



**LIMITED SCOPE EXAMINATION REPORT
OF**

**Tower Hill Insurance Exchange
Gainesville, Florida**

NAIC Company Code: 17179

**as of
December 31, 2023**

**By
The Florida Office of Insurance Regulation**

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May 27, 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 (NAIC), we have conducted a limited scope examination as of December 31, 2023, for:

Tower Hill Insurance Exchange

7201 N.W. 11th Place
Gainesville, Florida 32605

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

SCOPE OF EXAMINATION

This was a limited scope examination of Tower Hill Insurance Exchange, (“Company” or “THIE”) as directed by the Florida Office of Insurance Regulation (“the Office”). The Company was last examined by representatives of the Office as of December 31, 2022. To the extent applicable, the limited scope examination was conducted in accordance with the guidance of the National Association of Insurance Commissioners (NAIC) Financial Condition Examiner’s Handbook, the NAIC Accounting Practices and Procedures Manual and the Florida Administrative Code. This examination was limited to particular risk areas of operational processes and the focus is less comprehensive than a full-scope examination. This report is for a limited-scope examination, and is not intended to communicate all matters of importance for an understanding of the Company’s financial condition.

The fieldwork commenced on November 21, 2024, and concluded as of May 27, 2025. Our limited scope examination only included material events occurring subsequent to December 31, 2023, and noted during the course of the examination as they related solely to the areas within the limited scope of the examination detailed in the following paragraph.

This examination focused on the following areas:

- The Company’s corporate governance and internal control environment
- Review of high inherent risk areas identified during the previous examination, such as reinsurance and affiliated transactions and relationships
- Prospective risk assessments
- Capital and Surplus adequacy assessment

TERRITORY AND PLAN OF OPERATIONS

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

The Company was authorized to transact insurance in Florida on December 21, 2021, and is currently authorized for the following lines of business in Florida as of December 31, 2023:

- Fire
- Homeowners Multiple-Peril
- Other Liability
- Mobile Home Multiple-Peril
- Allied Lines
- Inland Marine
- Boiler and Machinery
- Mobile Home 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

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

Reinsurance Ceded

As of December 31, 2023, the Company used a layered reinsurance structure involving both treaty and facultative agreements placed with a diverse panel of reinsurers, including Lloyd's Syndicates, varying by domicile, authorization status, and affiliation.

The Company reported total ceded premiums of \$714.3M. With respect to the ceded premium, \$94M was ceded to affiliates while \$620.3M was ceded to non-affiliates. The company has reinsurance recoverables equal to \$40.7 million.

No reinsurance recoverables were overdue or in dispute as of the examination date.

The examination reviewed reinsurance agreements newly entered into during the examination period, financial reporting of reinsurance transactions, controls and risk mitigation strategies related to reinsurance transactions, and adequacy of reinsurance. No exceptions were noted.

AFFILIATED RELATIONSHIPS

The examination reviewed the affiliated relationships reported in the Company's annual statement as of December 31, 2023, and its Own Risk Solvency Assessment ("ORSA") filing. No exceptions were noted, and the results of the review were communicated to the Office.

PROSPECTIVE RISK ASSESSMENT

The examination identified prospective risks and tested controls and risk mitigation strategies implemented by the Company to mitigate the prospective risks. No exceptions were noted, and the results of the testing were communicated to the Office.

CAPITAL AND SURPLUS ADEQUACY

As of December 31, 2023, the Company reported capital and surplus as follows:

Surplus Notes	\$205,000,000
Unassigned funds (surplus)	(118,516,113)
Subscriber Contributions	144,053,472
Total Surplus as Regards	230,537,359
Policyholders	

No new surplus notes were issued, nor were any surplus notes repaid, in 2023.

Outstanding surplus notes were as follows:

Date Issued	Interest Rate	Issued To	Original Issue Amount	Maturity Date
12/24/2021	15.190%	GPC Partners Investments (Coppola) LP	\$152,500,000	12/31/2028
12/24/2021	15.190%	Vantage Risk Holdings Corporation	7,500,000	12/31/2028
12/24/2021	15.190%	Renaissance Re Ventures US LLC	1,250,000	12/31/2028
12/24/2021	15.190%	WJS Investco, LLC	3,750,000	12/31/2028
06/16/2022	15.190%	GPC Partners Investments (Coppola) LP	40,000,000	6/16/2029

Incurred and paid interest on surplus notes was \$30,124,750 in 2023 and total interest accrued over the life of the surplus notes is \$50,624,434. The carrying value of the surplus notes remains the original issue amount.

FOLLOW-UP OF PRIOR EXAMINATION FINDINGS

There were no material findings or exceptions noted during the examination as of December 31, 2022.

CURRENT EXAMINATION FINDINGS

There were no examination report findings as a result of the prior examination.

CONCLUSION

The insurance examination included practices and procedures of a limited scope examination for Tower Hill Insurance Exchange 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 of Insurance Regulation (“OIR”) and Baker Tilly US, LLP, also participated in the examination:

Bobby Jackson, CPA	Exam Manager	OIR
Daniel Ward	Participating Examiner	Baker Tilly US, LLP
Brett Sudell	Participating Examiner	Baker Tilly US, LLP
Jake Powell	Participating/Actuarial Examiner	Baker Tilly US, LLP
Dave Wolfe, ACAS, MAAA	Actuary	Baker Tilly US, LLP

Respectfully submitted,



Kelsey Barlow, CFE
Manager
Baker Tilly US, LLP
Representing the Florida Office of Insurance Regulation



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