

**REPORT ON EXAMINATION**  
**OF**  
**NORTHERN CAPITAL SELECT**  
**INSURANCE COMPANY**

*(formerly known as: Landmark One Insurance Company)*

**MIAMI, FLORIDA**

**AS OF**

**DECEMBER 31, 2008**

**BY THE**  
**OFFICE OF INSURANCE REGULATION**

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Tallahassee, Florida

July 3, 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:

**NORTHERN CAPITAL SELECT INSURANCE COMPANY  
7200 CORPORATE CENTER DRIVE, SUITE 505  
MIAMI, FLORIDA 33126**

Hereinafter referred to as, the "Company". Such report of examination is herewith respectfully submitted.

## **SCOPE OF EXAMINATION**

This examination covered the period of October 19, 2007, through December 31, 2008. This was the first examination of the Company by representatives of the Florida Office of Insurance Regulation (Office). This examination commenced with planning at the Office on March 17, 2009, to March 20, 2009. The fieldwork commenced on April 13, 2009, and concluded as of July 3, 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 Demotech, Inc. 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.

## HISTORY

### General

The Company was incorporated in Florida on September 9, 2007 and commenced business on October 19, 2007 as Landmark One Insurance Company.

The Company was party to Consent Order 91721-07-CO filed October 9, 2007, with the Office regarding the application for the issuance of a Certificate of Authority. The Company was in compliance with the Consent Order.

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

Homeowners multi peril	Fire
Private passenger auto physical damage	Inland Marine
Private passenger auto liability	

The Articles of Incorporation and the Bylaws were amended during the period covered by this examination. The Company filed with the Office on February 19, 2009, to change their name from Landmark One Insurance Company to Northern Capital Select Insurance Company. The Company subsequently amended the Bylaws to reflect the approval of this request.

### Capital Stock

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

Number of authorized common capital shares	1,000,000
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Number of shares issued and outstanding	1,000,000
Total common capital stock	\$10,000,000
Par value per share	\$10.00

Control of the Company was maintained by its parent, Northern Capital, Inc., 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 for the period of operations, as reported in the filed annual statements. **Subsequent Event:** The Company filed an amended annual statement for 2008 on June 24, 2009. The following profitability table herein is reflective of their amended annual statement.

	<b>2008</b>	<b>2007</b>
Premiums Earned	18,412,453	903,273
Net Underwriting Gain/(Loss)	387,476	(2,392,689)
Net Income	798,559	(2,269,807)
Total Assets	24,608,077	23,465,277
Total Liabilities	14,865,024	14,986,419
Surplus As Regards Policyholders	9,743,053	8,478,858

### Dividends to Stockholders

No dividends were declared or paid during the period of examination.



## Management

The annual shareholder meeting for the election of directors was held in accordance with Sections 607.1601 and 628.231, Florida Statutes. Directors serving as of December 31, 2008, were:

### Directors

#### Name and Location

#### Principal Occupation

Alexander Anthony  
Miami Springs, Florida

Chairman, Northern Capital Inc.

Albert Fernandez  
Miami, Florida

Vice-Chairman, Northern Capital Inc.

Wayne Fletcher  
Weston, Florida

CEO, Northern Capital Select Insurance Co.

Juan Carlos Miguelez  
Miami, Florida

COO, Northern Capital Select Insurance Co.

Maria DiGiorgio  
Miami, Florida

Corporate Secretary, Northern Capital Select Insurance Co.

The Board of Directors in accordance with the Company's bylaws appointed the following senior officers:

### Senior Officers

#### Name

#### Title

Wayne Fletcher  
Juan Carlos Miguelez  
Abraham Garzon (a)  
Maria DiGiorgio

President & Chief Executive Officer  
Chief Operating Officer  
Chief Financial Officer  
Corporate Secretary

(a) Resigned on July 22, 2008 and was replaced by Michael Samach as Chief Financial Officer.

Michael Samach resigned on June 5, 2009.

