



**EXAMINATION REPORT**  
**OF**  
**TOWER HILL SIGNATURE INSURANCE**  
**COMPANY**

**NAIC Company Code: 12538**

**Gainesville, Florida**  
**as of**  
**December 31, 2018**

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

## TABLE OF CONTENTS

<b>LETTER OF TRANSMITTAL</b> .....	<b>-</b>
<b>SCOPE OF EXAMINATION</b> .....	<b>1</b>
<b>SUMMARY OF SIGNIFICANT FINDINGS</b> .....	<b>2</b>
CURRENT EXAMINATION FINDINGS .....	2
PREVIOUS EXAMINATION FINDINGS .....	2
<b>COMPANY HISTORY</b> .....	<b>2</b>
GENERAL .....	2
DIVIDENDS .....	3
CAPITAL STOCK AND CAPITAL CONTRIBUTIONS.....	3
SURPLUS NOTES .....	4
ACQUISITIONS, MERGERS, DISPOSALS, DISSOLUTIONS .....	4
<b>MANAGEMENT AND CONTROL</b> .....	<b>5</b>
CORPORATE GOVERNANCE .....	5
HOLDING COMPANY SYSTEM .....	6
TAX ALLOCATION AGREEMENT.....	6
MANAGEMENT AGREEMENT.....	7
MANAGING GENERAL AGENT AGREEMENT.....	7
<b>ACCOUNTS AND RECORDS</b> .....	<b>8</b>
CUSTODIAL AGREEMENT .....	8
INDEPENDENT AUDITOR AGREEMENT .....	8
CORPORATE RECORDS REVIEW.....	8
<b>SIMPLIFIED ORGANIZATIONAL CHART</b> .....	<b>10</b>
<b>TERRITORY AND PLAN OF OPERATIONS</b> .....	<b>11</b>
<b>REINSURANCE</b> .....	<b>11</b>
REINSURANCE ASSUMED.....	11
REINSURANCE CEDED.....	11
<b>INFORMATION TECHNOLOGY REPORT</b> .....	<b>12</b>
<b>STATUTORY DEPOSITS</b> .....	<b>13</b>
<b>FINANCIAL STATEMENTS</b> .....	<b>14</b>
ASSETS .....	15
LIABILITIES, SURPLUS AND OTHER FUNDS .....	16
STATEMENT OF INCOME .....	17
RECONCILIATION OF CAPITAL AND SURPLUS.....	18
<b>COMMENTS ON FINANCIAL STATEMENT ITEMS</b> .....	<b>19</b>
LIABILITIES .....	19
CAPITAL AND SURPLUS .....	19
<b>SUBSEQUENT EVENTS</b> .....	<b>20</b>
<b>CONCLUSION</b> .....	<b>21</b>

May 27, 2020

David Altmaier  
Commissioner  
Office of Insurance Regulation  
State of Florida  
Tallahassee, Florida 32399-0326

Dear Commissioner:

Pursuant to your instructions, in compliance with Section 624.316, Florida Statutes, Rule 690-138.005, 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, 2018, of the financial condition and corporate affairs of

**Tower Hill Signature Insurance Company**

7201 N.W. 11<sup>th</sup> Place  
Gainesville, Florida 32605

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, 2014 through December 31, 2018. Fieldwork, which included planning meetings held at the Florida Office of Insurance Regulation (“the Office”) commenced on April 23, 2019, and concluded as of May 27, 2020. The Company’s last full scope exam by representatives of the Office covered the period of January 1, 2009 through December 31, 2013.

The examination was conducted in accordance with the NAIC Financial Condition Examiners Handbook (“Handbook”). The Handbook requires that the examination be planned and performed to evaluate the financial condition, assess corporate governance, identify current and prospective risks of the Company, and evaluate system controls and procedures used to mitigate those risks. An examination also includes identifying and evaluating significant risks that could cause an insurer’s surplus to be materially misstated both currently and prospectively.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. This may include assessing significant estimates made by management and evaluating management’s compliance with the NAIC Statements of Statutory Accounting Principles (SSAP).

This examination report includes information obtained from the examination of the records, accounts, files and documents of or relative to the Company and other information as permitted by Section 624.319, Florida Statutes. There may be other items identified during the examination that, due to their nature (for example, subjective conclusions or proprietary information), are not included within the examination report but separately communicated to other regulators and/or the Company.

