



**EXAMINATION REPORT
OF**

YEL CO. INSURANCE

NAIC Company Code: 44415

**Miami, Florida
as of
December 31, 2015**

**BY THE
FLORIDA OFFICE OF INSURANCE REGULATION**

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March 23, 2017

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 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, 2015, of the financial condition and corporate affairs of

Yel Co. Insurance
3757 NW 36th Street
Miami, Florida 33142

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

SCOPE OF EXAMINATION

This examination covered the period of January 1, 2011 through December 31, 2015. The Company was last examined by representatives of the Florida Office of Insurance Regulation (Office) covering the period of January 1, 2006 through December 31, 2010. This examination commenced with planning at the Office on December 6, 2016 to December 8, 2016. The fieldwork commenced on December 14, 2016 and concluded as of March 23, 2017.

The examination was a single state examination 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 Statements of Statutory Accounting Principles (SSAP).

This examination report includes significant findings of fact, as mentioned in Section 624.319, Florida Statutes, and general information about the insurer and its financial condition. 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

The findings noted during the examination period have been resolved by the Company subsequent to the examination date. However, the findings or exceptions are discussed in detail in the body of the examination report.

Prior Examination Findings

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

Corporate Records

The Company did not maintain its corporate records at the statutory home office as required by Section 628.271(1)(b), Florida Statutes.

Resolution: The Company maintained its corporate records at the statutory home office as required by Section 628.271(1)(b), Florida Statutes.

COMPANY HISTORY

General

The Company was incorporated in Florida on October 1, 1992, and commenced business on the same day.

The Company was authorized to transact insurance coverage in Florida on October 1, 1992 and is currently authorized for Commercial Auto Liability as of December 31, 2015.

Dividends

In accordance with Section 628.371, Florida Statutes, the Company declared and paid dividends to its stockholder in 2015 and 2012 in the amounts of \$1,168,490 and \$873,074, respectively.

Capital Stock and Capital Contributions

As of December 31, 2015, the Company's capitalization was as follows:

Number of authorized common capital shares	500
Number of shares issued and outstanding	500
Total common capital stock	\$500
Par value per share	\$1.00

Control of the Company was maintained by Leslie Eisenberg, who owned one hundred percent (100%) of the stock issued by the Company. No capital contributions were made to the Company as of December 31, 2015.

Surplus Notes

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

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

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

CORPORATE RECORDS

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

Conflict of Interest

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

MANAGEMENT AND CONTROL

Management

The annual shareholder meeting for the election of Directors was held in accordance with Section 628.231, Florida Statutes. Directors serving as of December 31, 2015, are shown on the following page.

Directors

Name	City, State	Principal Occupation
Leslie Louis Eisenberg	Miami, Florida	President, Chief Executive Officer, Yel Co. Insurance President, Airport Taxicab Co., Inc.
Susan Louise Eisenberg	Miami, Florida	Shareholder, Airport Taxicab Co., Inc.
Carolyn Ann Lakhani	Miami, Florida	Accounts Management, Yellow Cab
Terry Michael Eisenberg	Miami, Florida	Captain, American Airlines
Alexander Da Costa Lima	Miami, Florida	Accounts Management, Yellow Cab

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

Senior Officers

Name	City, State	Title
Leslie Louis Eisenberg	Miami, Florida	President, Secretary and Treasurer, Yel Co. Insurance

The Company's Board appointed an internal committee. Following was the principal internal Board committee and its members as of December 31, 2015:

Audit Committee

Name	City, State	Title
Leonard Gary Wolfson ¹	Miami, Florida	Director, Retired
Susan Louise Eisenberg	Miami, Florida	Director, Airport Taxicab Co., Inc.
Carolyn Ann Lakhani	Miami, Florida	Director, Yellow Cab

¹ Chairman

The Company's Audit Committee Chair, Leonard Wolfson, was not a Director of the Board of the Company or an affiliated company as required by Section 624.424(8)(c), Florida Statutes.

