REPORT ON EXAMINATION

OF

AMERICAN INTEGRITY INSURANCE COMPANY OF FLORIDA

TAMPA, FLORIDA

AS OF DECEMBER 31, 2008

BY THE

OFFICE OF INSURANCE REGULATION

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Tallahassee, Florida

September 11, 2009

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, 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, 2008, of the financial condition and corporate affairs of:

AMERICAN INTEGRITY INSURANCE COMPANY OF FLORIDA
7650 W. COURTNEY CAMPBELL PARKWAY
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 January 1, 2008, through December 31, 2008. The Company was last examined by representatives of the Florida Office of Insurance Regulation (Office) as of December 31, 2007. This examination commenced with planning at the Office on April 20, 2009, to April 24, 2009. The fieldwork commenced on April 27, 2009, and concluded as of September 11, 2009.

This financial examination was a statutory financial 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.

Risk-focused examinations consist of a seven-phase process that can be used to identify and assess risk, assess the adequacy and effectiveness of strategies/controls used to mitigate risk and assist in determining the extent and nature of procedures and testing to be utilized in order to complete the review of that activity. The process should generally include a determination of the quality and reliability of the corporate governance structure and risk management programs. In addition, it can be used for verification of specific portions of the financial statements or other limited-scope reviews, increased focus on, and can result in increased substantive testing of, accounts identified as being at high risk of misstatement. Conversely, the risk assessment process should result in decreased focus on, and fewer substantive tests on the accounts identified as being at low risk of misstatement. The risk-focused surveillance process can be used to assist examiners in targeting areas of high-risk.

In this examination, emphasis was directed to the quality, value and integrity of the statement of assets and the determination of liabilities, as those balances affect the financial solvency of the Company as of December 31, 2008. Transactions subsequent to year-end 2008 were reviewed where relevant and deemed significant to the Company’s financial condition.

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

The examination included a review of the corporate records and other selected records deemed pertinent to the Company’s operations and practices. In addition, the NAIC IRIS ratio reports, the Company’s independent audit reports and certain work papers prepared by the Company’s independent certified public accountant (CPA) and other reports as considered necessary were reviewed and utilized where applicable within the scope of this examination.

This report of examination was confined to financial statements and comments on matters that involved departures from laws, regulations or rules, or which were deemed to require special explanation or description.

Status of Adverse Findings from Prior Examination

The following is a summary of significant adverse findings contained in the Office's prior examination report as of December 31, 2007, along with resulting action taken by the Company in connection therewith.

Corporate Records

The Company had authority to write "Other Liability" insurance coverage included on its Certificate of Authority but had not written any "Other Liability" insurance coverage within the calendar year. Section 624.430(1), Florida Statutes, requires that any insurer not writing premium in a kind or line of insurance within a calendar year to request from the Office to have that kind or line of insurance removed from its Certificate of Authority. **Resolution:** The Company requested that "Other Liability" be removed from its Certificate of Authority. The Office granted the Company's request in February 2009.

Affiliated Companies

The Company did not include the names and percentages of the ultimate controlling person(s) of the American Integrity Insurance Group (AIIG) in the Schedule Y- Part 1- Organization Chart as required by the NAIC Annual Statement Instructions. **Resolution:** The Company now includes the names and ownership percentages of the ultimate controlling person(s) of AIIG in the Schedule Y — Part 1 — Organizational Chart.

Accounts and Records

The Company's Net written premium to Surplus ratio at December 31, 2007 exceeded the maximum ratio specified in Section 624.4095(1), Florida Statutes. **Resolution:** The Company put procedures in place to ensure that it will not exceed the maximum net premium to surplus ratio specified in Section 624.4095(1), Florida Statutes.

Custodial Agreement

The Company's custodial agreement with Credit Suisse Asset Management, LLC did not include all provisions of Rule 690-143.042, (2), (a), (b), (c), (d), (e), (f), (g), (h), (i), (j), (k), (l), (m), (n), (o), Florida Administrative Code. **Resolution:** In December 2008, the Company submitted a new global custody agreement with The Bank of New York Mellon to the Office to comply with Rule 690-143.042, Florida Administrative Code. The custody agreement was approved by the Office in June, 2009.

