



**EXAMINATION REPORT
OF**

**Trusted Resource Underwriters Exchange
Tampa, Florida**

NAIC Company Code: 16881

**as of
December 31, 2021**

**By
The Florida Office of Insurance Regulation**

TABLE OF CONTENTS

LETTER OF TRANSMITTAL	-
SCOPE OF EXAMINATION.....	1
SUMMARY OF SIGNIFICANT FINDINGS	2
CURRENT EXAMINATION FINDINGS.....	2
PREVIOUS EXAMINATION FINDINGS.....	2
COMPANY HISTORY.....	2
GENERAL.....	2
DIVIDENDS.....	2
SURPLUS NOTES	3
MANAGEMENT AND CONTROL.....	3
CORPORATE GOVERNANCE	3
HOLDING COMPANY SYSTEM.....	5
ATTORNEY-IN-FACT AGREEMENT	6
SERVICES AGREEMENT	6
PRODUCER AGREEMENT	6
ACCOUNTS AND RECORDS	6
TERRITORY AND PLAN OF OPERATIONS.....	7
REINSURANCE.....	7
REINSURANCE ASSUMED	7
REINSURANCE CEDED.....	7
FINANCIAL STATEMENTS.....	8
ASSETS.....	9
LIABILITIES, SURPLUS AND OTHER FUNDS	9
STATEMENT OF INCOME.....	10
RECONCILIATION OF CAPITAL AND SURPLUS.....	11
COMMENTS ON FINANCIAL STATEMENT ITEMS.....	11
CAPITAL AND SURPLUS.....	11
SUBSEQUENT EVENTS.....	11
CONCLUSION.....	13

May 10, 2023

Michael Yaworsky
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 (“the NAIC”), we have conducted an examination as of December 31, 2021, of the financial condition and corporate affairs of

Trusted Resource Underwriters Exchange

1000 N. Ashley Drive
Suite 425
Tampa, Florida, 33602

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, 2021 through December 31, 2021. The fieldwork commenced with planning with the Florida Office of Insurance Regulation (“the Office”) on June 22, 2022. The fieldwork concluded as of May 10, 2023. This was the Company’s first full scope exam by representatives of the Office.

The examination was conducted in accordance with the NAIC Financial Condition Examiners Handbook (“the 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.

The examination was a multi-state/coordinated process. The lead state for this exam was Wisconsin, and states that participated in this exam are as follows: California, Florida, Georgia, Illinois, Indiana, Minnesota, New York, and Texas. The Company solely writes in the State of Florida.

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 significant findings as a result of this examination.

Previous Examination Findings

There were no significant findings in the previous examination.

COMPANY HISTORY

General

The Company was incorporated in Florida on October 14, 2020 and commenced business on March 17, 2021.

The Company is organized under a reciprocal organizational structure. The Company is organized by individuals, known as subscribers, who participate in an interexchange of reciprocal agreements of indemnity. Each subscriber is both an insurer and an insured as each enters into a subscriber agreement where they separately underwrite losses and are issued a policy of insurance. The Company is governed by a Subscribers' Advisory Committee ("SAC") and managed by the Trusted Resource Underwriters, LLC ("TRU") Board of Managers as the attorney-in-fact. The powers of the SAC and the attorney-in-fact are derived from subscribers and are to be exercised for the benefit of subscribers.

Dividends

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

Surplus Notes

As of December 31, 2021, the Company's surplus notes were as follows:

Date Issued	Interest Rate*	Original Issue Amount of Note	Date of Maturity
10/22/2020	8.50 %	\$30,000,000	10/22/2035
10/22/2020	1.00 %	\$10,000,000	10/22/2035
10/22/2020	1.00 %	\$10,000,000	10/22/2035

The Company has a total of three outstanding surplus notes totaling \$50,000,000 in connection with the initial capitalization of the Company.

*Interest rates are reset annually on the anniversary date. Figures presented are the first-year interest rates.

