REPORT ON EXAMINATION

OF

UNIVERSAL PROPERTY & CASUALTY INSURANCE COMPANY

FORT LAUDERDALE, FLORIDA

AS OF

DECEMBER 31, 2013

BY THE

FLORIDA OFFICE OF INSURANCE REGULATION

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August 22, 2014

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:

UNIVERSAL PROPERTY & CASUALTY INSURANCE COMPANY
1110 WEST COMMERCIAL BOULEVARD
FORT LAUDERDALE, FLORIDA 33309

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, 2009 through December 31, 2013. The Company was last examined by representatives of the Florida Office of Insurance Regulation (Office) as of December 31, 2008. The Company was also subject to a Target Market Conduct Examination as of May 31, 2013. This examination commenced with planning at the Office on April 14, 2014 to April 18, 2014. The fieldwork commenced on April 21, 2014, and concluded as of August 22, 2014.

This financial examination was a multi-state 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. No other states participated in the examination.

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 Exam Findings

The following is a summary of material adverse findings, significant non-compliance findings, or material changes in the financial statements noted during this examination.

Letter of Credit

For Colisee Re, the reinsurance letter of credit provided for thirty days' notice prior to expiration date or non-renewal, which was not in compliance with Rule 69O-144.005(6)(d)(2), Florida Administrative Code, requiring no less than sixty days notice. **Subsequent Event**: The Company provided the amended letter of credit to the Office on December 16, 2014.

Prior Exam Findings

The following is a summary of significant adverse findings for the examination as of December 31, 2008, along with resulting action taken by the Company in connection therewith.

Real Estate Expenses

The Company improperly recorded real estate expenditures as capital that should have been expensed in accordance with SSAP No. 40. Resolution: **The Company correctly valued the real estate based on independent appraisal and in accordance with SSAP No. 40.**

Uncollected Premiums

The Company did not review balances less than 90 days past due for collectability as required by SSAP No. 6. Resolution: **The Company implemented procedures to ensure that it complied with the provisions of SSAP No. 6.**

HISTORY

General

The Company was incorporated in Florida on November 5, 1997, and commenced business on December 31, 1997, as Universal Property and Casualty Insurance Company. In February 1998, the Company began issuing policies after acquiring homeowner insurance policies issued by the Florida Residential Property and Casualty Joint Underwriting Association. The Company is licensed to write various lines of business in seven states. However, the Company primarily writes homeowners' insurance in four states, with Florida representing the majority of the business written during the scope of this examination. The Company participated in the Insurance Capital Build-Up Incentive Program in 2006, which provided a $50,000,000 increase to surplus, through $25,000,000 in infused capital and a $25,000,000 surplus note, which the Company used to expand its writing. Since, then, the Company has grown into the second largest homeowner's property insurer in the state. The Company is a wholly owned subsidiary of Universal Insurance Holding Company of Florida, an insurance holding company domiciled in the

State of Florida. The holding company is wholly owned by Universal Insurance Holdings, Inc. (UIH), the ultimate parent.

There were several changes in management since the last examination. On February 7, 2013, the Company, through its then Chief Operating Officer, Sean Downes, notified the Office of several significant changes in leadership at the Company. Effective February 22, 2013, Bradley Meier resigned from his positions as President and Chief Executive Officer. He also resigned from the Board of Directors of the ultimate parent, UIH, and all of its subsidiaries. Mr. Meier was retained by UIH in an advisory capacity and entered into a “Founder and Adviser Agreement” effective February 22, 2013, which replaced Mr. Meier’s prior Employment Agreement dated August 11, 1999. The term of the agreement was through December 31, 2015, unless terminated earlier. Mr. Meier and UIH mutually agreed to terminate the agreement as of August 1, 2014. Sean Downes replaced Mr. Meier as President and Chief Executive Officer. Frank Wilcox replaced George DeHeer as the Chief Financial Officer. Jon Springer became the new Chief Operating Officer and Stephen Donaghy the Chief Administrative Officer.