The Company's board appointed several internal committees in accordance with Section 607.0825, Florida Statutes. Following were the principal internal board committees and their members as of December 31, 2008:

**Executive Committee**

Wayne Fletcher<sup>1</sup>  
 Albert Fernandez  
 Juan Carlos Miguelez

**Audit Committee**

John Laurie<sup>1</sup>  
 Michael Brookman  
 Maria DiGiorgio

**Investment Committee**

Wayne Fletcher<sup>1</sup>  
 Michael Samach  
 Albert Fernandez

**Compensation Review  
 Committee**

Alexander Anthony<sup>1</sup>  
 Albert Fernandez  
 Wayne Fletcher

**Nominating and  
 Corporate Governance  
 Committee**

Maria DiGiorgio<sup>1</sup>  
 Wayne Fletcher  
 Juan Carlos Miguelez

**Real Estate Acquisition  
 and Management  
 Committee**

Albert Fernandez<sup>1</sup>  
 Wayne Fletcher  
 Michael Samach

<sup>1</sup> Chairman

**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. However, the Company was not in

compliance with Section 625.304, Florida Statutes, regarding the proper Authorization of Investments.

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

There were no acquisitions, mergers, disposals, dissolutions, purchases or sales through reinsurance for the period ending December 31, 2008.

### **Surplus Debentures**

The Company did not issue nor does it have any outstanding surplus notes as of December 31, 2008.

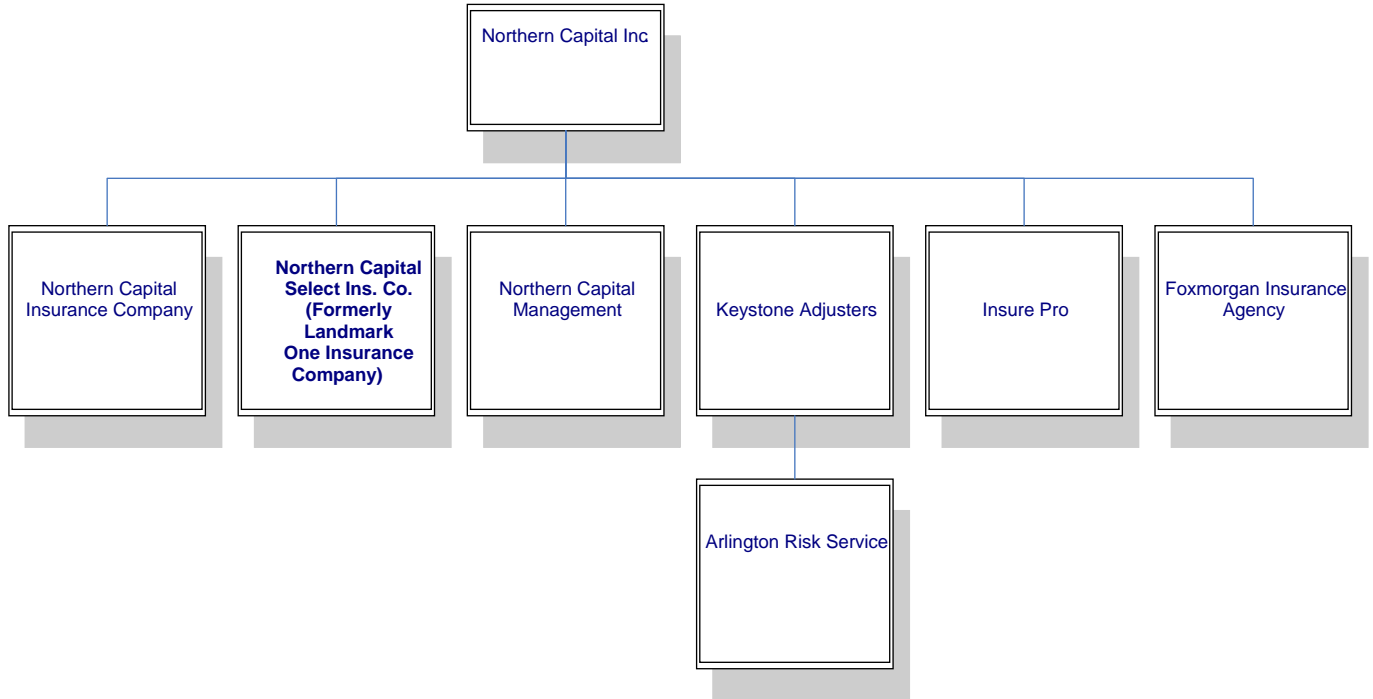
## **AFFILIATED COMPANIES**

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 April 14, 2009, as required by Section 628.801, Florida Statutes, and Rule 69O-143.046, Florida Administrative Code.

