various property and casualty lines. The most significant lines of business are credit insurance programs (unemployment, property, and accident and health), homeowner's, mobile home physical damage, retail and auto warranty, and livestock lines of business throughout the United States and Canada. The Company, as an international wholesaler and marketer of insurance products, services and programs, concentrates on marketing through financial institutions, retailers and other entities which provide consumer financing as a regular part of their business. The Company has a wholly owned subsidiary, American Bankers General Agency, Inc. (ABGA), which controls through a management agreement, Reliable Lloyds Insurance Company (RLIC). As of December 31, 2013, approximately 23% of the Company's business was written in Canada.

The homeowner's multi-peril line of business represents the Company's largest line of business with approximately 33% of the Company's net premiums. Inland Marine is the second largest line of business with approximately 24% of the Company's net premiums. The Company had a 7% increase in surplus between 2012 and 2013. Surplus as regards policyholders has increased during all three years under examination. Surplus at December 31, 2013 was $542,116,674.

Profitability of Company

The following table shows the profitability trend (in dollars) of the Company for the period of examination, as reported in the filed annual statements.

	2013	2012	2011
Premiums Earned	784,066,789	670,710,493	570,771,269
Net Underwriting Gain/(Loss)	74,446,280	(1,623,130)	(30,157,495)
Net Income	96,509,610	33,439,322	12,156,919
Total Assets	1,844,859,238	1,707,524,560	1,378,659,809
Total Liabilities	1,302,742,564	1,201,055,685	973,943,455
Surplus As Regards Policyholders	542,116,674	506,468,875	404,716,354

LOSS EXPERIENCE

Incurred losses and loss adjustment expense (LAE) attributable to insured events of prior years have decreased by approximately $26,649,000 in 2013 as a result of re-estimation of unpaid losses and LAE primarily on the special property and other liabilities lines of business, as well as the assumed asbestos and environmental business, and decreased by approximately

$24,527,000 in 2012 as a result of re-estimation of unpaid losses and LAE primarily on the homeowner's/farmowner's, other liability and special property lines of business. These changes are generally the result of ongoing analysis of recent loss development trends. Original estimates on reserves are increased or decreased as additional informaiton becomes known regarding individual claims. No additional or return premims have been accrued as a result of the prior year effects.

REINSURANCE

A substantial portion of the Company's reinsurance activities are related to agreements to reinsure premiums generated by certain clients to the clients' own captive insurance companies or, to reinsurance subsidiaries in which the clients have an ownership interest. Clients' own captive insurance companies are pure captive reinsurance companies created to reinsure the risk of loss generated by the customers of the producer. Most of these agreements are in the form of a quota share treaty in which the reinsurer assumes an agreed percentage of each insurance policy being reinsured and shares all premiums and losses accordingly with the reinsured. Therefore, a substantial portion of income in this area is derived from fees paid by the captive insurance companies for processing and other services provided by the Company.

The reinsurance agreements reviewed complied with NAIC standards with respect to the standard insolvency clause, arbitration clause, transfer of risk, reporting and settlement information deadlines.

Assumed

The Company assumes business from its affiliates and non-affiliates. In 2013, the Company assumed $275 million in business from affiliates and $63 million from non-affiliates. The affiliate business consisted primarily of lines originated from American Reliable Insurance Company (ARIC), Voyager Indemnity Insurance Company, and RLIC. The unaffiliated business was primarily from one cedant.

Ceded

A substantial portion of the Company's reinsurance activities are related to agreements to reinsure premiums generated by certain clients to the clients' own captive insurance companies, or to reinsure subsidiaries in which the clients have an ownership interest. The Company ceded $1,204 million of the $2,087 million gross premium written. The Company is not relieved of its primary obligation to the policyholders in a reinsurance transaction, therefore a credit exposure exits to the extent that any reinsurer is unable to meet the obligation assumed in the reinsurance agreements. To mitigate this exposure to reinsurance insolvencies, the Company evaluated the financial condition of its reinsurers and holds substantial collateral (in the form of funds withheld, trusts, and letters of credit) as security under the reinsurance agreements.

ACCOUNTS AND RECORDS

The Company maintained its principal operational offices in Miami, Florida. The Company's accounting records were maintained on a computerized system.

The Company and non-affiliates had the following agreements:

Custodial Agreement

The Company maintained custodial agreements with JP Morgan Chase, Royal Bank of Canada Dexia Investor Services Trust, and US Bank Corporate Trust. The agreements were in compliance with Rule 69O-143.042, Florida Administrative Code.