The Company was party to Consent Order 103298-09-CO filed June 17, 2009, regarding untimely submission of "use and file" filings within 30 days after the effective date in violation of Section 627.062(2)(a)2, Florida Statutes. The Company complied with the provisions of this consent order.

The Company was party to Consent Order 126101-12-CO filed September 18, 2012 regarding the establishment of reinsurance collateral covering the segregated cell T-25, White Rock. The Company complied with the provisions of this consent order.

The Company was party to an amended Consent Order 13508-13-CO filed October 4, 2013 for findings associated with the Target Market Conduct Examination for the period ending May 31, 2013. The Company did comply with certain directives of the consent order regarding policy cancellations in accordance with Section 627.4133(2), Florida Statutes.

The Company was authorized to transact the following insurance coverage in Florida on various dates in 1997, 1999 and continued to be authorized in those lines as of December 31, 2013.

Homeowners multi-peril	Allied Lines	Other Liability
Inland Marine	Fire	

The Articles of Incorporation were amended November 20, 2007 to increase the number of authorized shares of stock from 10,000 to 3,000,000 with a par value of $1.00 per share. The Bylaws were not amended during the period covered by this examination.

Dividends to Stockholders

The Company did not declare or pay any dividends during the period of this examination.

Capital Stock and Capital Contributions

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

Number of authorized common capital shares	3,010,000
Number of shares issued and outstanding	3,000,000
Total common capital stock	$3,000,000
Par value per share	$1.00

Control of the Company was maintained by its parent, Universal Insurance Holding Company of Florida, who owned 100% of the stock issued by the Company, who in turn was 100% owned by UIH, a Delaware corporation.

The parent made four capital contributions totaling $30,000,000 in 2010, four contributions totaling $49,000,000 in 2011, and three contributions totaling $23,050,000 during 2012.

Surplus Notes

The Company issued a twenty-year surplus note to the State Board of Administration of Florida on November 6, 2006 in the amount of $25,000,000. The surplus note was issued in exchange for cash for the purpose of increasing the number of residential policies that cover the risk of hurricanes that the Company writes in Florida. The cash value of the note was $18,750,000 as of December 31, 2013.

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

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

CORPORATE RECORDS

The recorded minutes of the Shareholder(s), 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
Sean Patrick Downes Delray Beach, Florida	CEO/Director, Universal Property & Casualty Insurance Company
Jon William Springer Eagan, Minnesota	COO/Director, Universal Property & Casualty Insurance Company
Ozzie Abraham Schindler Miami Beach, Florida	Attorney
Scott Phillip Callahan Whitehouse Station, New Jersey	Retired
Joel Marc Wilentz Fort Lauderdale, Florida	Physician
Darryl Lamont Lewis Parkland, Florida	Attorney
Michael Anthony Pietrangelo Germantown, Tennessee	Attorney
Reed Jacob Slogoff (a) Bala Cynwyd, Pennsylvania	Attorney

(a) Resigned on June 6, 2014.

Ralph Joseph Palmieri and Richard Dale Peterson were elected to the Board on June 6, 2014.

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

Senior Officers

Name	**Title**
Sean Patrick Downes	President, CEO
Jon William Springer	COO
Frank Crawford Wilcox	Treasurer
Stephen Joseph Donaghy	Secretary

The Company's Board appointed several internal committees. Following were the principal internal board committees and their members as of December 31, 2013:

Nominating and Governance Committee

Michael Anthony Pietrangelo [1]
Scott P. Callahan
Joel M. Wilentz

Audit Committee

Ozzie Abraham Schindler [1]
Reed J. Slogoff (a)
Darryl L. Lewis

Investment Committee
Scott Phillip Callahan [1]
Sean P. Downes
Jon W. Springer
Reed J. Slogoff (a)

Compensation Committee
Reed J. Slogoff [1] (a)
Michael A. Pietrangelo
Darryl L. Lewis

[1] Chairman

(a) Resigned as of June 6, 2014. Rick Peterson replaced Reed Slogoff on the audit committee. Ralph Palmieri replaced Reed Slogoff on the investment committee. Darryl Lewis replaced Reed Slogoff as Chairman on the compensation committee and Rick Peterson was appointed to this committee.