An 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.

**NORTHERN CAPITAL SELECT INSURANCE COMPANY  
ORGANIZATIONAL CHART**

**DECEMBER 31, 2008**



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

### **Tax Allocation Agreement**

The Company, along with its parent, filed a consolidated federal income tax return. The Company's federal income tax return was consolidated with the following entities:

Northern Capital, Inc.  
Northern Capital Management, Inc.  
Landmark One Insurance Company  
Keystone Adjusters, Inc.  
Fox Morgan Insurance Company  
InsurePro Technologies, Inc.

The method of allocation between the companies was subject to written agreement, approved by the Board of Directors. Allocation was based upon separate return calculations with current credit for net losses. Inter-company balances were settled quarterly.

### **Cost Sharing Agreement**

Effective October 1, 2008, the Company participated in a Cost Sharing Agreement with Northern Capital Insurance Company (affiliate), along with Northern Capital Inc. (parent) and Northern Capital Management (affiliate), Fox Morgan Insurance Agency (affiliate), InsurePro Technologies (affiliate) and Keystone Adjusters (affiliate). Under this agreement, the parties were to share in the costs of certain services incurred by one party on behalf of the other parties. These costs were to be determined, allocated and charged to each company in accordance with SSAP 70 and were to be settled on a quarterly basis. The agreement was to remain in effect until terminated by written notice by anyone of the parties involved.

### **Managing General Agent Agreement**

The Company had a managing general agency contract with an affiliate, Northern Capital Management, Inc, of which the parent was the direct owner. Under the terms of the contract, Northern Capital Management, Inc. solicited Homeowners and Auto insurance policies on behalf of the Company from independent insurance agencies, and paid agent commissions, policy processing fees and other acquisition-related costs. The MGA received a portion of the policy premium as commission and retained a Policy Fee charged each policyholder. In addition, the MGA had an agreement with West Point Underwriters that provided services to the Company that included the development and maintenance of a software platform that supported processing for all policy related operations.

### **Claims Adjudication Agreement**

The Company entered into an agreement with an affiliate, Keystone Adjusters Inc., of which the parent was the direct owner. Under the terms of the contract, Keystone Adjusters Inc. handled all claims adjudication for all Homeowners and Auto claims for the Company. Keystone Adjusters Inc. received a fee based on earned premium for their services.

## **FIDELITY BOND AND OTHER INSURANCE**

The Company maintained fidelity bond coverage up to \$1,000,000 with a deductible of \$10,000, which adequately covered the suggested minimum amount of coverage for the Company as recommended by the NAIC.

The Company maintained Directors and Officers (D&O) liability insurance coverage with an aggregate limit of liability of \$3,000,000.

## PENSION, STOCK OWNERSHIP AND INSURANCE PLANS

The Company did not have defined benefit plans, multi-employer plans, post employment benefits nor a compensation absence plan during the period of examination.

## STATUTORY DEPOSITS

The following securities were deposited with the State of Florida as required by Section 624.411, Florida Statutes:

STATE	Description	Par Value	Market Value
FL	Cash	\$300,000	\$300,000
TOTAL SPECIAL DEPOSITS		<u>\$300,000</u>	<u>\$300,000</u>

## INSURANCE PRODUCTS AND RELATED PRACTICES

The Company began writing homeowners policies in 2007 as an admitted Florida-based carrier. The Company wrote homeowners multi peril, private passenger auto liability and auto physical damage lines during 2008.

### Territory

The Company was authorized to transact insurance only in Florida.

### 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.

## **REINSURANCE**

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 did not assume any reinsurance during the examination period.

### **Ceded**

The Company ceded risk on an excess of loss basis to commercial reinsurers and coverage provided by the Florida Hurricane Catastrophe Fund. The Company purchased the commercial reinsurance on a combined basis with affiliate Northern Capital Insurance Company. Both Companies purchased a coverage limit that provides separate coverage to their 100 year event Probable Maximum Loss. If one company had a disproportionately higher amount of loss, additional reinsurance coverage would have been available to the other company.