Independent Auditor Agreement

An independent CPA audited the Company's statutory basis financial statements annually for the years 2011, 2012, and 2013, in accordance with Section 624.424(8), Florida Statutes. Supporting work papers were prepared by the CPA as required by Rule 69O-137.002, Florida Administrative Code.

INFORMATION TECHNOLOGY REPORT

INS Services, Inc. performed an evaluation of the information technology and computer systems of the Company. Results of the evaluation were noted in the Information Technology Report provided to the Company.

STATUTORY DEPOSITS

The following securities were deposited with the State of Florida as required by Section 624.411, Florida Statutes and with various state officials as required or permitted by law:

State	Book Value	Fair Value
Florida	3,056,367	3,325,990
Arkansas	207,454	207,134
Georgia	2,023,895	2,194,663
Indiana	75,345	75,345
Massachusetts	126,757	138,704
Mississippi	414,257	451,908
Nevada	411,518	430,344
New Hampshire	290,463	316,064
New Mexico	379,921	411,368
North Carolina	616,136	679,306
Oregon	284,949	311,806
South Carolina	259,782	296,408
Virginia	238,168	256,749
Guam	50,000	50,000
Puerto Rico	1,042,485	1,126,570
U.S. Virgin Islands	493,625	489,294
Canada	289,990,755	293,429,807
Total	**299,961,877**	**304,191,460**

FINANCIAL STATEMENTS PER EXAMINATION

The following pages contain financial statements showing the Company's financial position as of December 31, 2013, and the results of its operations for the year then ended as determined by this examination. Adjustments made as a result of the examination are noted in the section of this report captioned, "Comparative Analysis of Changes in Surplus."

AMERICAN BANKERS INSURANCE COMPANY OF FLORIDA

Assets

DECEMBER 31, 2013

	Per Company	Examination Adjustments	Per Examination
Bonds	$ 1,160,610,578	-	$ 1,160,610,578
Stocks:			
Preferred stocks	39,464,293	-	39,464,293
Common stocks	9,927,677	-	9,927,677
Mortgage loans on real estate:			
First liens	82,072,777	-	82,072,777
Real estate:			
Properties occupied by the company	3,584,825	-	3,584,825
Cash, cash equivalents, and short term investments	65,839,515	-	65,839,515
Other invested assets	10,162,348	-	10,162,348
Receivables for securities	281,804	-	281,804
Subtotals, cash and invested assets	$ 1,371,943,817		$ 1,371,943,817
Investment income due and accrued	13,092,596	-	13,092,596
Premiums and considerations:			
Uncollected premiums and agents' balances	50,963,442	-	50,963,442
Deferred premiums, agents' balances, and installments	188,798,121	-	188,798,121
Reinsurance:			
Amounts recoverable from reinsurers	30,656,416	-	30,656,416
Funds held by or deposited with reinsurance companies	1,894,269	-	1,894,269
Current federal and foreign income tax recoverable	1,775,771	-	1,775,771
Net deferred tax asset	85,378,264	-	85,378,264
Guaranty funds receivable or on deposit	37,702	-	37,702
Receivable from parent, subsidiaries and affiliates	92,406,512	-	92,406,512
Aggregate write-ins for other than invested assets	7,912,328	-	7,912,328
Total	$ 1,844,859,238		$ 1,844,859,238

AMERICAN BANKERS INSURANCE COMPANY OF FLORIDA

Liabilities, Surplus and Other Funds

DECEMBER 31, 2013

	Per Company	Examination Adjustments	Per Examination
Losses	$ 138,084,002	-	$ 138,084,002
Reinsurance payable on paid losses and LAE	4,287,196	-	4,287,196
Loss adjustment expense	8,771,373	-	8,771,373
Commissions payable, contingent commissions and other similar	77,372,110	-	77,372,110
Other expenses	18,251,958	-	18,251,958
Taxes, licenses and fees	13,614,642	-	13,614,642
Unearned premiums	755,235,307	-	755,235,307
Ceded reinsurance premium payable	74,827,470	-	74,827,470
Funds held by company under reinsurance treaties	44,478,418	-	44,478,418
Amounts withheld or retained by company for account of others	2,353,612	-	2,353,612
Remittances and items not allocated	3,272,658	-	3,272,658
Provision for reinsurance	7,528,278	-	7,528,278
Payable to parent, subsidiaries and affiliates	41,088,761	-	41,088,761
Aggregate write-ins for liabilities	113,576,779	-	113,576,779
Total liabilities	$ 1,302,742,564		$ 1,302,742,564
Common capital stock	5,083,164	-	5,083,164
Gross paid in and contributed surplus	222,826,791	-	222,826,791
Unassigned funds	314,206,719	-	314,206,719
Surplus as regards policyholders	$ 542,116,674		$ 542,116,674
Totals	1,844,859,238		1,844,859,238