## SUMMARY OF SIGNIFICANT FINDINGS

### Current Examination Findings

There were no material findings or exceptions noted during the examination as of December 31, 2018.

### Previous Examination Findings

The following is an update on other significant regulatory information disclosed in the previous examination.

#### Related Party Activities

The Company did not timely update its consolidated holding company registration statements for Tower Hill Insurance Group to include the reinsurance data compilation agreement among affiliates executed on July 24, 2014. The Company also did not notify the Office of its intention to enter into this agreement at least 30 days prior to the execution of the agreement.

The Company did not file its reinsurance data compilation service agreement as part of its holding company registration statement, but did provide it during the examination.

#### Subsequent Actions

The Company disclosed this agreement in the consolidated holding company registration statements during the current examination period. However, The Office has no record of prior notice (i.e., a Form D) being filed with the Office concerning this agreement as required by Rule 69O-143.047, Florida Administrative Code. **Subsequent Event:** The agreement expired on May 31, 2019.

## COMPANY HISTORY

### General

The Company was incorporated in Florida on March 31, 2006 as Royal Palm Insurance Company (Royal Palm). The Company began writing direct business in April 1, 2006, providing

homeowner's and dwelling insurance in Florida. The Company initially assumed approximately 120,000 in-force policies from Allstate Floridian Insurance Company and Allstate Floridian Indemnity Company (renamed Castle Key Insurance Company in 2009), which had elected to reduce Allstate's exposure in Florida following hurricane losses. The Allstate assumption allowed access to the Allstate agency force of approximately 1,500 agents.

On February 24, 2011, Royal Palm Insurance Holdings, Inc. (whose name was later changed to Tower Hill Signature Insurance Holdings, Inc. on August 18, 2011), was formed and purchased all of the issued and outstanding shares of capital stock in Royal Palm from its parent company Ritchie Risk-Linked LLC. On May 19, 2011, the name of Royal Palm was changed to Tower Hill Signature Insurance Company ("the Company") and renewal of policies previously written by the Allstate companies was offered on the Company's paper

The Company's immediate parent is Tower Hill Signature Insurance Holdings, Inc. (Signature Holdings). Signature's ultimate parent is Tower Hill Insurance Holdings, LLC (THIH).

The Company, together with the other four Tower Hill Insurance Companies, share common management.

Omega Insurance Company (Omega) was a wholly owned subsidiary of Omega Insurance Holdings, Inc. (Omega Holdings). On July 1, 2018, Omega Holdings merged with Signature Holdings. The stock of the Omega was then contributed to the Company and the Company became Omega's immediate parent, with approval of the Office.

## **Dividends**

In accordance with Section 628.371, Florida Statutes, the Company declared and paid dividends to its stockholder(s) in 2016 in the amount of \$5,000,000 payable January 11, 2017.

## **Capital Stock and Capital Contributions**

As of December 31, 2018, the Company's capitalization was as follows:

Number of authorized common capital shares	100,000
--	---------

Number of shares issued and outstanding	55,000
Total common capital stock	\$5,500,000
Par value per share	\$100.00

During 2016, Signature received a capital contribution of \$2,000,000 from its Parent company and the Company returned capital in the amount of \$5,000,000 to its parent during the same year. The net impact on capital of the two transactions for 2016 was \$(3,000,000). On July 1, 2018, the Company received a capital contribution from its parent of 100% of the common stock of Omega Insurance Company (“Omega”). The capital contribution resulted in an increase in the Company’s surplus of \$12,025,056 on the transaction date, which represented the underlying statutory equity value of Omega at that point in time. No other capital contributions were made during the period under examination.

### **Surplus Notes**

On March 30, 2006, the Company received the proceeds from a \$35,000,000 surplus note in the form of cash issued by its former parent, Richie Risk-Linked Strategies Trading, Ltd., a Bermuda Corporation. The note was amended and restated on June 29, 2007. The Company paid the sum of \$15,000,000 to the Parent in the two payments made in 2008. The Company remained indebted to the Parent under the note in the amount of \$20,000,000 prior to acquisition. The outstanding amount was recorded to surplus immediately prior to the sale of the Company as part of the terms of the Purchase Agreement which was previously filed with the Office. The transaction itself was a reclassification between a surplus note and unassigned surplus and as provided in the Purchase Agreement was to become permanent capital prior to the Company being acquired.