The Company obtained a letter of credit for reinsurers not authorized but did not establish a proper provision for reinsurance in the amount \$46,000 in the Annual Statement. **Subsequent Event:** The Company filed an amended Annual Statement on June 24, 2009 and properly accounted for the provision for reinsurance as a liability and on the Schedule F Part 7.



The reinsurance contracts were reviewed by the Company's appointed actuary and were utilized in determining the ultimate loss opinion.

## **ACCOUNTS AND RECORDS**

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

An independent CPA audited the Company's statutory basis financial statements annually for the years 2008 that was due on June 1, 2009. It was not filed on the due date and therefore the Company was not in compliance with Section 624.424(8), Florida Statutes. Subsequent Event: The Company filed the 2008 audited financial statement on June 5, 2009. Any penalty related to the late filing is handled by the analysis unit.

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 and non-affiliates had the following agreements:

### **Custodial Agreement**

The Company did not maintain any managed investments and did not have a custodial agreement.

### **Independent Auditor Agreement**

The Company entered into an independent auditor agreement with BDO Seidman, LLP for annual statutory audit services for the year ending December 31, 2008.

### **Independent Actuary Agreement**

The Company utilized the actuarial services of Butler Dunlap and Linquist, LLC for issuing the Statement of Actuarial Opinion (SAO) and supporting actuarial report with the Actuarial Opinion Summary (AOS) for 2008.

### **Information Technology Report**

Parente Randolph, 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."

**NORTHERN CAPITAL SELECT INSURANCE COMPANY**  
**Assets**

**DECEMBER 31, 2008**

	Per Company	Examination Adjustments	Per Examination
Cash:	\$20,120,572		\$20,120,572
Short Term Investments	2,041,798		2,041,798
Agents' Balances:			
Uncollected premium	322,768	(104,115)	218,653
Deferred premium	559,671		559,671
Current federal and foreign income tax recoverable	0	336,792	336,792
Net Deferred Tax Asset	552,048	(483,328)	68,720
EDP Equipment	291,248	(39,172)	252,076
Receivable from parents, subsidiaries and affiliates	719,972	878,481	1,598,453
<hr/>			
Totals	<u>\$24,608,077</u>	<u>\$588,658</u>	<u>\$25,196,735</u>

**NORTHERN CAPITAL SELECT INSURANCE COMPANY**  
**Liabilities, Surplus and Other Funds**

**DECEMBER 31, 2008**

	Per Company	Examination Adjustments	Per Examination
Losses	\$2,387,376	\$1,251,000	\$3,638,376
Loss adjustment expenses	438,432		438,432
Other expenses	492,057	(\$200,000)	292,057
Taxes, licenses and fees	129,881	(16,884)	112,997
Current federal and foreign income taxes	51,800	(51,800)	0
Unearned premium	7,464,595	(104,115)	7,360,480
Advance premium	229,094		229,094
Ceded reinsurance premium payable	2,537,695	(733,000)	1,804,695
Amounts withheld	324,085		324,085
Provision for Reinsurance	0	47,000	\$47,000
Payable to parent, subsidiaries and affiliates	810,009	1,862,154	2,672,163
<b>Total Liabilities</b>	<b>\$14,865,024</b>	<b>\$2,054,355</b>	<b>\$16,919,379</b>
Common capital stock	\$10,000,000		\$10,000,000
Unassigned funds (surplus)	(256,947)	(1,465,697)	(1,722,644)
Surplus as regards policyholders	\$9,743,053	(\$1,465,697)	\$8,277,356
<b>Total liabilities, surplus and other funds</b>	<b>\$24,608,077</b>	<b>\$588,658</b>	<b>\$25,196,735</b>