AMERICAN BANKERS INSURANCE COMPANY OF FLORIDA

Statement of Income

DECEMBER 31, 2013

Underwriting Income		
Premiums earned	$	784,066,789
Deductions:		
Losses incurred		294,537,509
Loss adjustment expenses incurred		19,532,580
Other underwriting expenses incurred		395,550,420
Aggregate write-ins for underwriting deductions		0
Total underwriting deductions		709,620,509
Net income of protected cells		0
Net underwriting gain or (loss)	$	74,446,280
Investment Income:		
Net investment income earned		54,424,713
Net realized capital gains or (losses) less tax of (992,640)		3,028,557
Net investment gain (Loss)	$	57,453,270
Other Income:		
Net gain (loss) from agents' or premium balances charged off		(213,142)
Finance and service charges not included in premiums		13,571,350
Aggregate write-ins for miscellaneous income		7,906,623
Total other income	$	21,264,831
Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	$	153,164,381
Dividends to policyholders		0
Net income after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	$	153,164,381
Federal and foreign income taxes incurred		56,654,771
Net income	$	96,509,610
Capital and Surplus Account		
Surplus as regards policyholders, December 31 prior year	$	506,468,875
Net income		96,509,610
Net transfers (to) from protected cell accounts		0
Change in net unrealized capital gains or (losses) less capital gains tax of ($968,944)		(1,066,484)
Change in net unrealized foreign exchange capital gain (loss)		(7,566,274)
Change in net deferred income tax		8,289,657
Change in non-admitted assets		(18,500,338)
Change in provision for reinsurance		2,226,990
Change in surplus notes		0
Surplus (contributed to) withdrawn from protected cells		0
Cumulative effect of changes in accounting principles		0
Capital changes:		
Paid in		0
Transferred from surplus		0
Transferred to surplus		0
Surplus adjustments:		
Paid in		0
Transferred to capital stock		0
Transferred from capital		0
Net remittances from or (to) home office		0
Dividends to stockholders		(52,000,000)
Change in treasury stock		0
Aggregate write-ins for gains and losses in surplus		7,754,638
Change in surplus as regards policyholders for the year	$	35,647,799
Surplus as regards policyholders, December 31 current year	$	542,116,674

AMERICAN BANKERS INSURANCE COMPANY OF FLORIDA

Comparative Analysis of Changes in Surplus

DECEMBER 31, 2013

The following is a reconciliation of Surplus as Regards Policyholders between that reported by the Company and as determined by the examination:

Surplus as regards policyholders December 31, 2013 per annual statement				$542,116,674
	Per Company	Per Exam	Increase (Decrease) in Surplus	
ASSETS:				
No adjustments				
LIABILITIES:				
No adjustments				
Net Change in Surplus				0
Surplus as regards policyholders December 31, 2013 per exam				$542,116,674

COMMENTS ON FINANCIAL STATEMENTS

Liabilities

Losses and Loss Adjustment Expenses $146,855,375

The Company's Actuary appointed by the Board rendered an opinion that the amounts carried in the balance sheet as of December 31, 2013, made a reasonable provision for all unpaid loss and loss expense obligations of the Company under the terms of its policies and agreements.

The Lead State of the Examination's consulting actuary, of INS Consultants, Inc., reviewed the loss and loss adjustment expense work papers provided by the Company and he was in concurrence with this opinion.

Capital and Surplus

The amount of capital and surplus reported by the Company of $542,116,674, exceeded the maximum of $100,000,000 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 American Bankers Insurance Company of Florida as of December 31, 2013, consistent with the insurance laws of the State of Florida.

Per examination findings, the Company's surplus as regards policyholders was $542,116,674, which exceeded the maximum of $100,000,000 required by Section 624.408, Florida Statutes.

In addition to the undersigned, April Spevak, CFE, Examiner-In-Charge of INS Regulatory Insurance Services, Inc., and David Palmer, CFE, Examination Manager of Lewis & Ellis, Inc., participated in the examination.

Respectfully submitted,

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Robin Brown, CFE
Chief Examiner
Florida Office of Insurance Regulation