Cash

The Company listed its money market funds on Schedule E — Part 1 - Cash instead of Schedule DA — Part 1, Short-term investments, as required in the NAIC Annual Statement Instructions. **Resolution:** The Company listed money market funds on Schedule DA — Part 1.

The Company reported $630,970 of claims checks issued in 2008 as issued in 2007. **Resolution:** The Company put procedures in place to ensure that issued claim checks are recognized in the proper period in which they were issued.

Agent Balances-Uncollected Premiums

Premiums booked as deferred remained in deferred after the due date of the installment until the Company received the premium payment. Upon receipt of payment, the deferred portion was reduced by the amount of received installment. The Company agreed that this was improper accounting treatment and should have reduced the deferred amount on the due date and established an uncollected amount and aged it until it was received. In addition, considering the Company did not book the due but uncollected premium, it did not age what should have been booked as a receivable. The Company's accounting treatment of deferred premiums and uncollected premiums was not in accordance with SSAP No. 6, and SSAP No. 53, NAIC Annual Statement Instructions and did not comply with Rule 690-138.024, Florida Administrative Code. **Resolution:** The Company put procedures in place to ensure that it recorded due premium as uncollected and aged it until received in accordance with SSAP No. 6, SSAP No. 53, NAIC Annual Statement Instructions and Rule 690-138.024, Florida Administrative Code.

HISTORY

General

The Company was incorporated in Florida on July 20, 2006, and commenced business on September 13, 2006, as American Integrity Insurance Company of Florida. The Company was party to two Consent Orders: Nos. 88011806-CO and 9232307-CO. The Company was in compliance with these orders.

The Company was authorized to transact the following insurance coverage in Florida on December 31, 2008:

Homeowners' Multi Peril
Mobile Home Multi Peril

Fire
Other liability

As discussed previously, the Company initiated procedures in 2008 to request from the Office that "Other Liability" be removed from its Certificate of Authority. The Office granted the Company's request in February 2009.

The Company also contracted to assume risks from Citizens Property Insurance Corporation (Citizens). The Company's estimated retention rate on business assumed from Citizens was about 75%. In 2008, the Company began to market its own products. The Company's plan is to become more dependent upon its internally marketed products and less dependent upon arrangements with Citizens.

The Articles of Incorporation and the Bylaws were not amended during the period covered by this examination.

Capital Stock

As of December 31, 2008, the Company's capitalization was as follows:

Number of authorized common capital shares	1,000
Number of shares issued and outstanding	1,000
Total common capital stock	$1,000
Par value per share	$1.00

All of the shares were issued to American Integrity Insurance Group, LLC (AIIG) a privately held Texas Corporation, for $5,000,000. The amount paid for the Company's stock in excess of the par value per share was reflected in the Company's financial statements as gross paid-in and contributed surplus. Control of the Company was maintained by AIIG who owned 100% of the stock issued by the Company.

Profitability of Company

The following table shows the profitability trend (in dollars) of the Company from operations during 2008 and 2007 as reported in the filed annual statements.

	2008	2007
Premiums Earned	$ 78,494,854	$ 54,456,195
Net Underwriting Gain/(Loss)	1,248,995	1,516,863
Net Income/(Loss)	3,406,315	(1,178,626)
Total Assets	89,085,269	94,489,405
Total Liabilities	64,967,090	73,146,693
Surplus As Regards Policyholders	24,118,179	21,342,712

Dividends to Stockholders

The Company paid no dividends to its sole stockholder in 2008.

Management

The annual sole shareholder meeting for the election of Directors was held in June 2008 as required by Sections 607.1601 and 628.231, Florida Statutes. Directors serving as of December 31, 2008, were:

Directors

Name and Location	Principal Occupation
David Lewis Clark Dallas, Texas	Vice President and Principal Sowell & Company
James Edwin Sowell Dallas, Texas	Chief Executive Officer Sowell & Company
Robert C. Ritchie Tampa, Florida	President, American Integrity Insurance Company of Florida
Steven Edward Smathers Dallas, Texas	Steven Smathers Attorney at Law

Keith Douglas Martin Dallas, Texas	Chief Executive Officer Sowell & Company

The Board of Directors in accordance with the Company's By-laws appointed the following senior officers in 2008:

Senior Officers

Name	Title
David Lewis Clark	Board Chairman, Treasurer and Secretary
Robert C. Ritchie	President and Chief Executive Officer
Keith Douglas Martin	Executive Vice President and Assistant Secretary

The Company's Board appointed two internal Committees in accordance with Section 607.0825, Florida Statutes. Following are the principal internal Board Committees and their members as of December 31, 2008:

Audit Committee	Investment Committee
David Lewis Clark *****	David Lewis Clark *****
Steven Edward Smathers	Keith Douglas Martin
Keith Douglas Martin	Robert C. Ritchie

***** - Designates Chairman of each Committee

Conflict of Interest Procedure

The Company adopted a policy statement requiring annual disclosure of conflicts of interest in accordance with the NAIC Financial Condition Examiners Handbook.

Corporate Records

The recorded minutes of the shareholder, Board of Directors, 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 accordance with Section 607.1601, Florida Statutes, including the authorization of investments as required by Section 625.304, Florida Statutes.

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

There were no acquisitions, mergers, disposals, dissolutions, purchases or sales through reinsurance.

Surplus Debentures

The Company obtained an additional $7,000,000 from the State Board of Administration of Florida in 2007 in exchange for a surplus note which bears an interest rate equal to that of a ten-year U.S. Treasury Note.