**NORTHERN CAPITAL SELECT INSURANCE COMPANY**  
**Statement of Income**

**DECEMBER 31, 2008**

<b>Underwriting Income</b>	
Premiums earned	\$18,412,453
<b>Deductions:</b>	
Losses incurred	7,002,278
Loss expenses incurred	2,004,060
Other underwriting expenses incurred	9,018,640
Total underwriting deductions	<u>\$18,024,978</u>
Net underwriting gain or (loss)	\$387,475
<b>Investment Income</b>	
Net investment income earned	\$424,292
Net investment gain or (loss)	<u>\$424,292</u>
<b>Other Income</b>	
Net income before dividends to policyholders and before federal & foreign income taxes	\$811,768
	<u>0</u>
Net Income, after dividends to policyholders, but before federal & foreign income taxes	\$811,768
Federal & foreign income taxes	<u>13,208</u>
Net Income	\$798,560
<b>Capital and Surplus Account</b>	
Surplus as regards policyholders, December 31 prior year	\$8,478,858
Net Income	\$798,560
Change in deferred income tax	(239,824)
Change in non-admitted assets	(628,236)
Change in provision for reinsurance	(47,000)
Examination Adjustment	<u>(85,002)</u>
Change in surplus as regards policyholders for the year	(\$201,502)
Surplus as regards policyholders, December 31 current year	<u><u>\$8,277,356</u></u>

## COMMENTS ON FINANCIAL STATEMENTS

**Subsequent Event:** The Company filed an amended Annual Statement on June 24, 2009 due to proposed audit adjustments by the Company's independent CPA and due to Company adjustments identified during the 2008 Statutory examination. The following comments were reflected in the amended Annual Statement unless otherwise noted.

### Assets

**Uncollected Premiums** \$218,653

The amount reported by the Company of \$322,768, was decreased by \$104,115 to record a decrease to the Premiums Receivable reserve due to cancellation of coverage subsequent to year end.

**Current Federal and Foreign Income Tax Recoverable** \$336,792

The amount reported by the Company of \$0, was increased by \$336,792 due to the Company re-class of a negative liability in Current Federal and Foreign Income Tax that should have been recorded as an asset to be in compliance with SSAP No.10 – *Admissibility of Income Tax Assets*.

**Net Deferred Tax Asset** \$68,720

The amount reported by the Company of \$552,048, was decreased by \$483,328 due to an update to the Deferred Tax Asset – non-admitted of \$502,664 and an update to the Deferred Tax Asset – admitted in the amount of \$19,336 to account for a change in the tax provision that resulted from other audit adjustments proposed by the external CPA.

**EDP Equipment** \$252,076

The amount reported by the Company of \$291,248, was decreased by \$39,172 due to a reduction in surplus and compliance with SSAP No. 16, Paragraph 4.

**Receivable from Parent, Subsidiaries and Affiliates** \$1,598,453

The amount reported by the Company of \$719,972, was increased by \$878,481 due to a re-class of a negative liability due from affiliate.

**Liabilities**

**Losses** \$3,638,376

The amount reported by the Company of \$2,387,376, was increased by \$1,251,000 due to the results of an actuarial review performed in conjunction with this Examination. The Examiner's consulting actuary from AMI Risk Consultants (AMI Risk) reviewed work papers provided by the Company and was not in concurrence with this opinion. AMI Risk concluded that the company was deficient in their provision by \$1,251,000. The independent CPA also conducted an analysis and concluded the Company was deficient in their incurred but not reported losses (IBNR) in the amount of \$1,166,000 and recommended the Company make the applicable adjustment. The Company reflected the adjustment in the amended Annual Statement as mentioned above. The Examiners reflected the opinion of AMI Risk as an examination adjustment to the losses.

**Other Expenses** \$292,057

The amount reported by the Company of \$492,057, was decreased by \$200,000 due to a reduction of the Bonuses Payable as a result of a re-allocation of their cost sharing agreement with affiliates (explained above).

**Taxes, Licenses and Fees**\$112,997

The amount reported by the Company of \$129,881, was decreased by \$16,884 due to the net balance of the increase to the Premium Tax Payable that as a result of a correction to the estimated accrual for Premium Tax Expense and a reduction of the State Taxes Payable of \$65,884 that resulted from an update to the Tax Provision that was derived from the effect of the other audit adjustments proposed by the external CPA.

**Current Federal and Foreign Income Taxes**\$0

The amount reported by the Company of \$51,800, was decreased by \$388,592 due to an update to the Tax Provision that resulted from other audit adjustments proposed by the external CPA. This resulted in a negative liability for Federal Income Taxes payable, which under SSAP No. 10 was re-classified to an asset.