In December 2006, the Company received the proceeds from a \$25,000,000 20-year surplus note issued by the State of Florida under the Insurance Capital Build-Up Incentive Program. Interest is based on the constant maturity treasury index and is adjusted quarterly. The outstanding amount of the note was \$6,636,501 as of December 31, 2018.

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

Omega was a wholly owned subsidiary of Omega Holdings, Inc. On July 1, 2018, the Omega Holdings merged with Signature Holdings. The stock of Omega was then contributed to the Company and the Company became Omega’s immediate parent with approval of the Office.

Omega and Tower Hill Select Insurance Company merged with the Company effective May 1, 2020 with the surviving entity of the merger being the Company. This transaction was approved by the Office on March 25, 2020.

## MANAGEMENT AND CONTROL

### Corporate Governance

Directors serving as of December 31, 2018, are shown below:

<b>Directors</b>		
<b>Name</b>	<b>City, State</b>	<b>Principal Occupation, Company Name</b>
William John Shively (a)	Lexington, Kentucky	Co-Chief Executive Officer Tower Hill Insurance Group
James Nicholas Smith	St. Petersburg, Florida	Retired
Donald Carl Matz, Jr.	Gainesville, Florida	President Tower Hill Insurance Group
George Gregory King	Blowing Rock, North Carolina	Retired
Scott Kevin Billings	Fort Worth, Texas	Managing Member Blackeyed Distilling Company

- a) William J. Shively was the Chairman of the Board as of December 31, 2018. As planned, Mr. Shively later resigned and was replaced by Stephen Dawahare as a Board Member on July 8, 2019.



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

<b>Senior Officers</b>		
<b>Name</b>	<b>City, State</b>	<b>Title</b>
William John Shively	Lexington, Kentucky	Chief Executive Officer
Donald Carl Matz, Jr.	Gainesville, Florida	President
Stephen Eric Allnut	Willison, Florida	Chief Underwriting Officer
Benjamin Lane Bussey III	Jacksonville, Florida	Chief Financial Officer/Treasurer
Scott Parker Rowe	Newberry, Florida	Secretary/Chief Compliance Officer

The Company's Board appointed an audit committee. The following were the principal internal board committees and their members as of December 31, 2018.

<b>Audit Committee</b>		
<b>Name</b>	<b>City, State</b>	<b>Title, Company Name</b>
Scott Kevin Billings <sup>(1)</sup>	Fort Worth, Texas	Managing Member, Blackeyed Distilling Company
James Nicholas Smith	St. Petersburg, Florida	Retired
George Gregory King	Blowing Rock, North Carolina	Retired

<sup>1</sup> Chairman

### **Holding Company System**

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

### **Tax Allocation Agreement**

Signature Holdings and the Company have elected to be included in the filing of consolidated federal income tax returns dated January 1, 2013 and both desire to participate in combined state

and local income tax returns. In July of 2018 Omega was made a subsidiary of Signature and its holding company was merged with Signature Holdings. Effective that date the parties added Omega as a party to the agreement.

The consolidated return was prepared as if each individual corporation filed a separate return based on the income, losses, deductions and credit of such individual corporation. Tax payments by the Company were made to Signature Holdings.

### **Management Agreement**

The Company and Signature Holdings entered into a Management Agreement February 24, 2011 to provide certain management services including, legal counsel, accounting, investments and financial management, reinsurance assistance, risk management, human resources, administrative services, communication and information technology services, marketing services consulting and other such services as may be necessary. In July 2018 Omega was made a subsidiary of the Company and Omega Holdings was merged with Signature Holdings. The parties added Omega as a party to the Agreement at the same terms and conditions as Omega's prior Management Agreement with Omega Holdings. The agreement continues in force for a term of five (5) years and will automatically renew for successive five (5) year periods, unless otherwise terminated within the guidelines of the agreement. The management fee paid by the Company each month was equal to two percent (2%) of earned premium on new and renewed business. Fees incurred under this agreement during 2018 amounted to \$2,020,316.