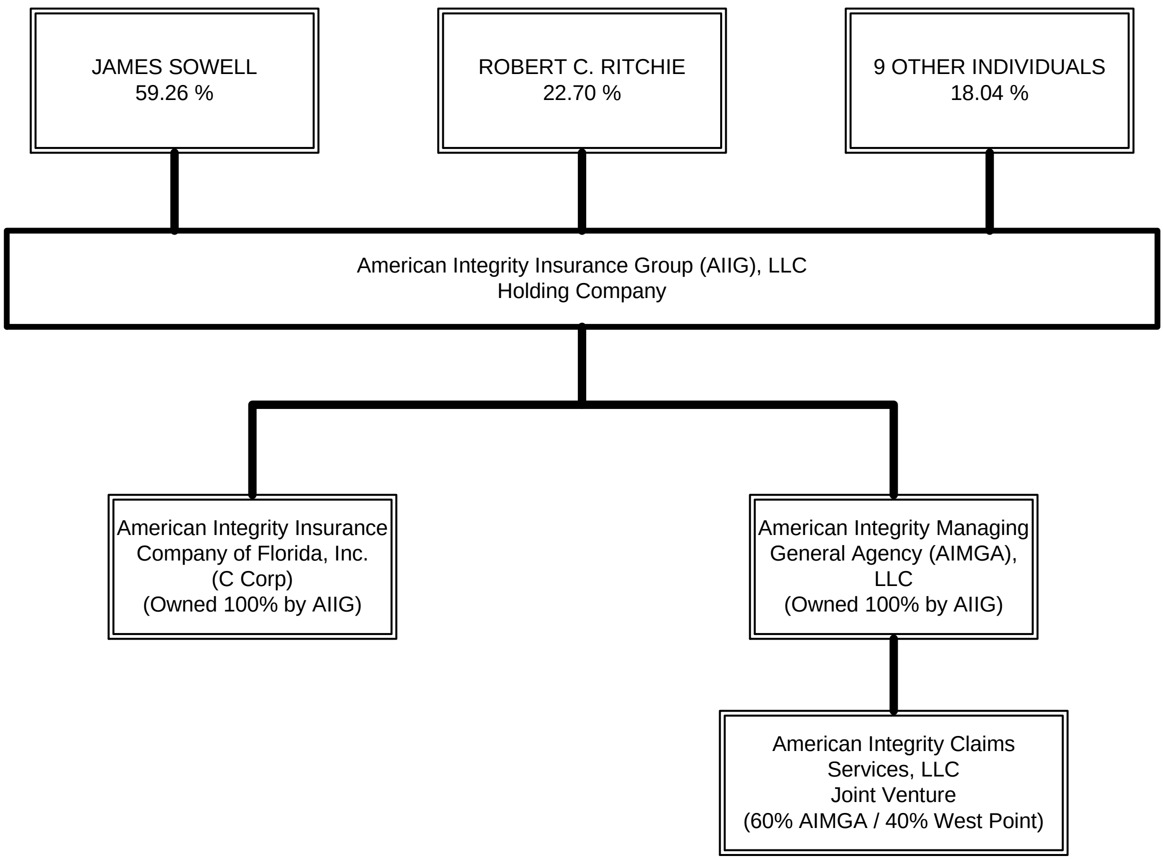
AFFILIATED COMPANIES

The Company was a member of an insurance holding company system as defined by Rule 69O-143.045(3), Florida Administrative Code. The latest holding company registration statement was filed with the State of Florida on March 1, 2009, as required by Section 628.801, Florida Statutes, and Rule 69O-143.046, Florida Administrative Code.

A simplified organizational chart as of December 31, 2008, reflecting the holding company system, is shown below. Schedule Y of the Company's 2008 annual statement provided a list of all related companies of the holding company group.

American Integrity Insurance Company of Florida

ORGANIZATIONAL CHART
DECEMBER 31, 2008



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

Management Agreement

The Company entered into an agreement with American Integrity Insurance Group, LLC on June 23, 2006 to provide certain management services. The agreement continues in force for a term of five years and will automatically renew for successive five-year periods, unless otherwise terminated within the guidelines of the agreement. The management fee paid by the Company each month was equal to 2.0% of written premium on new and renewed business. Fees incurred under the agreement during 2008 amounted to $2,049,800.

Managing General Agent Agreement

The Company was affiliated with American Integrity Managing General Agency, LLC (AIMGA), a wholly owned subsidiary of American Integrity Insurance Group, LLC, and American Integrity Claims Services, LLC (AICS), a 60% owned subsidiary of AIMGA. Effective September 5, 2006, the Company engaged AIMGA to manage the Company's policy and claims administration functions. The agreement with AIMGA continues in force for a term of five years and will automatically renew for successive five year periods unless otherwise terminated within the guidelines of the agreement. Fees incurred under the agreement during 2008 amounted to $24,791,796.

Cost Allocation Agreement

The Company and its affiliates shared certain costs as outlined in a Cost Allocation Agreement effective January 1, 2007. Under the arrangement, costs were allocated based upon the scope of work and responsibilities performed for the benefit of each other. The agreement specifically stated that costs were to be allocated based on generally accepted accounting principals. In 2008, the Company paid $106,413 for services provided and received $660,942 for services rendered under this agreement.

None of these agreements contain verbiage to provide for the timely settlements of amounts due with a specific due date as required by SSAP #96.

SUBSEQUENT EVENTS

On February 5, 2009, the Company settled its receivable from affiliate AIMGA, the Managing General Agent.

In August, 2009, the Company submitted a cost allocation agreement to the Office for its review and acceptance. The agreement was amended in 2009 to provide for the timely settlement of amounts due with a specific due date as required by SSAP #96.

In August, 2009, the Company submitted to the Office for approval addendums to the Management Agreement with American Integrity Insurance Group, LLC. The addendums contain appropriate verbiage to provide for the timely settlement of amounts due with a specific due date as required by SSAP #96.

FIDELITY BOND AND OTHER INSURANCE

The Company maintained fidelity bond coverage up to $1,000,000 with a deductible of $10,000, an amount considered adequate according to NAIC guidelines. The Company also maintained Directors and Officers (D&O) liability insurance coverage up to $3,000,000 with a deductible of $25,000.

PENSION, STOCK OWNERSHIP AND INSURANCE PLANS

The Company had a qualified 401(k) retirement plan for the benefit of their employees. The Company also had an employee medical and dental plan.

STATUTORY DEPOSITS

The Company maintained a security deposit with the State of Florida, in accordance with Section 624.411, Florida Statutes:

STATE	Description	Par Value	Market Value
FL	Cash Deposit	$ 300,000	$ 300,000

INSURANCE PRODUCTS AND RELATED PRACTICES

Territory

The Company was authorized to transact insurance in the State of Florida only.

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 that included detailed procedures for handling each type of claim in accordance with Section 626.9541(1)(i) 3a, Florida Statutes.

REINSURANCE

Assumed

The Company did not assume any business through reinsurance other than the business obtained from the Citizens take out program. In 2008, the Company assumed $12.1 million of written premium from Citizens pertaining to this takeout business.