The Company maintained an audit committee, as required by Section 624.424(8)(c), Florida Statutes.

Affiliated Companies

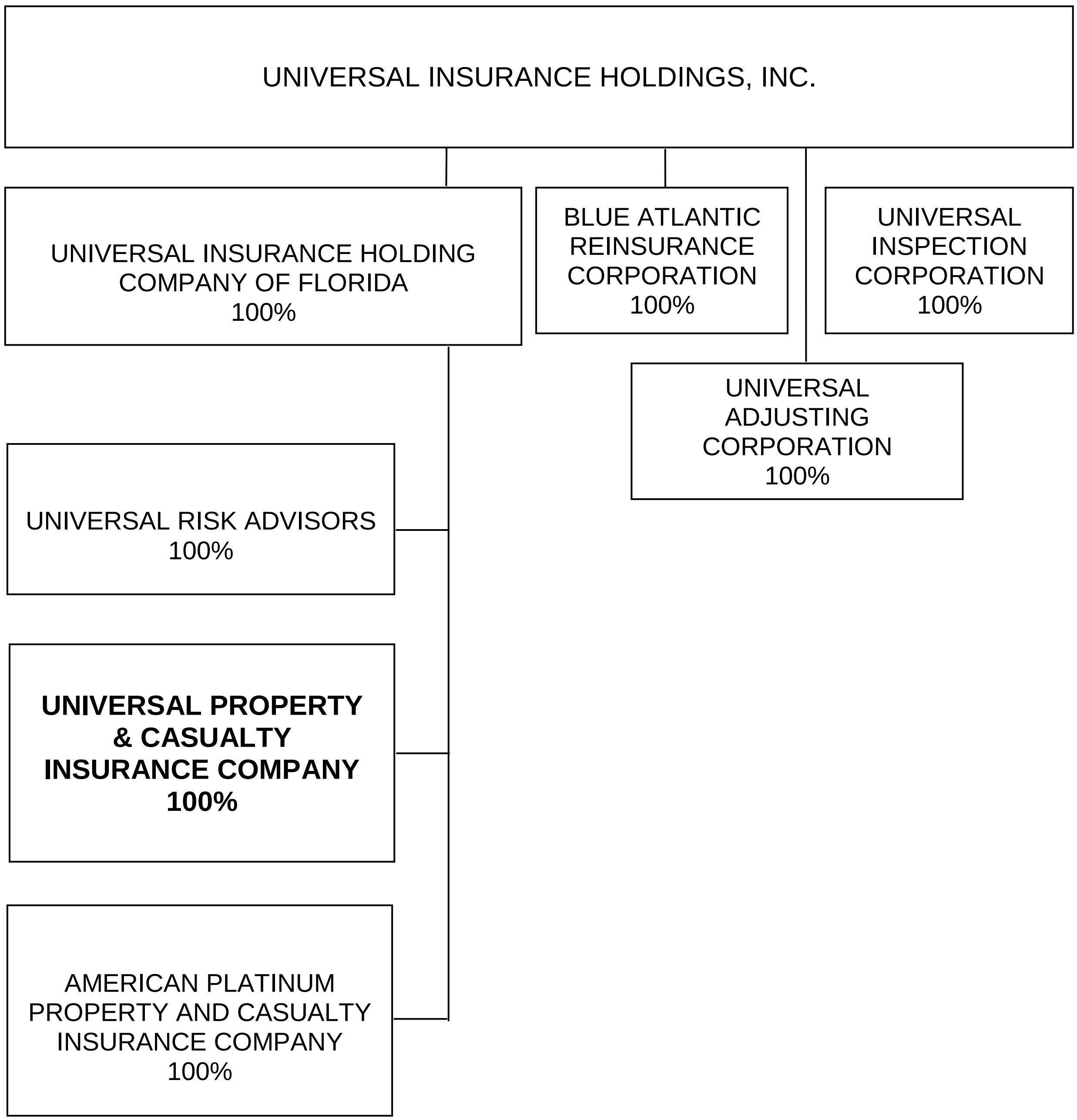
The Company was a member of an insurance holding company system. The most recent holding company registration statement was filed with the State of Florida on March 3, 2014, as required by Section 628.801, Florida Statutes, and Rule 69O-143.046, Florida Administrative Code.

