



**EXAMINATION REPORT
OF**

**Vyrd Insurance Company
St. Petersburg, Florida**

NAIC Company Code: 17153

**as of
December 31, 2022**

**By
The Florida Office of Insurance Regulation**

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February 20, 2024

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 690-138.005, 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, 2022, of the financial condition and corporate affairs of

Vyrd Insurance Company
360 Central Avenue, Suite 1225
St. Petersburg, Florida 33701

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, 2022 through December 31, 2022, and the fieldwork commenced with planning with the Florida Office of Insurance Regulation (“the Office”) on October 20, 2023. The fieldwork concluded as of February 20, 2024. The Company’s last limited scope exam by representatives of the Office covered the period of November 29, 2021 through December 31, 2021.

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 only involved a Florida domestic insurer; therefore, no participation from other states was required. The Company writes solely 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 November 29, 2021, and commenced business on the same date.

The Company was authorized to transact the Homeowners Multiple Peril line of business in Florida as of December 31, 2022.

Dividends

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

Capital Stock and Capital Contributions

As of December 31, 2022, the Company's capitalization was as follows:

Number of authorized common capital shares	50,000
Number of shares issued and outstanding	25,000
Total common capital stock	\$2,500,000
Par value per share	\$100.00

Surplus Notes

The Company did not have or issue any surplus notes during the period under examination.

Acquisitions, Mergers, Disposals, Dissolutions

The Company had no acquisitions, mergers, disposals, or dissolutions during the period under examination.

MANAGEMENT AND CONTROL

Corporate Governance

The annual shareholders meeting for the election of Directors was held in accordance with Section 628.231, Florida Statutes. Directors serving as of December 31, 2022, are shown below:

Directors		
Name	City, State	Principal Occupation, Company Name
Robert Anthony Bauer	San Francisco, California	Executive, Bolt Solutions, Inc.
Ari Michael Chester ⁽¹⁾	New York, New York	Head of Reinsurance, US and Canada, SiriusPoint, Ltd.
David Evan Govrin ⁽²⁾	Livingston, New Jersey	President & Chief Underwriting Officer, SiriusPoint, Ltd.
David Mitchell Howard	St. Petersburg, Florida	President and Chief Executive Officer, Vyrd Insurance Company
James William Dwane	Alpharetta, Georgia	Chief Executive Officer, Mission Underwriting Holdings, LLC

(1) Resigned as a Director on August 25, 2023, and was replaced by Frank A. Alerte.

(2) Resigned as Chairman on May 12, 2023, and was replaced by Robert A. Bauer.

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

Senior Officers		
Name	City, State	Title
David Mitchell Howard	St. Petersburg, Florida	President and Chief Executive Officer
Brian Drew Bottjer	Seminole, Florida	Chief Financial Officer
Ari Michael Chester	New York, New York	Secretary

The Company's Board appointed several internal committees. The following were the principal internal board committees and their members as of December 31, 2022.

Executive Compensation Committee		
Robert Anthony Bauer	Ari Michael Chester	James William Dwane
David Evan Govrin		

Investment Committee		
Robert Anthony Bauer	Ari Michael Chester	James William Dwane
David Evan Govrin	David Mitchell Howard	

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

Audit Committee		
Robert Anthony Bauer	Ari Michael Chester	James William Dwane
David Evan Govrin (1)		