Ceded

The Company had reinsurance in place to protect itself from all catastrophic events that may take place. The contracts were written on an excess of loss basis for 1 year periods from July 1, through June 30, in order to coincide with coverage offered by the Florida Hurricane Catastrophe Fund (FHCF). For the coverage period July 1, 2008 through June 30, 2009, the excess of loss treaties provided coverage on ultimate net losses of $96 million in excess of $3 million per occurrence with the FHCF providing coverage for 90% of the losses from qualifying catastrophic events in excess of $39.3 million, up to a maximum of $175.2 million. For the coverage period July 1, 2007 through June 30, 2008, the excess of loss treaties provided coverage on ultimate net losses of $96 million in excess of $1.5 million per occurrence with the FHCF providing coverage for 90% of the losses from qualifying catastrophic events in excess of $29.5 million, up to a maximum of $139.6 million plus 100% of $10 million in excess of $1.5 million.

The FHCF provided coverage for named hurricanes only and provided no coverage after the stated limit was exhausted. Reinsurance premiums for the FHCF were paid on a total insured value basis. In the event of a FHCF loss assessment, the Company may recoup the assessments from its policyholders. The Commercial catastrophe excess of loss agreements included one reinstatement pro rata as to amount and 100% as to time. That is, the reinstatements premium is the proportion of the reinsurer's limit that has been exhausted by the loss and the entire reinsurance premium for the contract year was multiplied by the percentage of the reinsurer's limit exhausted by the loss, regardless of whether the date of loss was near the beginning or end of the contract term. Additionally, the Company purchased third event coverage of $39 million in excess of $5 million and $15 million in excess of $15 million for the years ended December 31, 2008 and 2007, respectively, that was included in the total ceded excess of loss premiums. The third event coverage includes one reinstatement at 100% as to time and pro rata as to amount.

Under these reinsurance programs, the Company ceded $36,188,476 and $35,678,597 of written premium to its reinsurers, in 2008 and 2007 respectively.

In 2008, the Company's disbursements resulting from tropical storm Fay exceeded the $3.0 million retention limit. However, due to a dispute with the reinsurers that involved defining what constituted a catastrophic event, the Company had not recovered nor did they recognize in the financial statements any recoverable amounts from the reinsurers at year end 2008. The dispute was resolved in the subsequent year and the reinsurers reimbursed the Company for their losses. The actuarial report developed by Taylor Walker & Associates shows the recovered amounts in the subsequent year to be about $770,000.

ACCOUNTS AND RECORDS

The Company maintained its principal operational offices in Tampa, Florida, where this examination was conducted.

An independent CPA audited the Company's statutory basis financial statements for 2008, in accordance with Section 624.424(8), Florida Statutes. Supporting work papers were prepared by the CPA as required by Rule 690-137.002, Florida Administrative Code.

The Company's accounting records were maintained on a computerized system. The Company's balance sheet accounts were verified with the line items of the annual statement submitted to the Office.

The Company had in place the following agreements with non-affiliates:

Custodial Agreement

The Company maintained a custodial agreement with the Bank of New York Mellon, New York, NY. Amendments to the agreement in December 2008 and approved by the Office in 2009 placed all the necessary controls and safeguards in place in accordance with the requirements of Rule 69O-143.042, Florida Administrative Code.

Independent Auditor Agreement

The Company contracted with an external CPA firm to perform the annual audit of its financial position as required by Rule 690-137.002(7)(c), Florida Administrative Code.

Actuarial Services Agreement

In 2008, the Company contracted Godbold Malpere & Company to provide the necessary actuarial services to operate as an insurer in the State of Florida.

Investment Advisory Services

The Company had an agreement with Credit Suisse Asset Management, LLC dated March 27, 2007. Under this agreement, Credit Suisse Asset Management, LLC managed investments within established account objectives and guidelines established by the

Company.

Compliance and Special Investigative Services

In 2008, the Company contracted with SIU Compliance Solutions Inc. to provide specific special investigative services and file all necessary documentation to the proper agencies and authorities pertaining to any detected instances of fraud. Fees were based on the services provided.

Information Technology Report

Tracy Gates from Highland Clark LLC 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.