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.

UNIVERSAL PROPERTY & CASUALTY INSURANCE COMPANY

ORGANIZATION CHART

DECEMBER 31, 2013



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

Tax Allocation Agreement

The Company, along with its parent, Universal Insurance Holding, Inc., and affiliates, filed a consolidated federal income tax return for the year ended December 31, 2013. The method of allocation was on a separate-entity basis. Each member of the group recorded an inter-company income tax receivable or payable with Universal Insurance Holding, Inc. Within ninety days of the remittance of any income tax payment to the taxing authorities, all inter-company tax receivables/payables were settled.

Cost Allocation Agreement

The Company entered into a Cost Allocation Agreement with the ultimate parent, Universal Insurance Holdings, Inc, and all subsidiaries effective January 1, 2013. The agreement allocated cost based upon the proportional benefit and interrelationship rule.

Managing General Agency Agreement

The Company entered into a Management Agreement with its affiliate, Universal Risk Advisors, Inc. (URA), on September 28, 1998, to provide management and administration services of the Company's insurance business. URA negotiates reinsurance on behalf of the Company and oversees the adjustment of losses. The agreement will automatically renew annually, unless otherwise terminated within the guidelines of the agreement. The management fee paid by the Company was equal to 4.0% of gross written premiums on new and renewed business plus a $25 per policy fee. Fees incurred under this agreement during 2013 amounted to $31,059,648.

Policy Administration Agreement

The Company entered into a Policy Administration Agreement with its affiliate, URA on January 15, 2002. The agreement will automatically renew annually, unless otherwise terminated within the guidelines of the agreement. Policy administration fees were based on 5.5% of all earned premiums to a maximum of $30,000,000 per year, then 4% of earned premiums in excess of $30,000,000 per year. Fees incurred under this agreement during 2013 amounted to $35,242,104.

Claims Services Agreement

The Company entered into a Claims Services Agreement with its affiliate, Universal Adjusting Corporation (UAC) on July 1, 2011. The agreement is continuous, unless otherwise terminated within the guidelines of the agreement. Claims administration fees were calculated according to a fee schedule based on the size and type of claim plus recorded statement, mileage, time and expense charges. Fees incurred under this agreement during 2013 amounted to $43,862,445.

Inspection Services Agreement

The Company entered into an Inspection Services Agreement with its affiliate, Universal Inspection Corp. (UIC) effective July 1, 2011. The agreement is continuous, unless otherwise terminated within the guidelines of the agreement. UIC provides residential property inspections and written deliverables therein for flat rate fees of $52 and $32 for interior and exterior inspections, respectively. Fees incurred under this agreement during 2013 amounted to $3,142,914.

Reinsurance Intermediary Agreement

The Company entered into a Reinsurance Intermediary Agreement with its affiliate, Blue Atlantic Reinsurance Corporation (Blue Atlantic) effective June 1, 2013. The agreement will automatically renew annually, unless otherwise terminated within the guidelines of the agreement. Blue Atlantic provides CAT modeling, risk and competitive analyses, reinsurance analysis and development, reinsurance marketing and administration services. Blue Atlantic received a share of the customary brokerage fees paid by reinsurers on the reinsurance contracts placed for the Company.

FIDELITY BOND AND OTHER INSURANCE

The Company maintained fidelity bond coverage up to $10,000,000 with a deductible of $100,000, which reached the suggested minimum as recommended by the NAIC.