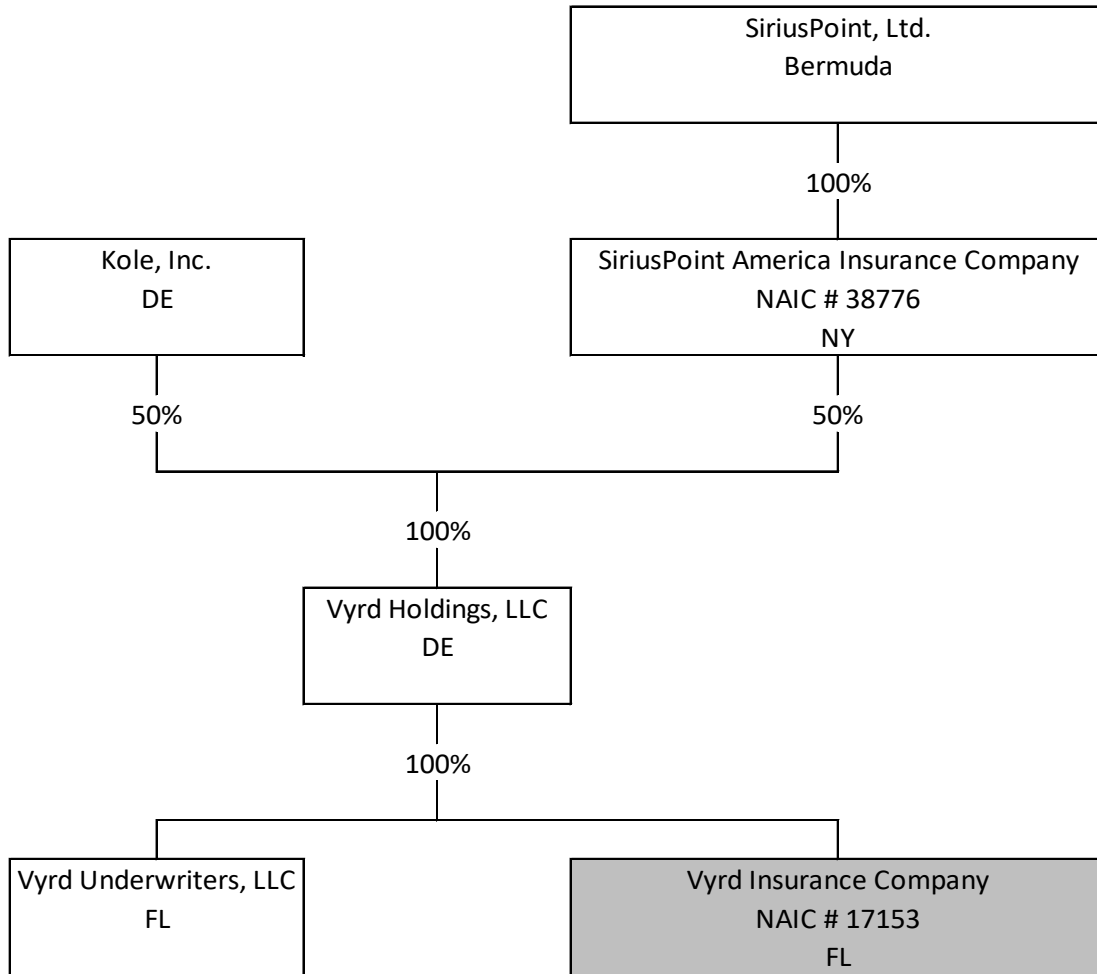
(1) Chairman

Holding Company System

The last holding company registration statement was filed with the State of Florida on March 30, 2023, as required by Section 628.801, Florida Statutes, and Rule 69O-143.046, Florida Administrative Code

An organizational chart as of December 31, 2022, reflecting the holding company system, is shown on the following page. Schedule Y of the Company's 2022 annual statement provided a list of all related companies of the holding company group.

**Insurance Company Name
Organizational Chart
December 31, 2022**



Note: Kole Inc. is a Delaware corporation that is owned 100% by Sky Noble Direct Ventures Limited, a Cayman Islands entity, that is owned 100% by Bolttech Holdings Limited, a Cayman Islands entity, that is owned 12.1285% by Robert Schimek, and 65.6720% by Heritage Pioneer Limited, a Cayman Islands entity.

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

Cost Allocation Agreement

The Company entered into a Cost Allocation Agreement with Vyrđ Holdings, LLC and Vyrđ Underwriters, LLC ("VU") on November 29, 2021. The agreement allows the companies to perform certain services on behalf of each other, share office facilities, and each of the companies may utilize certain personnel, furniture, equipment, computer hardware and software, and other property and assets. The costs of the services shall be determined, allocated and charged to the companies in accordance with generally accepted cost accounting principles. The agreement allows the costs to be reviewed and renegotiated on an on-going basis.

Managing General Agency Agreement

The Company entered into a Managing General Agency Agreement with VU on November 29, 2021. Under the agreement, VU provides services including underwriting and policy issuance, premium collection, advising the Company regarding reinsurance coverage, claims negotiations, settlements, and investigations, pursue salvage and subrogation, serve as the regulatory liaison, provide advertising and marketing, and other services. For providing these services, VU receives twenty-three and one-half percent (23.5%) of direct written premium written and collected, and a per-policy fee not to exceed \$25. The fee paid to VU can be lowered in any one calendar quarter to not less than one percent (1.0%) of the Company's Total Earned Annual Premium by mutual agreement.

ACCOUNTS AND RECORDS

The Company maintained its principal operational offices in St. Petersburg, Florida.

TERRITORY AND PLAN OF OPERATIONS

The Company was authorized to transact insurance only in the State of Florida.

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 participated in two depopulations from Citizens Property Insurance Corporation in April and November 2022. The April depopulation resulted in approximately 5,500 policies being assumed, while the November assumption resulted in approximately 2,400 policies. All policies are HO3, the only line of business the Company is authorized to write.

Reinsurance Ceded

The Company's ceding reinsurance program consists of property catastrophe excess of loss coverage and per risk excess of loss coverage. The Company did not begin writing insurance until April 2022.