### **Managing General Agent Agreement**

The Company entered into a Managing General Agency Agreement with its affiliate, Tower Hill Insurance Group, LLC (MGA) on January 1, 2011. The terms of the contract give the MGA authority for underwriting, premium collection, claims adjustment, and claims payment. All premium collection is facilitated through the MGA. The underwriting authority of the MGA to issue policies under this agreement is continuous until terminated. This agreement may be terminated by either party without cause, by giving the other party not less than 90 days prior written notice of such termination. The MGA retains all policy and billing fees collected by the Company less applicable premium taxes relative to such policy fees.

In addition to the foregoing provisions, the MGA is entitled to charge and retain installment fees, actual inspection fees incurred, and a per policy MGA fee of \$25. Claims administration services

were included in the agreement. Claims administration fees were calculated according to a fee schedule based on size of claim. Fees incurred under this agreement during 2018 amounted to \$2,686,436.

### **Reinsurance Data Compilation Agreement**

The Company entered into a Reinsurance Data Compilation Agreement with its affiliate, Tomoka Reinsurance Intermediaries, Inc. (“Tomoka”) and non-affiliate TigerRisk Partners LLC (“TigerRisk”) effective July 31, 2018. Pursuant to this Agreement, Tomoka provides the Company data review and compilation services, and TigerRisk uses this information to provide reinsurance intermediary services to the Company. TigerRisk and Tomoka divide any related reinsurance brokerage revenue fifty percent. The Office has no record of prior notice (i.e., a Form D) being filed with the Office concerning this agreement as required by Rule 69O-143.047, Florida Administrative Code.

## **ACCOUNTS AND RECORDS**

The Company maintained its principal operational offices in Gainesville, Florida. The Company and non-affiliates had the following agreements:

### **Custodial Agreement**

The Company maintained a custodial agreement with Regions Bank executed on April 20, 2016.

### **Independent Auditor Agreement**

An independent CPA firm PricewaterhouseCoopers LLP audited the Company’s statutory basis financial statements annually for the years 2017 and 2018. Supporting work papers were prepared by the CPA firm. KPMG audited the Company’s statutory basis financial statements annually for the years 2016, 2015 and 2014.