MANAGEMENT AND CONTROL

Corporate Governance

In accordance with Section 629.201, Florida Statutes, the Company set forth rules for the SAC. SAC members were elected annually in accordance with the Company's rules. SAC members serving as of December 31, 2021, are shown below:

Subscribers' Advisory Committee Members		
Name	City, State	Principal Occupation, Company Name
Katherine Preli Cody	Vero Beach, Florida	Chief Operating Officer, Orchid Insurance
Andrew Paul Cyran	St. Augustine, Florida	EVP and Chief Risk Officer, Orchid Insurance
David Mark Murrison	Boca Raton, Florida	Chief Executive Officer, Neurocore, LLC
Elizabeth Russell Neuhoff	Jupiter, Florida	Chief Executive Officer, Neuhoff Family Limited Partnership
Robert Vincent Olmstead	Vero Beach, Florida	Managing Director, Vocap Investment Partners LLC
Jonathan Lee Schwiering	Jupiter, Florida	President, Vero Insurance
Anthony Matthew Scavongelli	Duxbury, Massachusetts	EVP and General Counsel, Homesite Group Incorporated

The SAC was the primary governing body of the Company as to exercising subscribers' rights and contractually appointing its attorney-in-fact. The Board of Managers of the Company's

attorney-in-fact, TRU, appointed and governed the management of the Company. Managers of the attorney-in-fact serving as of December 31, 2021, are show below:

TRU Board of Managers		
Name	City, State	Title
Steven Walter Carlsen	Larchmont, New York	Proprietor, Shadowbrook Advising
Kerry Andrew Emanuel	Lexington, Massachusetts	Professor, Massachusetts Institute of Technology
Fabian John Fondriest	Boston, Massachusetts	Chief Executive Officer, Homesite Group Incorporated
David Clifford Holman	Verona, Wisconsin	Chief Administration Officer, AmFam Group
Michael David Lorion	Millbury, Massachusetts	Chief Executive Officer, Trusted Resource Underwriters, LLC
David Ryan Winokur	New Canaan, Connecticut	Managing Director, Towerbrook Capital Partners L.P.

In accordance with the Company's and attorney-in-fact's governance rules, the following Senior Officers were appointed:

Senior Officers		
Name	City, State	Title
Michael David Lorion	Millbury, Massachusetts	Chief Executive Officer
Scott Thomas Soderstrom	Wilmette, Illinois	Chief Operating Officer
Stephen Phillip Russell	Tampa, Florida	Chief Underwriting Officer

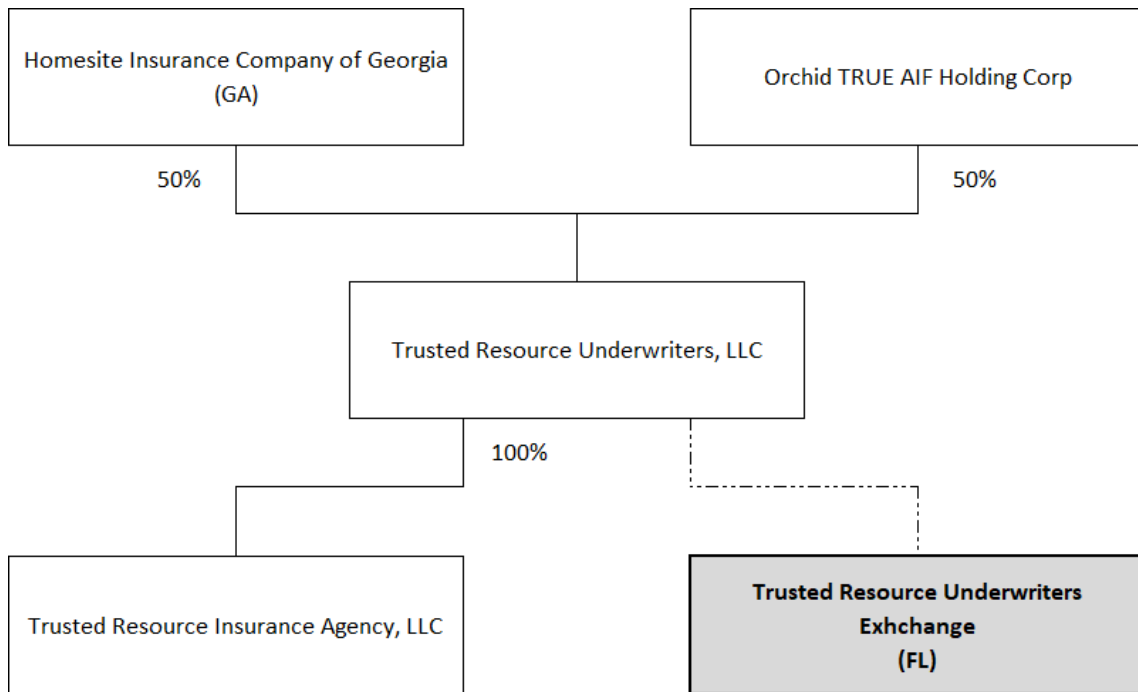
The Company appointed an internal audit committee through the SAC. The following individuals were members of the audit committee, as well as members of the SAC, as of December 31, 2021.