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, 2022. 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, 2022. (Note: Failure of the columns to add to the totals reflected in this Report is due to rounding.)

Vyrd Insurance Company
Assets
December 31, 2022

	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	\$23,977,516		\$23,977,516
Cash and short-term investments	28,431,200		28,431,200
Receivables for securities	650,000		650,000
Subtotals, cash and invested assets	\$53,058,716		\$53,058,716
Investment income due and accrued	118,425		118,425
Premiums and considerations			
Uncollected premiums and agents' balances	1,558,517		1,558,517
Reinsurance			
Amounts recoverable from reinsurers	4,236,514		4,236,514
Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts	58,972,172		58,972,172
From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
Total	<u>\$58,972,172</u>		<u>\$58,972,172</u>

Vyrd Insurance Company
Liabilities, Surplus and Other Funds
December 31, 2022

	Per Company
Losses	\$4,844,548
Loss adjustment expenses	1,280,183
Other expenses	77,210
Taxes, licenses and fees	638,442
Unearned premiums	18,441,565
Advance premiums	1,283,174
Ceded reinsurance premiums payable	1,172,293
Provision for reinsurance	606,000
Payable to parent, subsidiaries and affiliates	1,731,924
Aggregate write-in for liabilities	58,454
Total liabilities excluding protected cell liabilities	30,133,793
Total liabilities	\$30,133,793
Common capital stock	2,500,000
Gross paid-in and contributed surplus	37,500,000
Unassigned funds (surplus)	(11,161,621)
Surplus as regards policyholders	\$28,838,379
Totals	<u>\$58,972,172</u>

Vyrd Insurance Company
Statement of Income
December 31, 2022

	Per Company
Underwriting Income	
Premiums earned	\$7,525,795
Deductions	
Losses Incurred	\$9,114,778
Loss adjustment expenses incurred	2,093,602
Other underwriting expenses incurred	6,581,805
Total Underwriting deductions	\$17,790,185
Net income of protected cells	
Net underwriting gain (loss)	\$(10,264,390)
Investment Income	
Net investment income earned	\$337,043
Net realized capital gains or (losses)	(706)
Net investment gain or (loss)	\$336,337
Other Income	
Net gain or (loss) from agents' or premium balances charged off	\$35
Finance and service charges not included in premiums	9,814
Total other income	\$9,849
Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	\$(9,918,204)
Dividends to policyholders	
Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	\$(9,918,204)
Federal & foreign income taxes incurred	
Net Income	\$(9,918,204)
Capital and Surplus Account	
Surplus as regards policyholders, December 31 prior year	\$39,362,585
Net Income	(9,918,206)
Change in provision for reinsurance	(606,000)
Change in surplus as regards policyholders for the year	(10,524,204)
Surplus as regards policyholders, December 31, current year	\$28,838,381

**Vyrd Insurance Company
Reconciliation of Capital and Surplus
December 31, 2022**

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, 2021, per Company			\$39,362,585
	Increase	Decrease	
Loss in surplus		9,918,206	
Change in provision for reinsurance		606,000	
Net increase (or decrease)			(10,524,206)
Surplus at December 31, 2022 per Company			<u>\$28,838,379</u>

COMMENTS ON FINANCIAL STATEMENT ITEMS

Capital and Surplus

The amount of capital and surplus reported by the Company of \$28,838,381, exceeded the minimum of \$15,000,000 required by Section 624.408(1)(f), Florida Statutes.

CONCLUSION

The insurance examination practices and procedures as promulgated by the NAIC have been followed in ascertaining the financial condition of Vyrd Insurance Company as of December 31, 2022, consistent with the insurance laws of the State of Florida.

In addition to the undersigned, the following individuals from EWM Group, PC, Jennan Enterprises, LLC, Actuaries, Inc., and the Office also participated in the examination:

Thomas Mayberry, CPA, CFE	Participating Examiner	EWM Group, PC
Paul Sliwinski, CPA, ARe	Participating Examiner	EWM Group, PC
Chris Davis, CPA	Participating Examiner	EWM Group, PC
Jenny Jeffers, AES, CISA	IT Specialist	Jennan Enterprises, LLC
Joanna Latham, AES, CISA, CFE, CPA	IT Specialist	Jennan Enterprises, LLC
Anthony Pipia, ACAS, MAAA	Actuary	Actuaries, Inc.
Gustave Krause, FCAS, MAAA	Actuary	Actuaries, Inc.
Bobby Jackson, MBA, APIR	Examination Manager	Office

Respectfully submitted,



Philip D. Engelhart, CPA, AIAF, CFE
Examiner-in-Charge
EWM Group, PC
Representing the Florida Office of Insurance Regulation



Chad Mason, PIR
Chief Financial Examiner
Property & Casualty Financial Oversight
Florida Office of Insurance Regulation