FINANCIAL STATEMENTS PER EXAMINATION

The following pages contain financial statements showing the Company's financial position as of December 31, 2008, 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 Integrity Insurance Company of Florida
Assets

DECEMBER 31, 2008

	Per Company	Examination Adjustments	Per Examination
Bonds	$ 48,727,661		$ 48,727,661
Short-term Investments	25,025,843		25,025,843
Cash and Cash Equivalents	5,719,238		5,719,238
Investment Income Due or Accrued	603,396		603,396
Uncollected Premiums and Agents' Balances in Course of Collection	277,290	1,311,781	1,589,071
Premiums, Agents' Balances, and Installments Booked but Deferred and Not Yet Due	4,913,664		4,913,664
Current Federal and Foreign Income Taxes Recoverable	175,403		175,403
Net Deferred Tax Asset	2,936,407		2,936,407
Electronic Data Processing Equipment and Software	94,541		94,541
Receivable from Parent or Affiliates	529,287		529,287
Security Deposits	49,505		49,505
Accounts Receivable - Other	33,034		33,034
Prepaid Insurance and Expenses	0		0
Totals	$ 89,085,269	$ 1,311,781	$ 90,397,050

American Integrity Insurance Company of Florida
Liabilities, Surplus and Other Funds

DECEMBER 31, 2008

	Per Company	Examination Adjustments	Per Examination
Losses	$ 12,842,549		$ 12,842,549
Loss Adjustment Expenses	1,994,531		1,994,531
Other Expenses	657,096		657,096
Taxes, Licenses and Fees Payable	273,758		273,758
Unearned Premiums	40,915,601		40,915,601
Advance Premium	1,739,084		1,739,084
Ceded Reinsurance Premiums Payable	5,213,735		5,213,735
Funds Held by company under Reinsurance Treaties	293,827		293,827
Amounts Withheld or Retained by Company on Account of Others	582,588		582,588
Remittance and Items not Allocated	358,655		358,655
Payable to Parent and Affiliates	95,666		95,666
Premium Refunds Dues Citizens Protection	0	1,311,781	1,311,781
Total Liabilities	$ 64,967,090	$ 1,311,781	$ 66,278,871
Capital Stock	$ 1,000		$ 1,000
Surplus Note	7,000,000		7,000,000
Gross Paid-in and Contrbuted Surplus	11,999,000		11,999,000
Surplus as Regards Policyholders'	5,118,179		5,118,179
Surplus as regards policyholders'	$ 24,118,179	$ -	$ 24,118,179
Total liabilities, surplus and other funds	$ 89,085,269	$ 1,311,781	$ 90,397,050

American Integrity Insurance Company of Florida
Statement of Income

DECEMBER 31, 2008

Underwriting Income		
Premiums earned	$	78,494,854
Losses Incurred		39,935,021
Loss Adjustment Expenses Incurred		7,243,442
Other Underwriting Expenses		30,067,396
Total Underwriting Deductions	$	77,245,859
Net Underwriting Gain	$	1,248,995
Investment Income		
Net Investment Income Earned	$	2,312,526
Net Realized Capital Gains Less Capital Gains Tax of $342,154		664,183
Net Investment Gain	$	2,976,709
Other Income		
Net Loss from Agents' or Premium Balance Charged Off	$	(30,077)
Finance and Service Charges Not Included in Premiums		195,307
Total Other Income	$	165,230
Net Income Before Dividends to Policyholders' after Capital Gains Tax and Before Federal and Foreign Income Taxes	$	4,390,934
Dividends to policyholders		0
Net Income After Dividends to Policyholders' and Capital Gains Tax and Before Federal and Foreign Income Taxes	$	4,390,934
Federal and Foreign Income Taxes Incurred		984,619
Net Income	$	3,406,315
Capital and Surplus Account		
Surplus as Regards Policyholders December 31, 2007	$	21,342,712
Net Income		3,406,315
Change in Net Deferred Income Tax		(696,390)
Change in Non-admitted Assets		65,542
Change in Surplus As Regards Policyholders' for the Year	$	2,775,467
Surplus as Regards Policyholders December 31, 2008	$	24,118,179