Audit Committee		
Katherine Preli Cody	Andrew Paul Cyran	David Mark Murrison
Robert Vincent Olmstead		

Holding Company System

An organizational chart as of December 31, 2021, reflecting the holding company system, is shown below.

Organizational Chart December 31, 2021



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

Attorney-in-Fact Agreement

The Company entered into an Attorney-in-Fact Agreement with TRU, on September 14, 2020, to provide certain management services. Per the agreement, TRU was appointed the attorney-in-fact for the Company. As the attorney-in-fact, TRU furnished all employees and resources necessary to provide appropriate management services to the Company, which included, but not limited to, administration and management of the day-to-day insurance business, underwriting and policy services, reinsurance placement, claims administration/supervision, accounting services, etc.

Services Agreement

The Company entered into a Services Agreement with Homesite Group Incorporated (“HGI”) and HGI’s affiliates on October 22, 2020. Services provided include, but not limited to, finance and administration, claims administration, legal and compliance, reserving, information technology and human resources. HGI is compensated through marketing services fees and various fixed annual fees.

Producer Agreement

The Company entered into a Producer Agreement with HGI’s affiliate companies, referred to as Producer, on October 22, 2020. Under the agreement, the Producer is authorized to sell and issue quotes, binders, insurance policies, endorsements, and certificates on behalf of the Company.

ACCOUNTS AND RECORDS

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

TERRITORY AND PLAN OF OPERATIONS

The Company was authorized to transact insurance in Florida on October 14, 2020, and as of December 31, 2021, was authorized to write Fire, Allied Lines, Homeowners Multi-Peril, Commercial Multi-Peril, Ocean Marine, Inland Marine, Earthquake, Other Liability, and Boiler and Machinery. As of December 31, 2021, the Company was actively writing Homeowners Multi-Peril in Florida and was not authorized to do business in any other states.

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 utilizes two primary ceded reinsurance programs. First, property catastrophe excess of loss program ("CAT XOL"). The CAT XOL program is designed to limit Company's CAT exposure for large catastrophic events, primarily hurricanes. Second, the Company has a Property Excess Per Risk program. It is intended to protect from losses on residences that are insured by the Company.

FINANCIAL STATEMENTS

The following includes the Company's statutory Statement of Assets, Liabilities, Surplus, and Other Funds; statutory Statement of Income; and the statutory Analysis of Changes in Surplus for the year ended December 31, 2021. 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, 2021. (Note: Failure of the columns to add to the totals reflected in this Report is due to rounding.)

Trusted Resource Underwriters Exchange
Assets
December 31, 2021
(As reported by the Company)

	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	\$40,473,751		\$40,473,751
Cash and short-term investments	\$3,928,541		\$3,928,541
Subtotals, cash and invested assets	\$44,402,292		\$44,402,292
Investment income due and accrued	\$116,337		\$116,337
Uncollected premiums and agents' balances	\$229,156		\$229,156
Net deferred tax asset	\$1,468,947	\$1,100,301	\$368,646
Aggregate write-in for other than invested assets	\$253,859	\$147,984	\$105,875
Total	\$46,470,591	\$1,248,285	\$45,222,306

Trusted Resource Underwriters Exchange
Liabilities, Surplus and Other Funds
December 31, 2021
(As reported by the Company)

Losses	\$63,953
Loss adjustment expenses	\$5,756
Commissions payable, contingent commissions and other similar charges	\$150,240
Other expenses	\$174,560
Taxes, licenses and fees	\$30,306
Unearned premiums	(\$482,174)
Advance premiums	\$32,153
Ceded reinsurance premiums payable	\$1,423,824
Payable to parent, subsidiaries and affiliates	\$459,813
Aggregate write-in for liabilities	\$96,235
Total liabilities	\$1,954,665
Surplus notes	\$50,000,000
Unassigned funds (surplus)	(\$6,732,359)
Surplus as regards policyholders	\$43,267,641
Totals	\$45,222,306

