



**EXAMINATION REPORT
OF**

**First Protective Insurance Company
Lake Mary, Florida**

NAIC Company Code: 10897

**as of
December 31, 2023**

**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
CAPITAL STOCK AND CAPITAL CONTRIBUTIONS.....	2
SURPLUS NOTES	3
ACQUISITIONS, MERGERS, DISPOSALS, DISSOLUTIONS	3
MANAGEMENT AND CONTROL.....	3
CORPORATE GOVERNANCE	3
HOLDING COMPANY SYSTEM	5
MANAGEMENT AGREEMENT	7
MANAGING GENERAL AGENCY AGREEMENT	7
REINSURANCE INTERMEDIARY BROKER SERVICES AGREEMENT.....	8
REINSURANCE ALLOCATION AGREEMENT	8
ACCOUNTS AND RECORDS	9
TERRITORY AND PLAN OF OPERATIONS.....	9
REINSURANCE.....	9
REINSURANCE ASSUMED.....	10
REINSURANCE CEDED.....	10
FINANCIAL STATEMENTS.....	11
ASSETS.....	12
LIABILITIES, SURPLUS AND OTHER FUNDS	13
STATEMENT OF INCOME	14
RECONCILIATION OF CAPITAL AND SURPLUS.....	15
COMMENTS ON FINANCIAL STATEMENT ITEMS	16
LIABILITIES	16
CAPITAL AND SURPLUS	16
CONCLUSION.....	17

February 26, 2025

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, 2023, of the financial condition and corporate affairs of

First Protective Insurance Company

500 International Parkway
Lake Mary, Florida 32748

hereinafter referred to as “the Company” or “FPIC”. Such report of examination is herewith respectfully submitted.

SCOPE OF EXAMINATION

This examination covered the period of January 1, 2019 through December 31, 2023, and fieldwork commenced with planning with the Florida Office of Insurance Regulation (“the Office”) on May 1, 2024. The fieldwork concluded as of February 26, 2025. The Company’s last full scope exam by representatives of the Office covered the period of January 1, 2014 through December 31, 2018.

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 Florida, and representatives of the Illinois Department of Insurance were participants on this exam. The coordinated examination included the Company and Frontline Insurance Unlimited Company, the Illinois domiciled insurance affiliate (collectively known as the Frontline Insurance Group or “the Group”). The Company has business or licenses in multiple states.

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 March 16, 1998, and commenced business on April 30, 1998, as First Protective Insurance Company. The Company merged with Fidelity Fire & Casualty Company ("FFCC") effective April 1, 2015, with the Company being the surviving entity. The merger was approved by the Office on March 19, 2015.

Dividends

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

Capital Stock and Capital Contributions

As of December 31, 2023, the Company's capitalization was as follows:

Number of authorized common capital shares	500,000
Number of shares issued and outstanding	200,000
Total common capital stock	\$3,000,000
Par value per share	\$15.00

During the period of examination, the Company received capital contributions from its parent, PWC Financial, Inc. ("PWC") as follows:

2021 - \$20,000,000

2020 - \$21,017,500

2019 - \$15,000,000

Surplus Notes

On March 31, 2020, with approval from the Office, the Company repaid their outstanding surplus notes in the amounts of \$9,517,500 and \$1,500,000 to Frontline Insurance Managers, Inc. ("FIMI") and PWC, respectively. There were no other surplus note transactions during the period under examination and the Company did not have any outstanding surplus notes as of December 31, 2023.

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 shareholder meeting for the election of Directors was held in accordance with Section 628.231, Florida Statutes. Directors serving as of December 31, 2023, are shown below:

Directors		
Name	City, State	Principal Occupation, Company Name
Warren Putman Hudson	Sarasota, FL	Retired
Harold Mack Humphrey	Palmetto Bay, FL	Retired
Emily Roberts King	Longwood, FL	Executive Assistant, Frontline Insurance Managers, Inc.
Willis Thomas King, Jr.	Longwood, FL	Co-Chairman of the Board, FPIC and FIUC
Lanier Miles Porter	Longwood, FL	Co-Chairman of the Board, FPIC and FIUC
Leman Miles Porter	Longwood, FL	President and CEO, FPIC and FIUC
Willard Augustus Silcox, Jr.	Mt. Pleasant, SC	Owner of C.T. Lowndes
Benjamin Andrew Treuil	Longwood, FL	Chief Financial Officer, FPIC and FIUC
Dwayne Richard Williams	Winter Springs, FL	Executive VP, Secretary, and Treasurer, FPIC and FIUC

