



**EXAMINATION REPORT
OF**

**PURE Insurance Company
Fort Lauderdale, Florida**

NAIC Company Code: 13204

**as of
December 31, 2023**

**By
The Florida Office of Insurance Regulation**

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February 25, 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 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, 2023, of the financial condition and corporate affairs of

PURE Insurance Company
800 Corporate Drive, Suite 420
Fort Lauderdale, Florida 33334

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, 2020 through December 31, 2023, and the fieldwork commenced with planning with the Florida Office of Insurance Regulation (“the Office”) on April 9, 2024. The fieldwork concluded as of February 25, 2025. The Company’s last full scope exam by representatives of the Office covered the period of January 1, 2015 through December 31, 2019.

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 exam was a multi-state/coordinated process. The lead state for that exam was Florida, and Arizona acted as a participating state. PURE Insurance Company (“PIC”) is in runoff and is only currently licensed 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

The following is an update on other significant regulatory information disclosed in the previous examination.

Holding Company Transactions

The Company was not in compliance with Rule 69O-143.047, Florida Administrative Code, because the Office was not pre-notified of any of the transactions and/or agreements with Eagle Point Credit Company, Inc. in accordance with Rule 69O-143.047(a)1, Florida Administrative Code. On July 25, 2016, the Company submitted its request for approval to the Office. The Office issued a letter of non-objection regarding the transactions with Eagle Point Credit Company, Inc. on November 6, 2016. As a result, this previous examination finding was resolved.

Investments

The Company made several investments that were not compliant with Section 625.332(1)(b), Florida Statutes. This previous examination finding has been resolved by the Company.

COMPANY HISTORY

General

The Company was incorporated in Florida on August 5, 2008, and commenced business on August 5, 2008. The Company received its Certificate of Authority on October 16, 2008. The Company is a wholly owned subsidiary of Privilege Underwriters Inc. ("PUI"). Effective August 5, 2008, the Company entered into a reinsurance pooling agreement with affiliate Privilege Underwriters Reciprocal Exchange ("PURE"). Pursuant to the pooling agreement the Company

only assumed business from the Reciprocal, and did not write any direct business or issue policies. One hundred percent (100%) of the issued and outstanding shares of PUI’s capital stock was acquired by HCC Insurance Holdings, Inc. (“HCC”), a wholly owned subsidiary of Tokio Marine Holdings, Inc (“TMHD”), under a stock purchase agreement effective February 7, 2020. On December 31, 2023, HCC paid a dividend of all its outstanding shares of PUI to Tokio Marine & Nichido Fire Insurance Co, Ltd (“TMNF”), a Japan domiciled wholly owned subsidiary of TMHD. TMHD is the ultimate controlling person for the Tokio Marine Group, which includes the Company, PURE, PUI, and TMNF.

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	920,000
Number of shares issued and outstanding	920,000
Total common capital stock	\$920,000
Par value per share	\$1.00

No capital contributions were made during the period of examination.

Surplus Notes

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

Acquisitions, Mergers, Disposals, Dissolutions

In February of 2020, the outstanding stock of PUI was acquired by HCC, a wholly owned subsidiary of TMHD. As part of the acquisition, control of PIC is maintained by TMHD by the indirect ownership of all of PIC’s outstanding shares of capital stock.

MANAGEMENT AND CONTROL

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
Masahiro Koike ^(a)	New York, NY	Managing Executive Officer of Tokio Marine Holdings, Inc.
Martin William Alan Leitch ^(b)	Westport, CT	Chief Executive Officer, Privilege Underwriters, Inc.
David Alan Logan ^(b)	Eagan, MN	President, Privilege Underwriters, Inc.
Jeffrey Alex Paraschac	Scarsdale, NY	Executive Vice President & Chief Financial Officer, Privilege Underwriters, Inc.
Susan Rivera ^(c)	Houston, TX	Chief Executive Officer, Tokio Marine HCC
Michael J. Schell ^(d)	Houston, TX	President, Tokio Marine HCC
Christopher John Bodman Williams (1)	Naples, FL	Vice President, Executive Officer and Co-Head of International Business, Tokio Marine Holdings, Inc.
Kichiichiro Yamamoto	Fujisawa-shi, Japan	Senior Managing Executive Officer and Co-Head of International Business, Tokio Marine Holdings, Inc

(1) Chairperson

(a) Became Managing Executive Officer in April 2023.

(b) Upon Ross Buchmueller's retirement from President and CEO, Martin Leitch assumed the role of CEO in July 2023. David Logan assumed the role of President at the same time.

(c) Resigned on May 23, 2024, and was replaced by Kunihiko Higashi as Director on May 23, 2024.

(d) Resigned on May 23, 2024, and was replaced by Vincent Kok as Director on May 23, 2024.