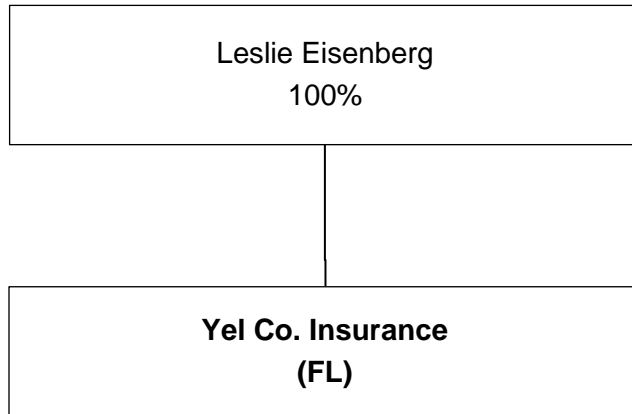
Subsequent Event: The Company agreed with the exception and held a meeting of the sole shareholder of the Company, Leslie Eisenberg, on February 2, 2017 and elected Leonard Wolfson as a Director of the Company.

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

Affiliated Companies

The Company was not a member of an insurance holding company system as defined by Section 628.801, Florida Statutes and Rule 69O-143.046, Florida Administrative Code.

**Yel Co. Insurance
Organizational Chart
December 31, 2015**



TERRITORY AND PLAN OF OPERATIONS

The Company was authorized to transact insurance only in the State of 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)(3)(a), Florida Statutes.

REINSURANCE

Reinsurance Assumed

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

Reinsurance Ceded

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

ACCOUNTS AND RECORDS

The Company maintained its principal operational offices in Miami, Florida.

The Company and non-affiliates had the agreements on the following page.

Custodial Agreement

The Company maintained a custodial agreement with Morgan Stanley Private Bank, National Association, (Morgan Stanley) executed on December 1, 2011. The agreement complied with Rule 69O-143.042, Florida Administrative Code.

Accounting Consulting Agreement

The Company utilized a consultant, JS Alonso Accounting, Inc. of Miami, Florida to maintain its general ledger and prepare statutory reports. This service was contracted with an engagement letter effective as of February 4, 2015.

Independent Auditor Agreement

The Company contracted with an external independent CPA firm, Infante & Company, to perform the annual audit of its financial statements in accordance with Section 624.424(8), Florida Statutes. Supporting workpapers were prepared by the CPA firm as required by Rule 69O-137.002(7)(c), Florida Administrative Code.

Consulting Actuary Agreement

The Company contracted with JackSwisher.com, LLC of Tallahassee, Florida to render the reserve opinion as required by Rule 69O-170.031, Florida Administrative Code.

INFORMATION TECHNOLOGY REPORT

Francois Houde, CFE, CISA, AES of Carr, Riggs and Ingram, 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 as required by Section 624.411, Florida Statutes:

State	Description	Par Value	Market Value
FL	Cash	<u>\$253,664</u>	<u>\$253,664</u>
TOTAL FLORIDA DEPOSITS		<u>\$253,664</u>	<u>\$253,664</u>

FINANCIAL STATEMENTS

The examination does not attest to the fair presentation of the financial statements included herein. If an adjustment is identified during the course of the examination, the impact of such adjustment will be documented separately following the Company's financial statements. Financial statements, as reported and filed by the Company with the Florida Office of Insurance Regulation, are reflected on the following pages.

Yel Co. Insurance
Assets
December 31, 2015

	Per Company	Examination Adjustments	Per Examination
Cash and Short-Term Investments	\$15,691,861		\$15,691,861
Interest and dividend income due & accrued	<u>755</u>	<u> </u>	<u>755</u>
Totals	<u><u>\$15,692,616</u></u>	<u><u>\$0</u></u>	<u><u>\$15,692,616</u></u>

Yel Co. Insurance
Liabilities, Surplus and Other Funds
December 31, 2015

	Per Company	Examination Adjustments	Per Examination
Losses	\$4,294,131		\$4,294,131
Loss adjustment expenses	320,100		320,100
Advance premium	14,000		14,000
Total Liabilities	<u>\$4,628,231</u>	<u>\$0</u>	<u>\$4,628,231</u>
Common capital stock	\$500		\$500
Gross paid in and contributed surplus	2,847,567		2,847,567
Unassigned funds (surplus)	<u>8,216,318</u>		<u>8,216,318</u>
Surplus as regards policyholders	<u>\$11,064,385</u>	<u>\$0</u>	<u>\$11,064,385</u>
Total liabilities, surplus and other funds	<u><u>\$15,692,616</u></u>	<u><u>\$0</u></u>	<u><u>\$15,692,616</u></u>