The Company also maintained Directors and Officers liability coverage with limits of $10,000,000 with a deductible of $250,000. The Company also maintained insurance riders for computer crime, errors and omissions, and an umbrella policy with coverage up to $25,000,000.

PENSION, STOCK OWNERSHIP AND INSURANCE PLANS

There were not any pension, stock ownership or insurance plans in place at the Company during the period of this examination.

TERRITORY AND PLAN OF OPERATIONS

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

Florida	Georgia	Hawaii	South Carolina
Massachusetts	Maryland	North Carolina	

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 experienced a steady increase in both premiums earned and net income over the period covered by the examination. Premium growth has averaged 12% annually for the period of the examination. The Company reported a 20% increase in net premiums earned in 2013 as a result of reductions in quota share and catastrophe reinsurance costs and rate increases. The Company had 499,040 package policies in force at December 31, 2013, which represents an 8% decrease from the prior year end. The Company has a distribution network that consists of 5,700 independent agents. The Company began expanding into other states beginning in 2008 and is currently planning to expand its writing in additional states, including Delaware, Indiana, Minnesota and Pennsylvania. The Company offers policyholder premium financing through its affiliate, Atlas Premium Finance.

Surplus as to policyholders increased each year covered by the examination with a 20% increase from $134,033,523 in 2012 to $161,803,292 in 2013, which correlates to the addition of ($26,343,899) in unassigned funds reported in 2012.

The Company contracted Deutsche Investment Management Americas, Inc. in 2013, to transition its portfolio to a more traditional long-term structure.

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	2010	2009
Premiums Earned	263,437,254	218,268,853	178,262,300	158,616,729	131,445,392
Net Underwriting Gain/(Loss)	35,250,096	(24,941,580)	(40,989,499)	(35,665,198)	(43,141,436)
Net Income	27,650,575	(25,533,121)	(21,726,405)	(9,924,246)	(3,034,783)
Total Assets	553,590,184	526,633,388	493,582,794	444,569,153	391,087,954
Total Liabilities	391,786,891	392,599,865	370,627,183	328,642,953	303,260,540
Surplus As Regards Policyholders	161,803,293	134,033,523	122,955,611	115,926,200	87,827,414

LOSS EXPERIENCE

During the current examination period, the Company showed favorable development overall despite a large loss year in 2012 associated with claims related to Hurricane Isaac. The one and two-year net loss developments at the end of the current examination period were both favorable related in part to the Company not experiencing any hurricane-related losses in 2013. The Company reported a $60,000,000 improvement in underwriting results from 2012 to 2013 driven primarily through increases in earned premium and reductions in incurred loss and loss expenses. The reduction in non-catastrophe underwriting expenses was due to recently instituted improvements in claims handling, the enactment of Senate Bill 408 by the Florida legislature in 2011 to address sinkhole claims activity and the implementation of a mandatory 10% deductible on sinkhole claims. These factors caused a reduction in the ratio of loss reserves at year-end 2013 to net earned premium. In 2013, the Company created an in-house legal team and implemented a “fast track program” to expedite claims handling.

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 period of this examination.

Ceded

The Company’s exposure to catastrophic losses arises principally out of hurricanes and windstorms. The Company purchases reinsurance coverage up to and above the one hundred year probable maximum loss. The Company entered into two quota share treaties with Odyssey Re and Everest Re. The Company cedes 45% of its gross written premiums, losses and LAE for policies with coverage for wind risk for the two treaties combined. The Company also ceded risk through various excess per risk and catastrophe contracts which include private market contracts as well as the Florida Hurricane Catastrophe Fund. The Company recently purchased reinsurance coverage up to and above the one hundred year probable maximum loss. Agreements are renewed annually each June, prior to storm season, with the Company's affiliate, Blue Atlantic serving as the intermediary in cooperation with AON Benfield, Inc. (AON) serving as the Company's co-reinsurance broker. The Company ceded $512,359,916 in reinsurance premiums in 2013, compared to $444,884,278 in 2009.