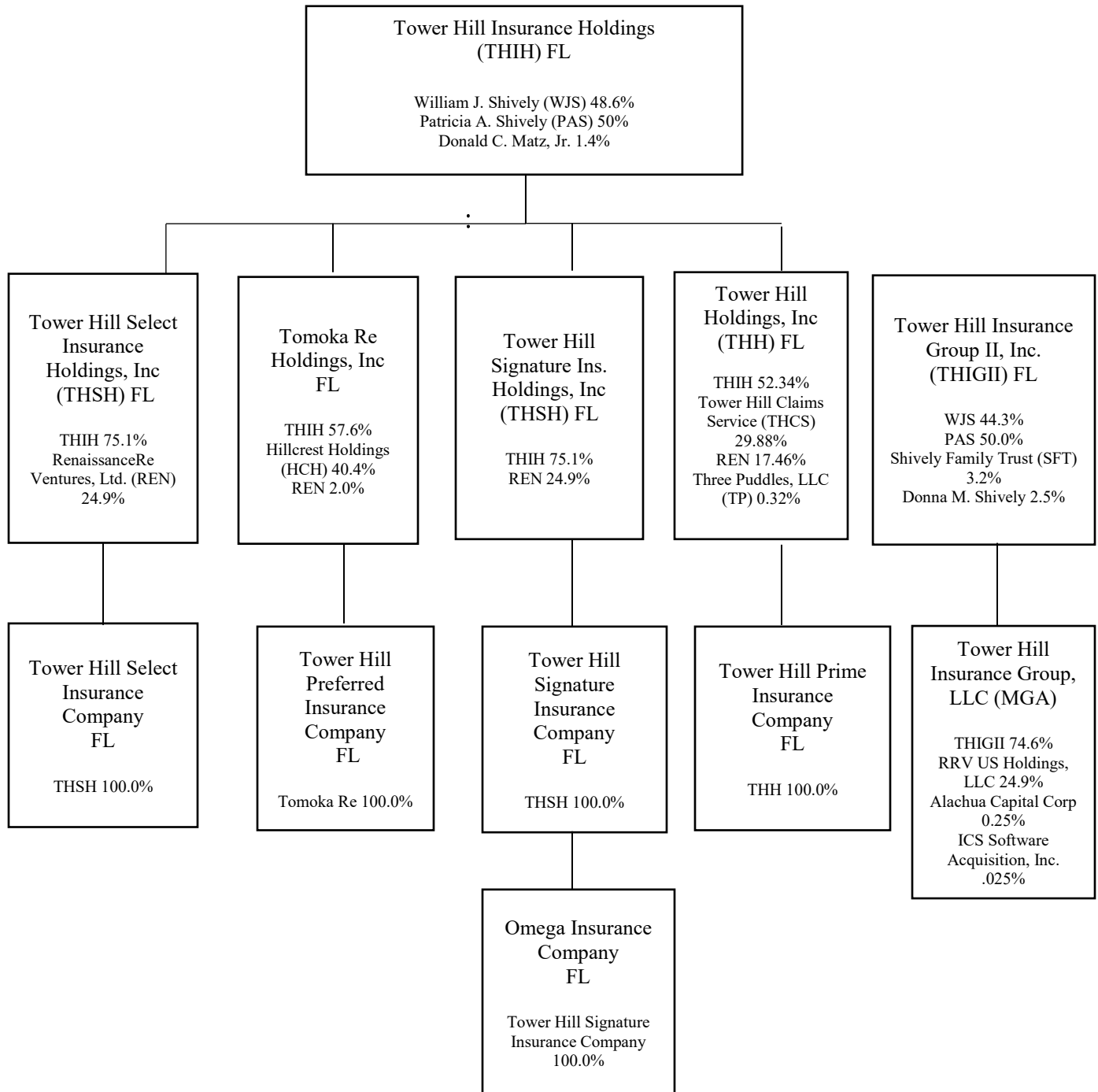
### **Corporate Records Review**

The recorded minutes of the Shareholders, Board of Directors (“Board”) and certain internal committees were reviewed for the period under examination. The recorded minutes of the Board

documented its meetings and approval of Company transactions and events, including the authorization of investments.

**Tower Hill Signature Insurance Company  
Simplified Organizational Chart  
December 31, 2018**

A simplified organizational chart as of December 31, 2018, reflecting the holding company system, is shown below. Schedule Y of the Company's 2018 annual statement provided a list of all related companies of the holding company group.



## TERRITORY AND PLAN OF OPERATIONS

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

Arkansas	Mississippi	Ohio
Florida	North Carolina	Texas

The Company was authorized to transact insurance in Florida on March 31, 2006, and is currently authorized for the following coverage(s) as of December 31, 2018:

Fire	Inland Marine
Allied Lines	Other Liability
Homeowners Multiple Peril	

## REINSURANCE

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

### **Reinsurance Assumed**

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

### **Reinsurance Ceded**

The Company has entered into several reinsurance contracts to protect itself from excessive homeowners' multiple peril losses and from catastrophic events. During the year ended December 31, 2018, the Company ceded premiums under quota share, catastrophe excess of loss, and accident year excess of loss reinsurance agreements.

The Company began writing personal lines flood business as an endorsement on its Homeowner policies. The Company entered a new quota-share reinsurance agreement effective on April 1, 2018 related to the flood business. Under the new quota-share, the Company will cede 100% of new business while retaining 0%. The Reinsurer pays the Company a 30% ceding commission.

The Company entered a new quota-share reinsurance agreement effective June 1, 2018 on all in force, new and renewal business. Under the new quota share, the Company will cede 42% of new, renewal, and in force business while retaining 58%. Previously the Company ceded 40% while retaining 60%. This change resulted in a decrease in the net reserve for unearned premiums of approximately \$1,300,000 and an increase in amounts due to reinsurers of approximately \$600,000 (written premiums less related expenses), which is settled with the Company within 90 days. The effect of these transactions on the Statement of Operations was an increase in underwriting income of approximately \$600,000 pre-tax representing the immediate recognition of commissions ceded associated with the change in unearned premiums (as required by SAP). The after-tax effect on surplus was an increase of approximately \$500,000.

## **INFORMATION TECHNOLOGY REPORT**

Jenny Jeffers, AES, CISA, IT Specialist, Jennan Enterprises, 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.