Yel Co. Insurance
Statement of Income and Capital and Surplus Account
December 31, 2015

Underwriting Income		
Premiums earned		\$1,198,076
	Deductions:	
Losses incurred		\$214,274
Loss expenses incurred		31,900
Other underwriting expenses incurred		37,419
Total underwriting deductions		<u>\$283,593</u>
Net underwriting gain or (loss)		\$914,483
Investment Income		
Net investment income earned		\$91,592
Net investment gain or (loss)		\$91,592
Other Income		
Net income before dividends to policyholders and before federal & foreign income taxes		<u>\$1,006,075</u>
Net Income, after dividends to policyholders, but before federal & foreign income taxes		\$1,006,075
Federal & foreign income taxes		<u>18,614</u>
Net Income		<u>\$987,461</u>
Capital and Surplus Account		
Surplus as regards policyholders, December 31 prior year		\$11,224,510
Net Income		\$987,461
Change in non-admitted assets		20,904
Dividends to stockholders		(1,168,490)
Change in surplus as regards policyholders for the year		<u>(\$160,125)</u>
Surplus as regards policyholders, December 31 current year		<u>\$11,064,385</u>

Yel Co. Insurance
Reconciliation of Capital and Surplus
December 31, 2015

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

Capital/Surplus Change during Examination Period

Surplus as regards policyholders December 31, 2010, per Examination			\$8,011,032
	<u>Gain in Surplus</u>	<u>Loss in Surplus</u>	
Net Income (loss)			
Net transfers (to) from Protected Cell	\$5,114,209		
Change in net unrealized foreign exch		(\$1)	
Change in provision for reinsurance		(\$19,292)	
Change in treasury stock		(\$2,041,564)	
Total Gains and Losses	<u>\$5,114,209</u>	<u>(\$2,060,857)</u>	
Net Increase/(Decrease) in surplus as regards policyholders			<u>\$3,053,352</u>
Surplus as regards policyholders December 31, 2015 per Examination			<u><u>\$11,064,384</u></u>

COMMENTS ON FINANCIAL STATEMENTS

Liabilities

Losses and Loss Adjustment Expenses

An actuarial firm, JackSwisher.Com, LLC, appointed by the Board, rendered an opinion that the amounts carried in the balance sheet as of December 31, 2015, 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, Chris Burkhalter, FCAS, MAAA, of Bickerstaff, Whatley, Ryan & Burkhalter Consulting Actuaries, reviewed the loss and loss adjustment expense workpapers 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 \$11,064,385, exceeded the minimum of \$4,000,000 required by Section 624.408, Florida Statutes.

CONCLUSION

The insurance examination practices and procedures as promulgated by the NAIC have been followed in ascertaining the financial condition of **Yel Co. Insurance** as of December 31, 2015, consistent with the insurance laws of the State of Florida.

Per examination annual financial statements, the Company's surplus as regards to policyholders was \$11,064,385, which exceeded the minimum of \$4,000,000 required by Section 624.408, Florida Statutes.

In addition to the undersigned, Joseph R. May, CPA, CFE, Examiner-in-Charge, and Sharon Stuber, CPA, Robin Brown, CFE, Participating Examiners, of Carr, Riggs and Ingram, LLC, also participated in the examination. Members of the Office who participated in the examination include Jeffrey Rockwell, MBA, Financial Examiner/Analyst Supervisor, Examination Manager, and Marie Stuhlmuller, Financial Examiner/Analyst Supervisor, Participating Examiner. Additionally, Chris Burkhalter, FCAS, MAAA, of Bickerstaff, Whatley, Ryan & Burkhalter Consulting Actuaries, and Francois Houde, CPA, CA, CFE, CISA, AES, IT Specialist of Carr, Riggs and Ingram, LLC, are recognized for participation in the examination.

Respectfully submitted,

Brian Sewell, CFE, MCM
Chief Examiner
Florida Office of Insurance Regulation