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

Senior Officers		
Name	City, State	Title
David Alan Logan	Eagan, MN	President
Martin William Alan Leitch	Westport, CT	Chief Executive Officer

Jeffrey Alex Paraschac	Scarsdale, NY	Chief Financial Officer
Kirk Joseph Raslowsky	Ringoes, NJ	Secretary

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

PUI Audit Committee		
Susan Rivera	Michael J. Schell	Kichiichiro Yamamoto

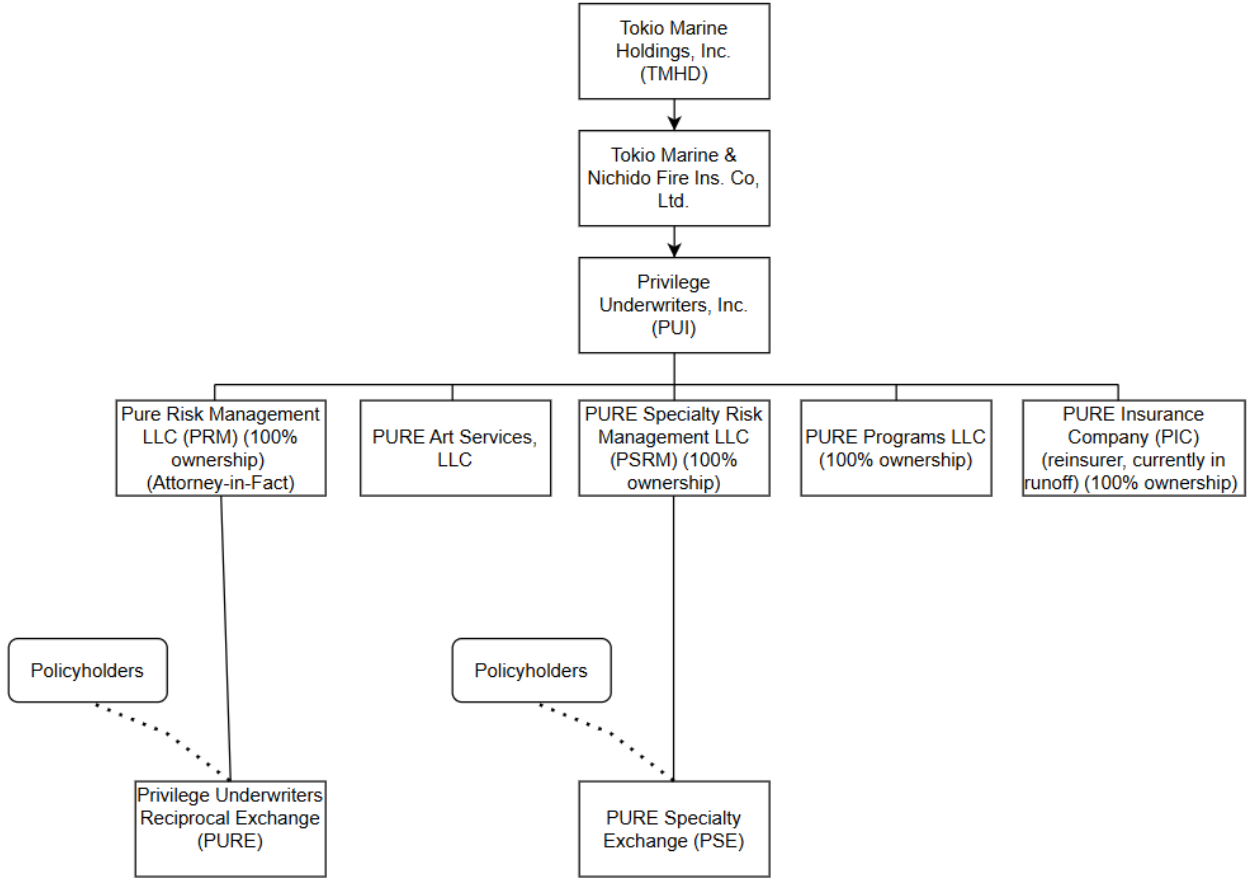
Investment Committee		
Michael J. Schell	Christopher Williams	Kichiichiro Yamamoto
Jeffrey Paraschac		

Remuneration and Nomination Committee		
Christopher Williams	Kichiichiro Yamamoto	Susan Rivera
Martin Leitch		

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.

**PURE Insurance Company
Simplified Organizational Chart
December 31, 2023**



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

Operating Agreement

Effective August 5, 2008, the Company entered into a general operating agreement with PUI. PUI provides certain corporate support services such as accounting, tax, and auditing, underwriting, claims, investment, functional support services, and other services. PUI shall be reimbursed for its actual expenses, including the salaries of dedicated employees, and other expenses incurred in performing the services for the Company. Shared services costs shall be allocated based on a management survey of the total time spent in provision of services. Each calendar quarter, PUI shall be entitled to reimbursement for expenses incurred in that quarter, which shall be paid within 45 days of the end of each calendar quarter. Either party may terminate the agreement with thirty (30) days' written notice for any reason. As of December 31, 2023, and December 31, 2022, the Company reimbursed PUI \$2,809,057 and \$3,317,344, respectively, for management services.

Intercompany Reinsurance Pooling Agreements

See Reinsurance section below.

ACCOUNTS AND RECORDS

The Company maintained its principal operational offices in White Plains, New York.

TERRITORY AND PLAN OF OPERATIONS

The Company was authorized to transact insurance only in the State of Florida on October 16, 2008, and is currently authorized for the following lines of business in Florida as of December 31, 2023:

- Homeowners Multi-Peril
- Ocean Marine
- Inland Marine
- Earthquake
- Workers Compensation
- Other Liability Occurrence
- Private Passenger Auto
- Auto Physical Damage

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

Effective August 5, 2008, PURE entered into a reinsurance pooling agreement with the Company where each entity's participation level was fifty percent (50%). As of April 1, 2021, the agreement was amended to increase PURE's participation level to one hundred percent (100%) and lowered the Company's participation to zero percent (0%). Currently, there is only an immaterial amount of runoff business assumed by the Company as it is in runoff. The agreement was terminated in 2022.

Reinsurance Ceded

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

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.)

PURE Insurance Company
Assets
December 31, 2023

	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	\$ 44,815,935		\$ 44,815,935
Stocks			
Common stocks	2,895		2,895
Cash and short-term investments	2,234,776		2,234,776
Subtotals, cash and invested assets	47,053,606		47,053,606
Investment income due and accrued	192,488		192,488
Current federal and foreign income taxes recoverable and interest thereon	1,782,454		1,782,454
Net deferred tax asset	238,683	28,894	209,789
Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts	49,267,231	28,894	49,238,337
Total	\$ 49,267,231	28,894	\$ 49,238,337

PURE Insurance Company
Liabilities, Surplus and Other Funds
December 31, 2023

	Per Company
Losses	\$18,633,344
Reinsurance payable on paid losses and loss adjustment expenses	1,180,714
Loss adjustment expenses	2,410,959
Commissions payable, contingent commissions and other similar charges	2,370,036
Other expenses	226,399
Payable to parent, subsidiaries and affiliates	1,137,379
Total liabilities excluding protected cell liabilities	25,958,831
Total liabilities	25,958,831
Common capital stock	920,000
Gross paid-in and contributed surplus	117,122,399
Unassigned funds (surplus)	(94,762,893)
Surplus as regards policyholders	23,279,506
Totals	\$49,238,337

PURE Insurance Company
Statement of Income
December 31, 2023

	Per Company
Underwriting Income	
Premiums earned	\$ 230,351
Deductions	
Losses Incurred	2,059,927
Loss adjustment expenses incurred	(22,024)
Other underwriting expenses incurred	2,534,210
Total Underwriting deductions	4,572,113
Net underwriting gain (loss)	(4,341,762)
Investment Income	
Net investment income earned	3,687,810
Net realized capital gains or (losses)	(3,320,918)
Net investment gain or (loss)	366,892
Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	(3,974,870)
Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	(3,974,870)
Federal & foreign income taxes incurred	(342,759)
Net Income	(3,632,111)
Capital and Surplus Account	
Surplus as regards policyholders, December 31 prior year	128,408,352
Net Income	(3,632,111)
Change in net unrealized foreign exchange capital gain (loss)	394,901
Change in net deferred income taxes	(70,600)
Change in non-admitted assets	81,857
Surplus adjustments:	
Paid in	(100,000,000)
Aggregate write-ins for gains and losses in surplus	(1,902,894)
Change in surplus as regards policyholders for the year	(105,128,847)
Surplus as regards policyholders, December 31, current year	\$ 23,279,505

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

Capital/Surplus Change during Examination Period			
Surplus at December 31, 2019, per Company			\$186,084,467
	Increase	Decrease	
Net Income (loss)		(64,494,677)	
Aggregate write-ins for gains and losses in surplus	1,026,459		
Change in net unrealized capital gain (loss)		(3,838,009)	
Change in net deferred income tax	4,380,889		
Change in non-admitted assets	120,377		
Change in paid in surplus		(100,000,000)	
Net increase (or decrease)			(162,804,961)
Surplus at December 31, 2023 per Company			\$23,279,505

COMMENTS ON FINANCIAL STATEMENT ITEMS

Liabilities

The appointed actuary, Gareth Simons, 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 Office consulting actuary, Kirk Braunius, of Examination Resources, 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 Company returned \$100 million of surplus to PUI in 2023. The amount of capital and surplus reported by the Company of \$23,279,505, exceeded the minimum of \$4,000,000 as required by Section 624.408, Florida Statutes.

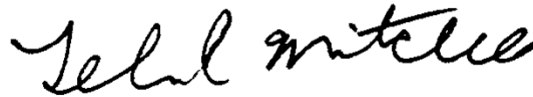
CONCLUSION

The insurance examination practices and procedures as promulgated by the NAIC have been followed in ascertaining the financial condition of PURE 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 also participated in the examination:

Trevor Eaton	Participating Examiner	Office
Bobby Jackson, CPA, APIR	Exam Manager	Office
James Gowins, CISA, AES, AFE, MCM	IT Supervisor	Examination Resources
Kirk Braunius, FAA, MAAA	Actuary	Examination Resources
Robby Kalna	Examiner	Examination Resources
Rachel Gowins, CFE, MCM	Managing Director	Examination Resources

Respectfully submitted,



Leland Mitchell, CFE
Examiner-in-Charge
Examination Resources
Representing the Florida Office of Insurance Regulation



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