## STATUTORY DEPOSITS

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

<b>State</b>	<b>Description</b>	<b>Par Value</b>	<b>Market Value</b>
FL	Cash	<u>\$2,509,917</u>	<u>\$ 2,509,917</u>
TOTAL FLORIDA DEPOSITS		<u>\$2,509,917</u>	<u>\$ 2,509,917</u>
NC	USTBND 1.88%	<u>\$ 300,000</u>	<u>\$ 300,000</u>
TOTAL OTHER DEPOSITS		<u>\$ 300,000</u>	<u>\$ 300,000</u>
TOTAL STATUTORY DEPOSITS		<u><u>\$2,809,917</u></u>	<u><u>\$ 2,809,917</u></u>



## **FINANCIAL STATEMENTS**

The following includes the Company's statutory Statement of Assets, Liabilities, Surplus and Other Funds; the statutory Statement of Operations; the statutory Statement of Cash Flow; and the statutory Analysis of Changes in Surplus for the year ended December 31, 2018. The financial statements are based on the statutory financial statements filed by the Company with the Florida Office of Insurance Regulation and present the financial condition of the Company for the period ending December 31, 2018. (Note: Failure of the columns to add to the totals reflected in this Report is due to rounding.)

**Tower Hill Signature Insurance Company**  
**Assets**  
**December 31, 2018**

	<b>Per Company</b>	<b>Examination Adjustments</b>	<b>Per Examination</b>
Bonds	\$ 78,581,494	\$ -	\$ 78,581,494
Common stocks	21,074,170		21,074,170
Mortgage loans	2,675,233		2,675,233
Cash and Short-Term Investments	9,907,573		9,907,573
Investment income due and accrued	515,117		515,117
Uncollected premiums and agents' balances	7,289,232		7,289,232
Deferred premium	196,037		196,037
Amounts recoverable from reinsurers	111,425		111,425
Current federal income taxes recoverable	6,139,301		6,139,301
Net deferred tax asset	1,520,364		1,520,364
Aggregate write-in for other than invested assets	814,332		814,332
<b>Totals</b>	<u><u>\$ 128,824,278</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 128,824,278</u></u>

**Tower Hill Signature Insurance Company  
Liabilities, Surplus and Other Funds  
December 31, 2018**

	<b>Per Company</b>	<b>Examination Adjustments</b>	<b>Per Examination</b>
Losses	\$ 24,091,811		\$ 24,091,811
Loss adjustment expenses	5,031,308		5,031,308
Commissions payable	642,896		642,896
Other expenses	213,739		213,739
Taxes, licenses and fees	580,554		580,554
Current federal and foreign income taxes	505,963		505,963
Unearned premium	29,263,177		29,263,177
Ceded reinsurance balances payable	15,777,543		15,777,543
Amounts withheld or retained by company	709,634		709,634
Payable to parent, subsidiaries and affiliates	2,334,064		2,334,064
Total Liabilities	<u>\$ 79,150,689</u>	<u>\$ -</u>	<u>\$ 79,150,689</u>
Common capital stock	\$ 5,500,000		\$ 5,500,000
Surplus notes	6,636,501		6,636,501
Gross paid in and contributed surplus	86,525,056		86,525,056
Unassigned funds (surplus)	<u>(48,987,968)</u>	<u>-</u>	<u>(48,987,968)</u>
Surplus as regards policyholders	<u>\$ 49,673,589</u>	<u>\$ -</u>	<u>\$ 49,673,589</u>
Total liabilities, surplus and other funds	<u>\$128,824,278</u>	<u>\$ -</u>	<u>\$128,824,278</u>

**Tower Hill Signature Insurance Company  
Statement of Income  
December 31, 2018**

**Underwriting Income**

Premiums earned \$54,844,896

**Deductions**

Losses incurred \$29,388,555

Loss expenses incurred 5,337,387

Other underwriting expenses incurred 17,045,350

Total underwriting deductions \$51,771,292

Net underwriting gain or (loss) \$ 3,073,604

**Investment Income**

Net investment income earned \$ 2,123,354

Net realized capital gains or (losses) 428,524

Net investment gain or (loss) \$ 2,551,878

**Other Income**

Finance and service charges not included in premiums \$ 10,365

Total other income \$ 10,365

Net income before federal & foreign income taxes \$ 5,635,847

Federal & foreign income taxes 1,037,443

Net Income \$ 4,598,404

**Capital and Surplus Account**

Surplus as regards policyholders, December 31 prior year \$39,396,758

Net Income \$ 4,598,404

Change in net unrealized capital gains or losses (3,940,052)

Change in net deferred income tax (761)

Change in non-admitted assets (21,543)

Change in provision for reinsurance 29,000

Change in surplus notes (2,413,273)