Trusted Resource Underwriters Exchange
Statement of Income
December 31, 2021
(As reported by the Company)

Underwriting Income	
Premiums earned	(\$1,516,856)
Deductions	
Losses Incurred	\$77,423
Loss adjustment expenses incurred	\$19,094
Other underwriting expenses incurred	\$1,318,276
Total Underwriting deductions	\$1,414,793
Net underwriting gain (loss)	(\$2,931,649)
Investment Income	
Net investment income earned	(\$1,891,289)
Net realized capital gains or (losses)	\$188
Net investment gain or (loss)	(\$1,891,101)
Other Income	
Finance and service charges not included in premiums	\$295
Federal & foreign income taxes incurred	(\$52)
Net Income	(\$4,822,403)
Capital and Surplus Account	
Surplus as regards policyholders, December 31 prior year	\$47,715,581
Net Income	(\$4,822,403)
Change in net deferred income taxes	\$1,012,704
Change in non-admitted assets	(\$680,203)
Aggregate write-ins for gains and losses in surplus	\$41,962
Change in surplus as regards policyholders for the year	(\$4,447,941)
Surplus as regards policyholders, December 31, current year	\$43,267,640

**Trusted Resource Underwriters Exchange
Reconciliation of Capital and Surplus
December 31, 2021**

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

Capital/Surplus Change during Examination Period			
Surplus at December 31, 2020, as reported by the Company			\$47,715,581
	Increase	Decrease	
Net income		\$4,822,403	
Change in net deferred income tax	\$1,012,704		
Change in non-admitted assets		\$680,203	
Aggregate write-ins for gains in surplus	\$41,962		
Net increase (or decrease)			(\$4,447,941)
Surplus at December 31, 2021 as reported by the Company			\$43,267,640

COMMENTS ON FINANCIAL STATEMENT ITEMS

Capital and Surplus

The amount of capital and surplus reported by the Company of \$43,267,640, exceeded the minimum of \$15,000,000 required by Section 624.408, Florida Statutes.

SUBSEQUENT EVENTS

In 2021, TRU, the Company's attorney-in-fact, was jointly owned by Homesite Insurance Company of Georgia ("Homesite"), an affiliate of American Family Mutual Insurance Company, S.I., and an external third party, Orchid TRUE AIF Holding Corporation ("Orchid"). Effective August 31, 2022, HGI purchased the interests owned by Orchid, and effective December 1, 2022, Homesite transferred its interest to HGI. In connection with this change, the primary office of the Company was moved to the offices of HGI at 1 Federal Street, 4th Floor, Boston MA 02110. The Company continues to maintain statutory offices in Florida at Trusted Resource Underwriters c/o

Cozen O'Connor, Attn: Ken Levine, One North Clematis St, Suite 510, West Palm Beach FL
33401.

CONCLUSION

The insurance examination practices and procedures as promulgated by the NAIC have been followed in ascertaining the financial condition of Trusted Resource Underwriters Exchange as of December 31, 2021, consistent with the insurance laws of the State of Florida.

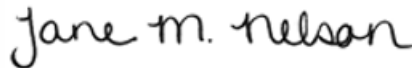
In addition to the undersigned, the following individuals from Noble Consulting Services, Inc. ("Noble") and Merlinos & Associates, Inc. ("Merlinos") also participated in the examination:

Chad Mason, PIR	Examination Manager	Office
James Wheeler, PIR	Examiner	Office
Dan Applegarth, CFE, CPA, PIR	Chief Financial Examiner	Office
W.A. O'Connell, CPA, CFE, CFE (fraud)	Exam Supervisor Actuarial	Noble
Greg Fanoie, FCAS, MAAA	Specialist	Merlinos

Respectfully submitted,



Vitaliy Kyryk, CFE
Examiner-in-charge
Noble Consulting Services, Inc.
Representing the Florida Office of Insurance Regulation



Jane Nelson, PIR
Director
Property & Casualty Financial Oversight Florida
Office of Insurance Regulation