COMMENTS ON FINANCIAL STATEMENTS

Assets

Premiums and Agents' Balances in Course of Collection $1,589,071

This represents the admitted amount of billed and uncollected premiums due at year end 2008 as determined by the examiners. It is $1,311,781 more than the amount the Company reflected in its 2008 annual statement. The difference represents premium refunds due to Citizens Property Insurance Corporation (Citizens). The examiners determined that since the Company obtained policies from Citizens under the takeout program (vs. assuming premiums from risks associated with another reinsurer), that any premiums refund amounts due to Citizens for returned or cancelled policies should be reflected in the Company's financial statements as a separate liability. The failure to record the liability property is a violation of NAIC Annual Statement Instructions.

Liabilities

Losses and Loss Adjustment Expenses $14,837,080

This amount represents the Company's estimate for net losses and loss adjustment expense reserves as of December 31, 2008. An outside actuarial firm appointed by the Board of Directors rendered an opinion that based on information known and expectation determined as of year end 2008, the reserve estimates made a reasonable provision for all unpaid loss and loss expense obligations of the Company under the terms of its policies and agreements. The Company's reserves estimate was approximately at the midpoint of the range of reasonability developed by their consulting actuary.

An actuarial firm was contracted by Highland Clark, LLC to perform an independent analysis of the Company's loss reserves as of year end 2008 for this examination. The result of this independent review confirms the findings of the Company's consulting actuary based on information known as of December 31, 2008 and was in concurrence with the Company's consulting actuary opinion.

Premium Refunds Due Citizens $1,311,781

This represents the examiner's reclassification as a separate liability of premium refunds due back to Citizens that the Company included in the asset balance for Premiums and Agents' Balances in Course of Collection in the 2008 annual statement.

Capital and Surplus

The amount reported by the Company of $24,118,179, exceeded the minimum of $4,000,000 required by Section 624.408, Florida Statutes.

A comparative analysis of changes in surplus is shown below.

American Integrity Insurance Company of Florida
COMPARATIVE ANALYSIS OF CHANGES IN SURPLUS

DECEMBER 31, 2008

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, 2008, per Annual Statement				$24,118,179
	PER COMPANY	PER EXAMINATION	INCREASE (DECREASE) IN SURPLUS	
ASSETS:				
Premiums in Course of Collection	$277,290	$1,589,071	$1,311,781	
LIABILITIES:				
Premiums Refunds Due Citizens	$0	$1,311,781	($1,311,781)	
Net Change in Surplus:				$0
Surplus as Regards Policyholders December 31, 2008, Per Examination				$24,118,179

SUMMARY OF FINDINGS

Compliance with previous directives

The Company has taken the necessary actions to comply with the comments made in the 2007 examination report issued by the Office.

Current examination comments and corrective action

The following is a brief summary of items of interest and corrective action to be taken by the Company regarding findings in the examination as of December 31, 2008.

Financial

The Company netted out $1,311,781 of premium refunds due to Citizens Property Insurance Corporation from the asset balance it reflects in the 2008 annual statement for "Premiums and Agents Balance in Course of Collection". These refunds pertain to policies returned or cancelled that Company received under the takeout program rather than premiums received on assumed risks underwritten by other reinsurers. **We recommend that in future annual statements prepared, the Company reflect premium refunds due back to Citizens Property Insurance Corporation as a separate liability.**

CONCLUSION

The insurance examination practices and procedures as promulgated by the NAIC have been followed in ascertaining the financial condition of American Integrity Insurance Company of Florida as of December 31, 2008, consistent with the insurance laws of the State of Florida.

Per examination findings, the Company's Surplus as regards policyholders' was $24,118,179, in compliance with Section 628.903, Florida Statutes.

In addition to the undersigned Perry L. DiCastri, CPA, CFE, Examiner-in-Charge; Frank A. Jones, Reinsurance/Financial Specialist; Tracy Gates, Information Technology Specialist and Joseph R. Peiso, ARe, participated in the examination. Mr. Randall Ross of Taylor Walker Associates Inc. provided the required actuarial services for the examination. We also recognize the participation of Highland Clark, LLC in the examination.

Respectfully submitted,

____
Kethessa Carpenter, CPA
Financial Examiner/Analyst Supervisor
Florida Office of Insurance Regulation