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 Fort Lauderdale, Florida.

The Company and non-affiliates had the following agreements:

Custodial Agreements

The Company maintained a custodial agreement with USBank Institutional Trust and Custody effective May 16, 2008.

The Company maintained a custodial agreement with SunTrust Bank of South Florida, N.A., effective March 23, 2010.

The Company entered into a custodial agreement with State Street Bank and Trust Company effective May 1, 2013.

The Company entered into a custodial agreement with Deutsche Bank Securities, Inc. effective May 2, 2013.

These agreements were in compliance with Rule 69O-143.042, Florida Administrative Code.

Investment Management Agreement

The Company's prior owner/CEO had served as the Investment Officer, the Company entered into an investment management agreement with Deutsche Investment Management Americas, Inc. executed on April 2, 2013.

Brokerage Sharing Agreement

The Company and its affiliate, American Platinum Property and Casualty Insurance Company, entered into a brokerage sharing agreement with AON effective June 1, 2013, whereby AON provides co-reinsurance intermediary-broker services with the Company's affiliate, Blue Atlantic.

Independent Auditor Agreement

The Company contracted with an external independent CPA firm to perform the annual audit of its financial statements as required by Rule 69O-137.002, Florida Administrative Code.

INFORMATION TECHNOLOGY REPORT

Tracy Gates, CFE, CISA, 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	Description	Par Value	Market Value
FL	Cash	$ 1,500,000	$ 1,500,000
TOTAL FL DEPOSITS		$ 1,500,000	$ 1,500,000
GA	USTNT, 0.25%, 02/28/2014	$ 34,997	$ 35,007
HI	USTNB 0.88%, 7/15/2019	2,894,440	3,403,399
MA	USTNT 1.25%, 7/15/2020	114,241	126,036
NC	FIRST AMERN FDS INC	800,012	800,012
SC	USTNT, 1.25%, 8/31/2015	142,161	142,226
TOTAL OTHER DEPOSITS		$ 3,985,851	$ 4,506,680
TOTAL SPECIAL DEPOSITS		$ 5,485,851	$ 6,006,680

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."

UNIVERSAL PROPERTY & CASUALTY INSURANCE COMPANY

Assets

DECEMBER 31, 2013

	Per Company	Examination Adjustments	Per Examination
Bonds	$271,705,618		$271,705,618
Stocks:			
Common	54,548,279		54,548,279
Real Estate:			
Properties			
occupied by Company	6,625,811		6,625,811
Cash and Short-Term Investments	114,375,820		114,375,820
Investment income			
due and accrued	912,557		912,557
Agents' Balances:			
Uncollected premium	5,734,601		5,734,601
Deferred premium	39,560,499		39,560,499
Reinsurance recoverable	39,263,224		39,263,224
Other amounts receivable			
under reinsurance contracts	203,011		203,011
Current federal and foreign income			
tax recoverable and int thereon	4,921,063		4,921,063
Net defered tax asset	14,711,136		14,711,136
EDP Equipment	110,541		110,541
Receivable from parents, subsidiaries			
and affiliates	23,402		23,402
Aggregate write-in for			
other than invested assets	894,622		894,622
Totals	$553,590,184	$0	$553,590,184