**Unearned Premium**\$7,360,480

The amount reported by the Company of \$7,464,595, was decreased by \$104,115 to record a reduction of the Unearned Premium Reserve due to due to cancellation of coverage subsequent to year end.

**Ceded Reinsurance Premium Payable**\$1,804,695

The amount reported by the Company of \$2,537,695, was decreased by \$733,000 due to a re-classification of a Reinsurance Payable which resulted from the change to the cost sharing allocation.



**Provision for Reinsurance**\$47,000

The amount reported by the Company of \$0, was increased by \$47,000 due to an entry made to establish a provision for reinsurance pursuant to SSAP No. 62.

**Payable to Parent Subsidiaries and Affiliates**\$2,672,163

The amount reported by the Company of \$810,009, was increased by \$1,862,154 due to the re-classification of Reinsurance Payable in the amount of \$733,000, a re-allocation of the cost sharing agreement in the amount of \$250,673 and a re-class of a negative liability due from an affiliation in the amount of \$878,481.

**Capital and Surplus**

The amount reported by the Company of \$8,362,357, exceeded the minimum of \$4,000,000 required by Section 624.408, Florida Statutes. Surplus per examination of \$8,277,356 was reduced due to examination adjustments of \$85,001. The amount per examination is in compliance with Section 624.408, Florida Statutes.

A comparative analysis of changes in surplus is shown below.

**NORTHERN CAPITAL SELECT INSURANCE COMPANY  
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 **\$9,743,053**

	<u>PER COMPANY</u>	<u>PER EXAM</u>	<u>INCREASE (DECREASE) IN SURPLUS</u>
<b>ASSETS:</b>			
Uncollected premium	322,768	218,653	(104,115)
Current federal and foreign income tax recoverable	0	336,792	336,792
Net Deferred Tax Asset	552,048	68,720	(483,328)
EDP Equipment	291,248	252,076	(39,172)
Receivable from parents, subsidiaries and affiliates	719,972	1,598,453	<u>878,481</u>
			<b>588,658</b>
<b>LIABILITIES:</b>			
Losses	2,387,376	3,638,376	(1,251,000)
Other Expenses	492,057	292,057	200,000
Taxes, licenses and fees	129,881	112,997	16,884
Current federal and foreign income taxes	51,800	0	51,800
Unearned premium	7,464,595	7,360,480	104,115
Ceded reinsurance premium payable	2,537,695	1,804,695	733,000
Provision for reinsurance	0	47,000	(47,000)
Payable to parent, subsidiaries and affiliates	<u>810,009</u>	<u>2,672,163</u>	<u>(1,862,154)</u>
			<b>(2,054,355)</b>
Net Change in Surplus:			<u><b>(1,465,697)</b></u>
Surplus as Regards Policyholders December 31, 2008, Per Examination			<u><u><b>\$8,277,356</b></u></u>

## SUMMARY OF FINDINGS

### Compliance with previous directives

This is the Company's first financial examination therefore there were no previous directives.

### 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.

#### General

The Company's Board of Directors did not approve the investment into the Money Market Account for 2008. This did not comply with Section 625.304, Florida Statutes. **We recommend that the Company approve all investments to comply with Section 625.304, Florida Statutes.**

## SUBSEQUENT EVENTS

Changes have been made to the management of the Company subsequent to the examination date as follows: Michael Samach, CFO resigned on June 5, 2009. The Company hired Kevin Walton as the new CFO effective July 16, 2009.

Application for merger of the Company and Northern Capital Insurance Company was approved by the Office as of December 31, 2009. The surviving entity was Northern Capital Insurance Company.

## CONCLUSION

The insurance examination practices and procedures as promulgated by the NAIC have been followed in ascertaining the financial condition of **Northern Capital Select Insurance Company** (*F.K.A. Landmark One Insurance Company*) 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 \$8,277,356, in compliance with Section 624.408, Florida Statutes.

In addition to the undersigned, John Romano, CPA, Examiner in-Charge, Phil Schmoyer, Participating Examiner, Gail Flannery, FCAS, MAAA, Consulting Actuary representing Parente Randolph, LLC participated in the examination.

Respectfully submitted,

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