



**EXAMINATION REPORT
OF**

**Homeowners Choice Property & Casualty Insurance
Company, Inc.
Tampa, Florida**

NAIC Company Code: 12944

**as of
December 31, 2023**

**By
The Florida Office of Insurance Regulation**

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April 11, 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

Homeowner’s Choice Property & Casualty Insurance Company, Inc.

3802 Coconut Palm Drive
Tampa, Florida 33619

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, 2023, and the fieldwork commenced with planning with the Florida Office of Insurance Regulation (“the Office”) on May 9, 2024. The fieldwork concluded as of April 11, 2025. The Company’s last full scope examination by representatives of the Office covered the period of January 1, 2016 through December 31, 2020.

The examination was a multi-state examination 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 on Florida domestics only and did not involve participation from other states. 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 is a Florida domestic property and casualty insurer that was incorporated on March 30, 2007, and commenced business on May 10, 2007. The Company is 100% wholly owned by HCI Group, Inc. ("HCI").

Dividends

The Company declared and paid dividends to its stockholders in 2023, 2022, and 2021 in the amounts of \$10,000,000, \$12,000,000, and \$11,900,000, respectively.

Capital Stock and Capital Contributions

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

Number of authorized common capital shares	5,000,000
Number of shares issued and outstanding	3,500,000
Total common capital stock	\$3,500,000
Par value per share	\$1.00

During the years ending December 31, 2022, and 2021, the Company received capital contributions in the form of cash from its parent, HCI of \$10,000,000 for each year. In addition, the Company received a net asset transfer of \$1,849,861 and \$398,048 as non-cash capital contributions from HCI in 2022 and 2021, respectively.

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 shareholder meeting for the election of Board of Directors (“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
Pareshbhai Suryakant Patel ⁽¹⁾	Clearwater, Florida	Executive Chairman, HCI Group, Inc.
Anthony Saravanos	Palm Harbor, Florida	President, Greenleaf Capital
Gregory Politis	Safety Harbor, Florida	President, Xenia Property Management
Sanjay Madhu	Tampa, Florida	President, Oxbridge Re Holdings Ltd.
Robert Wayne Burks	Tampa, Florida	Director, Homeowners Choice Property & Casualty Insurance Company, Inc.

⁽¹⁾Chairman

In accordance with the Company’s Bylaws, the Board of Directors appointed the following Senior Officers:

Senior Officers		
Name	City, State	Title
Pareshbhai Suryakant Patel	Clearwater, Florida	Executive Chairman, HCI Group, Inc.
Karin Sue Coleman	Tampa, Florida	President
James Mark Harmsworth	Tampa, Florida	Chief Financial Officer
Andrew Lloyd Graham	Tampa, Florida	Corporate Secretary

The Company maintained an audit committee, as required by Section 624.424(8)(c), Florida Statutes. The audit committee of HCI serves as the audit committee for the Company.

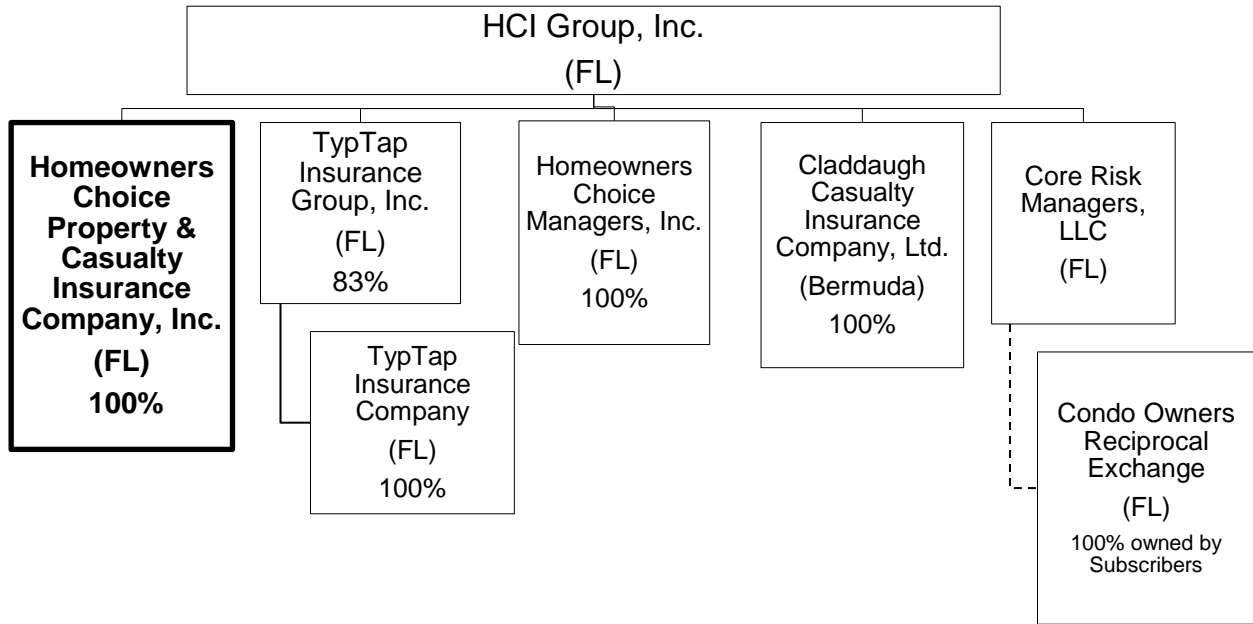
Audit Committee		
Wayne Burks ⁽¹⁾	Sue Watts	Sanjay Madhu

⁽¹⁾Chairman

Holding Company System

A simplified 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.

**Homeowners Choice Property & Casualty Insurance Company
Simplified Organizational Chart
December 31, 2023**



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

Tax Allocation Agreement

The Company, its parent, HCI, and other affiliated companies, filed a consolidated federal income tax return. On December 31, 2023, the method of allocation between the Company and HCI was on a separate-entity basis. Each member of the group recorded an inter-company income tax receivable or payable with HCI. Within sixty (60) days of the remittance by HCI 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 other affiliated companies and its parent, HCI, dated January 4, 2016. The agreement allocates costs based upon the scope of work and responsibilities performed for the benefit of the affiliated company. Effective June 1, 2021, HCI amended the contract to remove the TypTap Insurance Group, Inc. from the contract. The Company incurred \$6,014,632 in fees associated to this agreement for year end December 31, 2023.

Managing General Agent Agreement

The Company entered into a Managing General Agency (“MGA”) Agreement with its affiliate, Homeowners Choice Managers, Inc. (“HCM”) on September 27, 2017. The MGA agreement shall be continuous until terminated by either party. For consideration, in part, HCM retained twenty-one and a half percent (21.5%) of the Company’s direct written premiums, three and a half percent (3.5%) of gross written direct and assumed premiums for claim service fees, and reimbursement of HCM for catastrophe management fees based on the number of claims and incurred loss and loss adjustment expenses. Effective September 1, 2022, HCM amended the MGA agreement to a per claim fee which will be \$1,200 plus four percent (4%) of the amount expended for indemnification of the loss. Fees incurred relating to this agreement for the period ending December 31, 2023, amounted to \$115,731,615.

Reinsurance Agreement

The Company is also a participant in reinsurance agreements with affiliated insurance entities of HCI. See further discussion in the Reinsurance section below.

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 the following states:

Arkansas	California	Connecticut
Florida	Maryland	Massachusetts
New Jersey	North Carolina	Ohio
Pennsylvania	Rhode Island	South Carolina
Texas		

The Company was authorized to transact insurance in Florida on March 30, 2007, and is currently authorized for the following lines of business in Florida as of December 31, 2023:

- Fire
- Homeowners Multiple Peril
- Allied Lines
- Commercial Multiple Peril

The Company primarily writes Homeowners Multiple Peril policies in the state of Florida. The Company ceased to offer flood insurance policies in Florida on January 12, 2023. The total direct premiums written as of December 31, 2023, are \$414,330,189.

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 elected to participate in the Depopulation Program “through which they assume insurance policies held by Citizens Property Insurance Corporation (“Citizens”), a Florida state-supported insurer. The Depopulation Program is a legislatively mandated program designed to reduce the state’s risk exposure by encouraging private companies to assume policies from Citizens. As of December 31, 2023, the Company assumed approximately 53,400 policies from Citizens, representing approximately \$196,800,000 in annualized gross premiums written.

During the course of the examination period, the Company had quota share agreements covering the Northeast (Connecticut, New Jersey, Massachusetts, and Rhode Island) and Southeast (Georgia, North Carolina, and South Carolina) regions with United Property & Casualty Insurance Company (“United”). On February 27, 2023, United was placed into receivership by the State of Florida due to its financial insolvency. The quota share agreements with United were then terminated.

Reinsurance Ceded

The Company cedes a portion of its homeowners’ insurance exposure to other entities under catastrophe excess of loss reinsurance treaties.

Claddaugh Casualty Insurance Company Ltd. (“Claddaugh”), an affiliate of the Company is a participant in the Company’s reinsurance treaties. The reinsurance program for 2023/24 included treaties for Property Catastrophe Excess of Loss and a Reinstatement Premium Protection Reinsurance Contract. These agreements were submitted and approved by the Office.

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.)

Homeowners Choice Property & Casualty Insurance Company, Inc.
Assets
December 31, 2023

	Per Company		
	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	\$112,520,985		\$112,520,985
Stocks			
Preferred stocks	3,276,401		3,276,401
Common stocks	27,572,317		27,572,317
Cash and short-term investments	223,669,569		223,669,569
Other invested assets	6,065,941	\$6,065,941	0
Receivables for securities	41,085,000		41,085,000
Subtotals, cash and invested assets	\$414,190,213	\$6,065,941	\$408,124,272
Investment income due and accrued	1,255,751		1,255,751
Premiums and considerations			
Uncollected premiums and agents' balances	1,974,340		1,974,340
Deferred premiums, agents' balances and installments	17,769,064		17,769,064
Reinsurance			
Amounts recoverable from reinsurers	11,257,900		11,257,900
Funds held by or deposited with reinsured companies	2,264,485		2,264,485
Other amounts receivable under reinsurance contracts	45,957,597		45,957,597
Current federal and foreign income taxes recoverable and interest thereon	467,555		467,555
Net deferred tax asset	7,581,661		7,581,661
Receivable from parent, subsidiaries and affiliates	4,212,699		4,212,699
Aggregate write-in for other than invested assets	1,521,326	1,398,964	122,362
Total	\$508,452,591	\$7,464,905	\$500,987,686

Homeowners Choice Property & Casualty Insurance Company, Inc.
Liabilities, Surplus and Other Funds
December 31, 2023

	Per Company
Losses	\$112,767,436
Reinsurance payable on paid losses and loss adjustment expenses	2,954,251
Loss adjustment expenses	7,638,794
Commissions payable, contingent commissions and other similar charges	581,536
Other expenses	186,688
Taxes, licenses and fees	336,321
Unearned premiums	209,355,509
Advance premiums	5,092,399
Ceded reinsurance premiums payable	30,055,758
Funds held by company under reinsurance treaties	521,627
Amounts withheld or retained by company for account of others	13,248,977
Provision for reinsurance	138,328
Payable for securities	378,317
Aggregate write-in for liabilities	989,204
Total liabilities	\$384,245,145
Common capital stock	3,500,000
Gross paid-in and contributed surplus	69,840,628
Unassigned funds (surplus)	43,401,913
Surplus as regards policyholders	\$116,742,541
Totals	\$500,987,686

Homeowners Choice Property & Casualty Insurance Company, Inc.
Statement of Income
December 31, 2023

	Per Company
Underwriting Income	
Premiums earned	\$238,341,107
Deductions	
Losses Incurred	101,831,563
Loss adjustment expenses incurred	31,752,282
Other underwriting expenses incurred	96,649,857
Aggregate write-ins for underwriting deductions	2,393,875
Total Underwriting deductions	\$232,627,577
Net underwriting gain (loss)	\$5,713,530
Investment Income	
Net investment income earned	\$13,016,954
Net realized capital gains or (losses)	(1,117,870)
Net investment gain or (loss)	\$11,899,084
Other Income	
Net gain or (loss) from agents' or premium balances charged off	\$(71,942)
Finance and service charges not included in premiums	328,055
Aggregate write-ins for miscellaneous income	5,635
Total other income	\$261,748
Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	\$17,874,362
Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	\$17,874,362
Federal & foreign income taxes incurred	4,944,783
Net Income	\$12,929,579
Capital and Surplus Account	
Surplus as regards policyholders, December 31 prior year	\$103,837,613
Net Income	12,929,579
Change in net unrealized capital gains or losses less capital gains tax	1,308,683
Change in net deferred income taxes	7,735,504
Change in non-admitted assets	918,158
Change in provision for reinsurance	(39,735)
Surplus adjustments:	
Paid in	52,739
Dividends to stockholders	(10,000,000)
Change in surplus as regards policyholders for the year	\$12,904,928
Surplus as regards policyholders, December 31, current year	\$116,742,541

Homeowners Choice Property & Casualty Insurance Company, Inc.
Reconciliation of Capital and Surplus
December 31, 2023

Capital/Surplus Change during Examination Period			
	Increase	Decrease	
Surplus at December 31, 2021, per Company			\$119,912,346
Net Income/Loss	8,629,124		
Change in net unrealized capital gain (loss)		1,977,331	
Change in net deferred income tax	1,513,325		
Change in non-admitted assets		25,815	
Change in provision for reinsurance	110,873		
Change in paid in surplus	22,480,019		
Dividends to stockholders		33,900,000	
Transferred to surplus			
Net increase (or decrease)			(\$3,169,805)
Surplus at December 31, 2023, per Company			\$116,742,541

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

COMMENTS ON FINANCIAL STATEMENT ITEMS

Capital and Surplus

The amount of capital and surplus reported by the Company of \$116,742,541, exceeded the minimum of \$15,000,000 required by Section 624.408, Florida Statutes.

SUBSEQUENT EVENTS

Assumed Reinsurance

On October 22, 2024, the Company assumed approximately 22,000 policies from Citizens, representing approximately \$101,000,000 in annualized premium.

Dividend

The Company paid an ordinary dividend of \$11,000,000 to its parent, HCI, on March 26, 2024. The ordinary dividend payment did not require the Office's approval.

Managing General Agency Agreement

In December 2024, the Company incurred management fees equal to \$127,381,435 from its affiliate, HCM, net of waived management fees of \$35,000,000.

CONCLUSION

The insurance examination practices and procedures, as promulgated by the NAIC, have been followed in ascertaining the financial condition of Homeowner's Choice Property & Casualty Insurance Company, Inc. 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 the firm Examination Resources, LLC ("ER") also participated in the examination:

Natalie Howe, CFE, CFE (Fraud), ACI	Examination Manager	ER
William Fedak, CFE	Financial Examiner	ER
Hollylynn Ford, AFE	Financial Examiner	ER
Solomon Frazier, FCAS, FSA, MAAA	Actuarial Specialist	ER
Daniel Walker	Actuarial Specialist	ER
James Gowins, CISA, AES, AFE, MMC	Managing IT Specialist	ER
Lori Shores, CISA	IT Specialist	ER
Casey Hengstebeck, APIR	Financial Examiner	The Office

Respectfully submitted,



April Spevak, 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