UNIVERSAL PROPERTY & CASUALTY INSURANCE COMPANY

Liabilities, Surplus and Other Funds

DECEMBER 31, 2013

	Per Company	Examination Adjustments	Per Examination
Losses	$68,267,257		$68,267,257
Loss adjustment expenses	21,474,397		21,474,397
Commissions payable	7,260,802		7,260,802
Other expenses	1,413,152		1,413,152
Taxes, licenses and fees	9,122,448		9,122,448
Unearned premium	140,569,020		140,569,020
Advanced premium	22,254,382		22,254,382
Ceded reinsurance premiums payable	86,078,590		86,078,590
Remittances and items not allocated	376,135		376,135
Provision for reinsurance	50,933		50,933
Drafts outstanding	23,319,471		23,319,471
Payable to parent, subsidiaries and affiliates	6,115,460		6,115,460
Aggregate write-ins for liabilities	5,484,844		5,484,844
Total Liabilities	$391,786,891	$0	$391,786,891
Common capital stock	$3,000,000		$3,000,000
Surplus notes	18,750,000		18,750,000
Gross paid in and contributed surplus	137,156,834		137,156,834
Unassigned funds (surplus)	2,896,458		2,896,458
Surplus as regards policyholders	$161,803,292	$0	$161,803,292
Total liabilities, surplus and other funds	$553,590,183	$0	$553,590,183

UNIVERSAL PROPERTY & CASUALTY INSURANCE COMPANY

Statement of Income

DECEMBER 31, 2013

Underwriting Income	
Premiums earned	$263,437,254
Deductions:	
Losses incurred	$86,499,542
Loss expenses incurred	34,995,350
Other underwriting expenses incurred	106,692,268
Aggregate write-ins for underwriting deductions	0
Total underwriting deductions	$228,187,160
Net underwriting gain or (loss)	$35,250,094
Investment Income	
Net investment income earned	$1,601,939
Net realized capital gains or (losses)	109,911
Net investment gain or (loss)	$1,711,850
Other Income	
Net gain or (loss) from agents' or premium balances charged off	($496,303)
Finance and service charges not included in premiums	5,366,934
Aggregate write-ins for miscellaneous income	231,935
Total other income	$5,102,566
Net income before dividends to policyholders and before federal & foreign income taxes	$42,064,511
Dividends to policyholders	0
Net Income, after dividends to policyholders, but before federal & foreign income taxes	$42,064,511
Federal & foreign income taxes	14,413,936
Net Income	$27,650,575
Capital and Surplus Account	
Surplus as regards policyholders, December 31 prior year	$134,033,523
Net Income	$27,650,575
Change in Net unrealized capital gains or losses	(328,634)
Change in net defered income tax	(2,510,239)
Change in non-admitted assets	4,417,789
Change in provision for reinsurance	10,866
Change in excess statutory over statement reserves	0
Surplus adjustments: Paid in	(1,470,588)
Aggregate write-ins for gains and losses in surplus	0
Change in surplus as regards policyholders for the year	$27,769,769
Surplus as regards policyholders, December 31 current year	$161,803,292

UNIVERSAL PROPERTY & CASUALTY INSURANCE COMPANY

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				$161,803,292
	PER COMPANY	PER EXAM	INCREASE (DECREASE) IN SURPLUS	
ASSETS: No Adjustment				
LIABILITIES: No Adjustment				
Net Change in Surplus:				0
Surplus as Regards Policyholders December 31, 2013, Per Examination				$161,803,292

COMMENTS ON FINANCIAL STATEMENTS

Liabilities

Losses and Loss Adjustment Expenses $106,261,302

An outside actuarial firm appointed by the Board of Directors, 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.

Capital and Surplus

The amount of capital and surplus reported by the Company of $161,803,292, exceeded the minimum of $34,417,942 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 **Universal Property & Casualty Insurance Company** 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 $161,803,292, which exceeded the minimum of $34,417,942 required by Section 624.408, Florida Statutes. In addition to the undersigned, Tracy Gates, CFE, CISA, Examiner-In-Charge and IT specialist, and Travis Harrison, CPA, and Sam Hebert, Participating Examiners, of Highland Clark, LLC participated in the examination. We also recognize Dennis Henry, FCAS, MAAA, consulting actuary of The Actuarial Advantage; John Romano, CPA, CFE, Examination Manager of ParenteBeard LLC; and Jeff Rockwell, Participating Examiner of the Office.

Respectfully submitted,

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Robin Brown, CFE
Chief Examiner
Florida Office of Insurance Regulation