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

Senior Officers		
Name	City, State	Title
Willis Thomas King, Jr.	Longwood, FL	Co-Chairman of the Board
Lanier Miles Porter	Longwood, FL	Co-Chairman of the Board
Leman Miles Porter	Longwood, FL	President & Chief Executive Officer
Benjamin Andrew Treuil	Longwood, FL	Chief Financial Officer
Dwayne Richard Williams	Winter Springs, FL	Executive Vice President, Secretary, and Treasurer

The Company's Board appointed several internal committees. The following were the principal internal board committees and their members as of December 31, 2023. The first person listed for each committee is the chairman.

Audit Committee		
Lanier Miles Porter	Warren Putman Hudson	Harold Mack Humphrey
Willard Augustus Silcox, Jr.		

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

Investment Committee		
Willis Thomas King, Jr.	Lanier Miles Porter	Leman Miles Porter
Benjamin Andrew Treuil	Dwayne Richard Williams	

Reinsurance Committee		
Willis Thomas King, Jr.	Lanier Miles Porter	Leman Miles Porter

Holding Company System

An organizational chart as of December 31, 2023, reflecting the holding company system, is shown on the following page. Schedule Y of the Company's 2023 annual statement provided a list of all related companies of the holding company group.

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

Management Agreement

The Company entered into a Management Agreement with its parent, PWC on January 1, 2006. The agreement was amended effective April 1, 2015, to provide certain management services including but not limited to corporate management functions, investment management, accounting and tax services, human resources, benefit plan management, actuarial services, reinsurance services and regulatory liaison services.

The 2015 amendment defined the compensation to PWC as 5.0% of the Company's total annual earned premium whereas the prior agreement's compensation rate was 5.0% of net written premium. Compensation is paid in twelve monthly installments. The agreement continues in force and effect for an indefinite number of successive one-year periods unless terminated by agreement of the parties or by ninety (90) days written notice by either party to the other.

During the period under examination, the following amounts were incurred by the Company under this Management Agreement:

<u>Year</u>	<u>Amount</u>
2023	\$19,298,242
2022	19,503,820
2021	30,274,300
2020	17,613,116
2019	<u>20,263,451</u>
Total	\$106,952,929

Managing General Agency Agreement

The Company entered into a Managing General Agency Agreement with its affiliate, FIMI on January 1, 2006, to market, underwrite and manage the Company's property and casualty insurance programs. FIMI's monthly fees are based on gross incurred losses, net earned premium and net written premium depending on the services provided.

The agreement was replaced with the Second Amended Managing General Agency Agreement, effective December 12, 2014. This agreement was amended twice during the current examination

period. Addendum 3, effective April 1, 2020, with the Office issuing a no objections letter dated February 25, 2020. This addendum changed the fees outlined under Appendix II – Underwriting, Marketing, and Administration Fees and Appendix V – Claims Servicing and Administration Fees. Addendum 4, effective May 1, 2022, with the Office issuing a no objections letter dated June 10, 2022. This addendum applied to the Underwriting Guidelines of Appendix 1, removing writing limitations to allow FIMI to produce more premium for FPIC.

During the period of examination, the following amounts were paid by the Company under the Managing General Agency Agreement:

Year	Policy Services Agency Duties	Commission Administration	Claims Adjusting Administrative Services	Total
2023	\$81,846,631	\$130,848,538	\$86,448,067	\$299,143,236
2022	60,884,797	106,251,202	85,254,163	252,390,162
2021	54,901,299	82,932,629	28,755,417	166,589,345
2020	40,911,370	62,257,096	24,140,911	127,309,377
2019	45,726,770	49,368,425	24,675,771	119,770,966

Reinsurance Intermediary Broker Services Agreement

The Company entered into an agreement with FIMI, effective May 16, 2007, to provide reinsurance intermediary broker services. FIMI receives no compensation in the performance of these duties.

FIMI entered into an agency agreement with Cross Atlantic Intermediaries (Bermuda) Limited (“CAI”) effective July 1, 2016, whereby CAI acts as agent on Bermuda reinsurance agreements placed through FIMI on behalf of the Company and its affiliate FIUC. CAI’s compensation is paid directly by the reinsurer.

Reinsurance Allocation Agreement

The Company and affiliate FIUC entered into a Reinsurance Allocation Agreement, effective July 1, 2018, to memorialize the allocation of reinsurance premiums and loss recoveries for multi-cedant reinsurance agreements. Pursuant to the terms of the agreement, each party pays its respective reinsurance premium based upon the agreed upon allocation as of the effective date.

As of year-end 2023, the Company pays 82% of the bond premium and 67% of excess of loss catastrophe reinsurance. FIUC pays 18% of the bond premium and 33% of the excess of loss catastrophe reinsurance premium. The agreement remains in effect until terminated.

ACCOUNTS AND RECORDS

The Company maintained its principal operational offices in Lake Mary, Florida.

TERRITORY AND PLAN OF OPERATIONS

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

- Alabama
- Georgia
- Pennsylvania
- Delaware
- Maryland
- South Carolina
- Florida
- North Carolina
- Virginia

The Company was not writing business in Delaware, Maryland, Pennsylvania, and Virginia as of December 31, 2023.

The Company was authorized to transact insurance in Florida as of December 31, 2023, and is currently authorized for the following lines of business in Florida as of December 31, 2023:

- Fire
- Allied Lines
- Homeowners Multi-Peril
- Commercial Multi-Peril
- Mobile Home Multi-Peril
- Mobile Home Physical Damage
- Other Liability

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 cedes certain premiums and benefits to other insurance companies under various reinsurance agreements. The reinsurance agreements provide the Company with increased capacity to write larger risks and maintain its exposure to loss within its capital resources. As of December 31, 2023, the Company's reinsurance program consisted of catastrophe excess of loss (XOL), per risk XOL, facultative, aggregate stop loss, and quota share coverages.

The Company's catastrophe XOL coverage is provided by a combination of XOL Commercial Reinsurance Agreements, Florida Optional Reinsurance Assistance ("FORA"), Florida Hurricane Catastrophe Fund ("FHCF") Reinsurance Agreement, and Catastrophe Bond Reinsurance Agreements.

The FHCF provides coverage for named hurricanes only and provides no coverage after the one-time limit is exhausted. Reinsurance premiums for the FHCF are paid on a total insured value basis. In the event of a FHCF loss assessment, the Company may recoup the assessment from its policyholders.

The FORA program was created by the Florida Legislature during Special Session 2022A. This was a one-year program to provide four optional layers of reinsurance for the 2023 hurricane season.

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, 2023. 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, 2023. (Note: Failure of the columns to add to the totals reflected in this Report is due to rounding.)

First Protective Insurance Company
Assets
December 31, 2023

	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	\$185,467,029		\$185,467,029
Stocks			
Preferred stocks	1,502,122		1,502,122
Common stocks	37,485,235		37,485,235
Mortgage loans on real estate			
First liens	1,859,442		1,859,442
Other than first liens			
Cash and short-term investments	136,641,535		136,641,535
Other invested assets	19,337,874		19,337,874
Subtotals, cash and invested assets	382,293,238		382,293,238
Title plant less \$... charged off (Title insurers only)			
Investment income due and accrued	1,543,625		1,543,625
Premiums and considerations			
Uncollected premiums and agents' balances	13,890,599	2,924	13,887,675
Deferred premiums, agents' balances and installments	55,741,244		55,741,244
Reinsurance			
Amounts recoverable from reinsurers	92,193,459		92,193,459
Net deferred tax asset	8,788,868		8,788,868
Receivable from parent, subsidiaries and affiliates	8,960,881		8,960,881
Aggregate write-in for other than invested assets	557,698		557,698
Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts	563,969,611	2,924	563,966,687
From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
Total	\$563,969,611	\$2,924	\$563,966,687

**First Protective Insurance Company
Liabilities, Surplus and Other Funds
December 31, 2023**

	Per Company
Losses	\$82,521,683
Loss adjustment expenses	21,185,516
Other expenses	1,000
Taxes, licenses and fees	15,993,402
Current federal and foreign income taxes	3,358,098
Unearned premiums	208,476,355
Advance premiums	22,652,671
Ceded reinsurance premiums payable	58,509,007
Funds held by company under reinsurance treaties	235,646
Payable to parent, subsidiaries and affiliates	11,415,967
Aggregate write-in for liabilities	2,954,216
Total liabilities excluding protected cell liabilities	427,303,560
Common capital stock	3,000,000
Gross paid-in and contributed surplus	83,792,500
Unassigned funds (surplus)	49,870,627
Surplus as regards policyholders	136,663,127
Totals	\$563,966,687

First Protective Insurance Company
Statement of Income
December 31, 2023

	Per Company
Underwriting Income	
Premiums earned	\$333,106,281
Deductions	
Losses Incurred	141,721,029
Loss adjustment expenses incurred	49,342,599
Other underwriting expenses incurred	131,968,725
Total Underwriting deductions	323,032,352
Net underwriting gain (loss)	10,073,928
Investment Income	
Net investment income earned	12,533,899
Net realized capital gains or (losses)	56,802
Net investment gain or (loss)	12,590,701
Other Income	
Net gain or (loss) from agents' or premium balances charged off	(14,582)
Finance and service charges not included in premiums	383,544
Total other income	368,962
Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	23,033,591
Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	23,033,591
Federal & foreign income taxes incurred	6,865,759
Net Income	\$16,167,832
Capital and Surplus Account	
Surplus as regards policyholders, December 31 prior year	\$117,523,339
Net Income	16,167,832
Change in net unrealized capital gains or losses less capital gains tax	1,041,944
Change in net deferred income taxes	1,930,979
Change in non-admitted assets	(967)
Change in surplus as regards policyholders for the year	19,139,788
Surplus as regards policyholders, December 31, current year	\$136,663,127

**First Protective Insurance Company
Reconciliation of Capital and Surplus
December 31, 2023**

Capital/Surplus Change during Examination Period			
	Increase	Decrease	
Surplus at December 31, 2018, per Company			\$64,080,447
Net income	16,099,778		
Change in net unrealized capital gain (loss)	3,726,729		
Change in net deferred income tax	7,496,691		
Change in non-admitted assets	259,483		
Change in surplus notes		11,017,500	
Change in paid in surplus	56,017,500		
Net increase (or decrease)			72,582,681
Surplus at December 31, 2023 per Company			\$136,663,128

COMMENTS ON FINANCIAL STATEMENT ITEMS

Liabilities

Derek Freihaut, FCAS, MAAA, Pinnacle Actuarial Resources, Inc., appointed by the Board, rendered an opinion that the amounts carried in the balance sheet as of December 31, 2023, made a reasonable provision for all unpaid loss and loss expense obligations of the Company under the terms of its policies and agreements.

The consulting actuary, Solomon Frazier, FCAS, FSA, MAAA, of Examination Resources, LLC, 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 \$136,663,127, exceeded the minimum of \$33,802,609 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 First Protective Insurance Company as of December 31, 2023, consistent with the insurance laws of the State of Florida.

In addition to the undersigned, the following individuals from the Office and Examination Resources, LLC (ER) also participated in the examination:

James Wheeler, PIR	Examination Manager	Office
Rachelle Gowins, CFE	Examination Supervisor	ER
Sigurd Proudfit, CFE	Assisting Examiner	ER
Leah Thomas, CFE	Assisting Examiner	ER
James Gowins, AES, CISA	IT Specialist	ER
Sylvia Kier, Security+	IT Specialist	ER
Solomon Frazier, FCAS, MAAA	Exam Actuary	ER
Michael Starke, FCAS, MAAA	Exam Actuary	ER
Daniel Walker	Actuarial Analyst	ER

Respectfully submitted,



Joanne Campanelli, CFE
Examiner-In-Charge
Examination Resources, LLC
Representing the Florida Office of Insurance Regulation



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