Surplus paid in 12,025,056

Change in surplus as regards policyholders for the year \$10,276,831

Surplus as regards policyholders, December 31 current year \$49,673,589

**Tower Hill Signature Insurance Company  
Reconciliation of Capital and Surplus  
December 31, 2018**

**Capital & Surplus Change during Examination Period**

Surplus at December 31, 2013, per Examination			\$42,226,676
	<u>Increase</u>	<u>Decrease</u>	
Net Income (loss)	\$14,723,816	\$ -	
Change in net unrealized capital gain (loss)		3,352,508	
Change in net deferred income tax		865,914	
Change in non-admitted assets		17,172	
Change in surplus notes		12,066,365	
Change in paid in surplus	9,025,056		
Net increase (or decrease)			\$ 7,446,913
Surplus at December 31, 2018, per Examination			<u><u>\$49,673,589</u></u>

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

## COMMENTS ON FINANCIAL STATEMENT ITEMS

### **Liabilities**

#### **Losses and Loss Adjustment Expenses**

Stanislav Eratt, FIA FCAS CERA, Director, Willis Towers Watson, appointed by the Board, rendered an opinion that the amounts carried in the balance sheet as of December 31, 2018, made a reasonable provision for all unpaid loss and loss expense obligations of the Company under the terms of its policies and agreements.

The Office consulting actuary, Brent Sallay, FCAS, MAAA, Senior Consulting Actuary, of Taylor-Walker Consulting, LLP, 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 \$49,673,589, exceeded the minimum of \$10,000,000 required by Section 624.408, Florida Statutes.

## **SUBSEQUENT EVENTS**

The only subsequent event not disclosed previously in the report is discussed below.

On September 1, 2019, Select Holdings merged with Signature Holdings. Tower Hill Select Insurance Company (“Select”) was a wholly owned subsidiary of Tower Hill Select Insurance Holdings, Inc. (“Select Holdings”). The stock of Select was contributed to the Company and Signature became the Select’s immediate parent with approval of the Office.

During December 2019, the Company issued a surplus note in the amount of \$14.1 million to Signature Holdings, of which \$10.0 million was funded in the Company’s account at the end of December 2019 and \$4.1 million was funded on February 19, 2020. The entire note was included within the Company’s Policyholders’ Surplus as of December 31, 2019. This transaction was approved by the Office.

Effective May 31, 2020, Signature Holdings along with the Company entered into a merger agreement with the Omega Insurance Company (“Omega”) and Select. As part of the agreement, the Omega and Select contributed all of their assets and liabilities into the Company, with the Company being the surviving entity. As of the effective date, each of the issued and outstanding shares of the Omega and Select were cancelled and ceased to exist. Shares of the surviving company, the Company, were unaffected and unimpaired by the merger; and no change to the Company’s ownership structure occurred. As a result of the merger, management intends to streamline internal processes and realize operating efficiencies. On March 25, 2020, pursuant to Section 628.451, Florida Statutes, the Office issued Consent Order 261474-20 approving the merger agreement.

## CONCLUSION

The insurance examination practices and procedures as promulgated by the NAIC have been followed in ascertaining the financial condition of Tower Hill Signature Insurance Company as of December 31, 2018, consistent with the insurance laws of the State of Florida.

In addition to the undersigned, Jeffrey Good, CFE, CIE, and Michael Masuen, CFE, CISA, Participating Examiners, of The NOVO Consulting Group, LLC, also participated in the examination. Members of the Office who participated in the examination include Jeffrey Rockwell, Examination Manager and Christopher Brown, Participating Examiner. Additionally, Brent Sallay, FCAS, MAAA, Senior Consulting Actuary, and Sonya Bergquist, Actuarial Analyst, of Taylor-Walker Consulting, LLP and Jenny Jeffers, AES, CISA, IT Specialist, and Joanna J. Latham, IT Specialist of Jennan Enterprises, LLC are recognized for participation in the examination.

Respectfully submitted,

*Lori Ruggiero*

Lori Ruggiero, CFE, CIE, MCM  
The Novo Consulting Group, LLC  
Representing the Florida Office of Insurance Regulation

*Daniel W. Applegarth*

Daniel W. Applegarth, CFE, CPA, PIR  
Chief Financial Examiner  
P&C Financial Oversight  
Florida Office of Insurance Regulation