



**EXAMINATION REPORT
OF**

**United Automobile Insurance Company
Miami Gardens, Florida**

NAIC Company Code: 35319

**as of
December 31, 2023**

**By
The Florida Office of Insurance Regulation**

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February 19, 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

United Automobile Insurance Company

1313 North West 167th Street
Miami Gardens, Florida 33169

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 April 30, 2024. The fieldwork concluded as of February 19, 2025. The Company’s last full scope exam by representatives of the Office covered the period of January 1, 2016 through December 31, 2020.

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 writes business in Florida and Texas and has 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

The following is a summary of significant findings of fact including material adverse findings, significant non-compliance findings, such as non-compliance with state law(s), SSAPs, annual financial statement instructions, etc. or material changes in the financial statements.

Reserve Deficiency

The Baker Tilly actuarial central estimate of unpaid loss and loss adjustment expense reserves net of reinsurance as of December 31, 2023, is \$237.3 million. The Baker Tilly actuarial central estimate of unpaid loss and loss adjustment expense reserves gross of reinsurance as of December 31, 2023, is \$297.3 million. The corresponding United Auto Insurance Company recorded reserves are \$146.4 million and \$190.5 million, respectively, for the same period.

For examination purposes only, the finding above would be subject to an examination report adjustment to the recorded loss and loss adjustment expense reserves of \$90.9 million net of reinsurance and \$106.8 million gross of reinsurance.

The examination is not recommending that the Company refile its 2023 Annual Statement because the development noted by the examination actuary has already been included in the 2024 Annual Statement. The Company has recognized adverse development of \$112,614,778 in the 2024 Annual Statement loss and loss adjustment expense.

Previous Examination Findings

There were no significant findings in the previous examination.

COMPANY HISTORY

General

The Company was incorporated in Florida on March 2, 1989, and commenced business on July 1, 1990.

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	2,750,000
Number of shares issued and outstanding	2,750,000
Total common capital stock	\$2,750,000
Par value per share	\$1.00

There was a capital contribution of additional paid-in capital provided by United Group Underwriters, LLC in 2023 in the amount of \$1,448,901.

Surplus Notes

The Company received a contribution in the amount of \$4,000,000 from its affiliate, United Group Underwriters, LLC. The Company received the Florida Office of Insurance Regulation's approval to account for the contribution pursuant to SSAP No. 72 as a Type I subsequent event – Note Receivable so that the contribution can be counted as policyholder surplus in its Annual Statement as of December 31, 2023.

Acquisitions, Mergers, Disposals, Dissolutions

No acquisitions, mergers, disposals, or dissolutions occurred during the examination period.

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
Richard Peter Parrillo, Sr.(1)	Miami, FL	President, CEO and Chairman of the Board, UAIC
Michaela Parrillo	Miami, FL	Consultant
Samantha Parrillo	Miami, FL	Consultant
Richard Neil Levy	Chicago, IL	CEO, Victory Park Capital
Charles Joseph Asfour	Chicago, IL	Partner, Victory Park Capital

(1) Chairman

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

Senior Officers		
Name	City, State	Title
Richard Peter Parrillo, Sr.	Miami, FL	President, CEO, and Chairman of the Board
Andrea L. Harris	Miami Gardens, FL	VP of Legal
Maximillian Constant	Miami Gardens, FL	Executive Vice President
William Garcia Jr.	Miami Gardens, FL	Chief Marketing Officer
James Sutton	Miami Gardens, FL	Chief Product Officer
John Graziano	Miami Gardens, FL	Chief Claim Officer
Daniel A. Colon	Miami Gardens, FL	Chief Administrative Officer
Kerry J. Heitz	Miami Gardens, FL	Chief Financial Officer, Treasurer, