



**EXAMINATION REPORT
OF**

**Security First Insurance Company
Ormond Beach, Florida**

NAIC Company Code: 10117

**as of
December 31, 2023**

**By
The Florida Office of Insurance Regulation**

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April 16, 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

Security First Insurance Company

1001 Broadway Avenue
Ormond Beach, Florida 32174

hereinafter referred to as “the Company” or “SFIC”. 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 the fieldwork commenced with planning with the Florida Office of Insurance Regulation (“the Office”) on March 1, 2024. The fieldwork concluded as of April 16, 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 on a Florida domestic only and did not involve participation from other states. The Company solely writes in the State of Florida but holds licenses in 38 other 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

The following is an update on other significant regulatory information disclosed in the previous examination. All findings from the previous examination have been resolved. No additional information or action is required.

Managing General Agent (MGA) Agreement

Article II, Section 2.7 of the MGA Agreement between the Company and Security First Managers (“SFM”) limits the amount of premium written in any year to \$48 million. The Board minutes noted approval of an increase in the amount SFM can write on behalf of the Company to \$300 million in March of 2015 and further to \$500 million in December of 2015. The MGA Agreement was not amended to reflect the changes noted in the Board minutes, nor was an updated contract submitted to the Office for prior approval as required by Rule 690-143.047, Florida Administrative Code.

Update: The Company submitted a Form D filing to amend the agreement to increase the amount SFM can write on behalf of the Company to \$500 million on August 28, 2020.

Sliding Scale Catastrophe Allowance and Commissions

The Company's quota share reinsurance agreements contain provisions for sliding scale commissions and catastrophe allowances that adjust based on the non-catastrophe loss ratio. The Company's expense accrual related to sliding scale provisions was neither adequate nor in accordance with SSAP 62R. The examination increased the Company's accrual for ceded reinsurance premiums payable by \$21,562,169.

Update: The calculation and return payment of the sliding scale provisions occurs twenty-four (24) months after the inception of the contract and annually thereafter. The Company noted that based on conversations with their auditors and the Office, they have changed their interpretation of SSAP 62R and have accrued this liability accordingly for all calendar years starting with 2019 and going forward.

COMPANY HISTORY

General

The Company was incorporated in Florida on March 2, 2005, as a stock property and casualty insurance company under the applicable provisions of the Florida Statutes. The Company was licensed by the Office on April 8, 2005, and commenced writing business on May 25, 2005. The Company is a wholly owned subsidiary of First Coast Insurance Holdings, Inc., which in turn is a wholly owned subsidiary of Security First Insurance Holdings, LLC (“SFIH”).

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	1,000,000
Number of shares issued and outstanding	500,000
Total common capital stock	\$5,000,000
Par value per share	\$10.00

During the fourth quarter of 2019, the Company received a \$10,000,000 capital contribution from its parent, SFIH. On August 14, 2020, the Company received a capital contribution of \$15,000,000 from its parent, SFIH.

Surplus Notes

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

Acquisitions, Mergers, Disposals, Dissolutions

The Company was wholly owned by SFIH. In the second quarter of 2023, SFIH formed a wholly owned intermediate holding company between it and the Company. The intermediate holding company is named First Coast Insurance Holdings, Inc. ("FCIH") and currently wholly owns the Company. FCIH was approved by the Office in April 2023. With the approval of the Office, FCIH formed a captive cell insurer named Mangrove Cell 56 PC to aid in the placement of the Company's catastrophe program. The captive was not utilized in 2023 but is being maintained for future use.

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
Wallace Lockwood Burt	Ormond Beach, FL	Chief Executive Officer, Security First Managers, LLC
Clive Anthony Becker-Jones	Pinehurst, NC	Chief Financial Officer Security First Managers, LLC
Harry Robert Bleiwise	Boca Raton, FL	Retired, Chairman of Rider Insurance Company
Melissa Burt-DeVriese	Ormond Beach, FL	President & Secretary, Security First Managers, LLC
Charles David Bleiwise	Boca Raton, FL	Retired
Lloyd James Stofko	St. Augustine, FL	Vice President, Ceded Reinsurance Security First Managers, LLC
Susan Debra Bleiwise-Greenfield	Delray Beach, FL	Retired
Brian Lee Bedner	Morristown, NJ	Everest Group Head of Corporate Finance & Treasurer

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

Senior Officers		
Name	City, State	Title
Wallace Lockwood Burt	Ormond Beach, Florida	Chief Executive Officer
Melissa Burt DeVriese	Ormond Beach, Florida	President & Secretary
Clive Anthony Becker-Jones (a)	Pinehurst, North Carolina	Chief Financial Officer
Lloyd James Stofko (b)	St. Augustine, Florida	Vice President, Ceded Reinsurance
Gregory Moraski	Ormond Beach, Florida	Chief Claims Officer

(a) Clive Anthony Becker-Jones was replaced by Scot Moore as Chief Financial Officer by the Board on April 4, 2025.

(b) Lloyd James Stofko's position was changed to Chief Reinsurance Officer by the Board on April 4, 2025.

The Company's Board has 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.

Executive Committee	
Wallace L. Burt	Harry R. Bleiwise

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

Audit Committee		
Brian L. Bedner	Charles D. Bleiwise	Susan D. Bleiwise-Greenfield

Investment Committee		
Brian L. Bedner	Charles D. Bleiwise	Susan D. Bleiwise-Greenfield

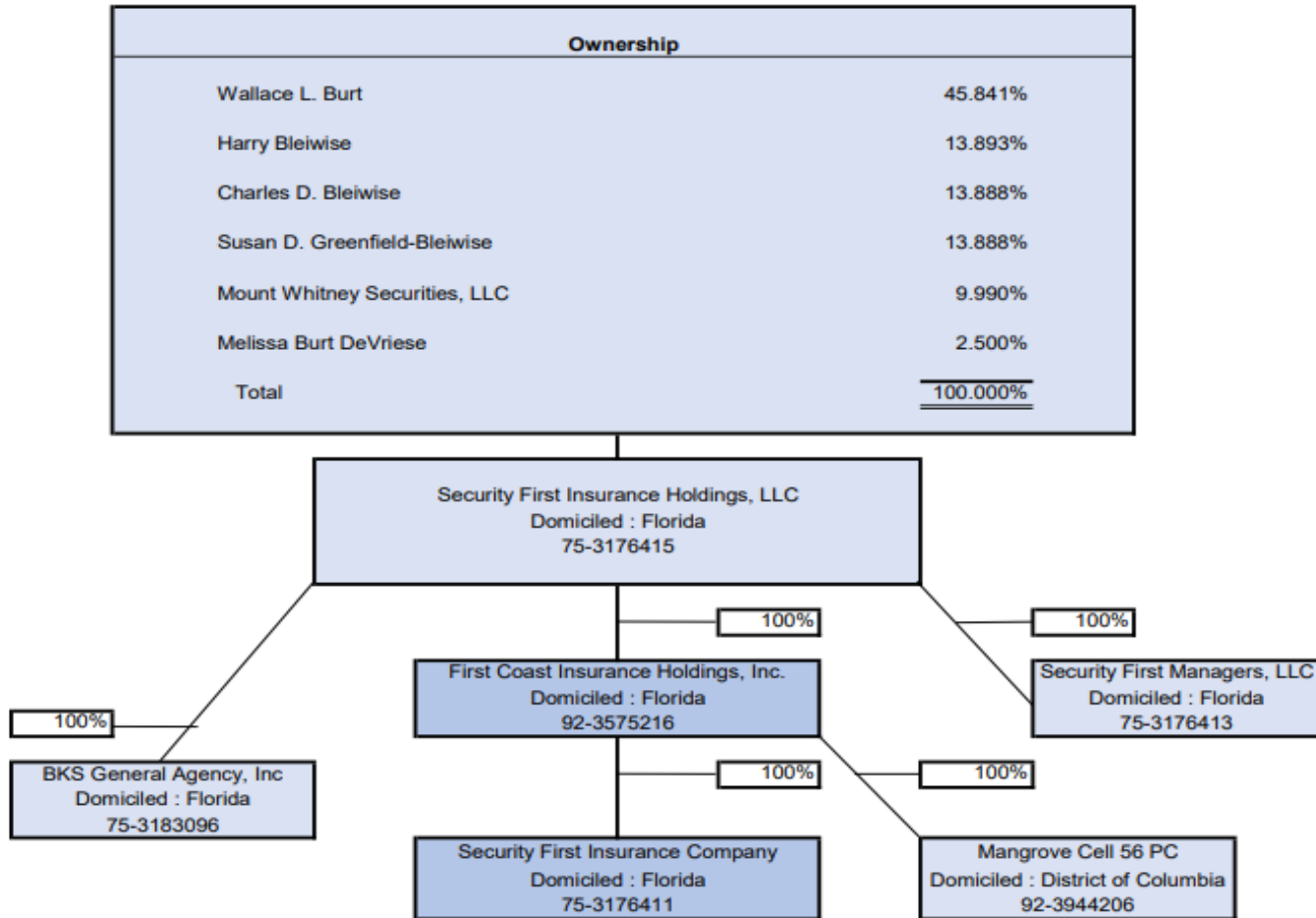
Reinsurance Committee	
Wallace L. Burt	Brian L. Bedner

ERM Committee		
Melissa Burt DeVriese	Greg Moraski	Lloyd Stofko
Scot Moore	Clive Becker-Jones	Dave Violette
Wallace L. Burt		

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.

**Security First Insurance Company
Organizational Chart
December 31, 2023**



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

Managing General Agency and Claims Administration Agreement

The MGA agreement was entered into effect January 1, 2005, between the Company and Security First Managers, LLC (“SFM”). SFM serves as the exclusive managing general agent with respect to insurance policies for the authorized insurance coverages. SFM produces, administers and manages the policies and adjusts claims. They also provide other services in connection with such policies, including but not limited to; marketing, claims analysis, general ledger accounting, information services, product and underwriting development and management, and catastrophe risk on behalf of the Company. SFM has the authority to write up to \$500M in premiums on behalf of the Company. Fees incurred under this agreement during 2023 amounted to \$131,152,000.

Tax Sharing Agreement

On May 1, 2023, the Company, FCIH, and Mangrove Cell 56 PC entered into a Tax Sharing Agreement to define their rights and obligations regarding the allocation and settlement of federal and state income tax liabilities. The Agreement establishes a rational and systematic method to equitably allocate tax liabilities based on each party’s contribution, reflect estimated final liabilities after adjustments, provide compensation for the use of tax attributes, ensure prompt settlement, and facilitate joint administration of the Agreement.

ACCOUNTS AND RECORDS

The Company maintained its principal operational offices in Ormond Beach, Florida.

TERRITORY AND PLAN OF OPERATIONS

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

Alabama	Arizona	Arkansas
Colorado	Connecticut	Delaware
District of Columbia	Florida	Georgia

Hawaii	Illinois	Iowa
Kansas	Kentucky	Louisiana
Maryland	Minnesota	Mississippi
Missouri	Montana	Nebraska
Nevada	New Hampshire	New Jersey
New Mexico	North Carolina	North Dakota
Oklahoma	Oregon	Pennsylvania
Rhode Island	South Carolina	South Dakota
Tennessee	Texas	Utah
Vermont	Washington	

The Company was authorized to transact insurance in Florida on April 8, 2005, and is currently authorized for the following lines of business in Florida as of December 31, 2023:

- Allied Lines
- Burglary
- Fire
- Other Liability
- Glass
- Boiler and Machinery
- Homeowners Multiple Peril

The Company writes homeowners multi-peril, fire, and private flood policies in the State of Florida.

REINSURANCE

A sample of reinsurance agreements were selected and reviewed; whereby, Exhibit N was completed for each selection to ensure the reinsurance agreements complied with NAIC standards with respect to the standard insolvency clause, arbitration clause, intermediary clause, transfer of risk, reporting and settlement information deadlines. No exceptions or concerns were noted.

Reinsurance Assumed

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

Reinsurance Ceded

The Company ceded risk on a quota share and excess of loss basis provided by agreements with various commercial reinsurers through its reinsurance intermediary, Guy Carpenter and through participation in the Florida Hurricane Catastrophe Fund (“FHCF”). It cedes risk on a quota share basis to various unaffiliated reinsurers for its Florida policies. The Company also maintains catastrophic reinsurance to hedge against severe weather events. The primary reinsurer to the quota share agreement is Everest Re, an affiliate, as the Company is owned 9.99% by Mount Whitney Securities, LLC, which is part of the Everest Re Group. As of 2023 year-end the Company ceded \$110.4M in premiums.

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 Office 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.)

Security First Insurance Company
Assets
December 31, 2023

	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	\$ 80,333,645		\$ 80,333,645
Stocks			
Preferred stocks	1,127,281		1,127,281
Common stocks	24,740		24,740
Real Estate			
Properties occupied by the company	34,410,642		34,410,642
Cash and short-term investments	38,182,339		38,182,339
Receivables for securities	69,330		69,330
Subtotals, cash and invested assets	154,147,797		154,147,797
Investment income due and accrued	708,587		708,587
Premiums and considerations			
Uncollected premiums and agents' balances	8,048,916	45,000	8,003,916
Deferred premiums, agents' balances and installments	25,529,606		25,529,606
Reinsurance			
Amounts recoverable from reinsurers	7,979,077		7,979,077
Net deferred tax asset	11,540,890	1,851,177	9,689,713
Receivable from parent, subsidiaries and affiliates	4,903,983		4,903,983
Aggregate write-in for other than invested assets	137,975		137,975
Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts	212,996,831	1,896,177	211,100,654
From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
Total	\$212,996,831	\$1,896,177	\$211,100,654

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

	Per Company
Losses	\$ 42,747,848
Loss adjustment expenses	6,218,288
Taxes, licenses and fees	3,367,080
Unearned premiums	66,115,528
Advance premiums	9,061,543
Ceded reinsurance premiums payable	(3,070,954)
Remittances and items not allocated	21,871
Payable for securities	16,239
Aggregate write-in for liabilities	9,654,596
Total liabilities	134,132,049
Common capital stock	5,000,000
Gross paid-in and contributed surplus	136,458,482
Unassigned funds (surplus)	(64,489,877)
Surplus as regards policyholders	76,968,605
Totals	\$ 211,100,654

Security First Insurance Company
Statement of Income
December 31, 2023

	Per Company
Underwriting Income	
Premiums earned	\$ 117,605,608
Deductions	
Losses Incurred	60,923,909
Loss adjustment expenses incurred	16,158,955
Other underwriting expenses incurred	31,813,298
Total Underwriting deductions	108,896,162
Net underwriting gain (loss)	8,709,446
Investment Income	
Net investment income earned	4,923,022
Net realized capital gains or (losses)	(541,857)
Net investment gain or (loss)	4,381,165
Other Income	
Finance and service charges not included in premiums	371,987
Aggregate write-ins for miscellaneous income	159,995
Total other income	531,982
Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	13,622,593
Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	13,622,593
Net Income	13,622,593
Capital and Surplus Account	
Surplus as regards policyholders, December 31 prior year	61,470,460
Net Income	13,622,593
Change in net unrealized capital gains or losses less capital gains tax	75,405
Change in net deferred income taxes	(59,388)
Change in surplus as regards policyholders for the year	15,498,145
Surplus as regards policyholders, December 31, current year	\$ 76,968,605

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

Capital/Surplus Change during Examination Period			
Surplus at December 31, 2018, per Company			\$89,585,006
	Increase	Decrease	
Net Income (loss)		39,738,288	
Change in net unrealized capital gain (loss)		291,146	
Change in net deferred income tax	1,164,517		
Change in non-admitted assets	1,248,516		
Change in paid in surplus	25,000,000		
Net increase (or decrease)			(12,616,401)
Surplus at December 31, 2023 per Company			\$76,968,605

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 \$76,968,605, as of December 31, 2023, exceeded the minimum of \$15,000,000 required by Section 624.408, Florida Statutes.

SUBSEQUENT EVENTS

In February of 2024, the Company filed for, and received, approval for a return of capital in the amount of \$11M. The return of capital was for paying down debt at the holding company level.

CONCLUSION

The insurance examination practices and procedures as promulgated by the NAIC have been followed in ascertaining the financial condition of Security First 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, Lewis & Ellis, LLC (L&E), Jennan Enterprises, LLC (Jennan) also participated in the examination:

Bobby Jackson, CPA	Exam Manager	Office
Mel Heaps, CFE	Examiner-in-Charge	L&E
Steve Matthews, CFE	Examiner	L&E
Derek Peterson, CFE	Examiner	L&E
Katie Koch, FCAS, MAAA	Actuary	L&E
Claire Chadick	Examiner	L&E
Tony Gilbert, CPA, CFE	Examiner	L&E
Joanna Latham, CPA, CFE, AES, CISA	IT Examiner	Jennan

Respectfully submitted,



Mel Heaps, CFE
Examiner-in-Charge
Lewis & Ellis, LLC
Representing the Florida Office of Insurance Regulation



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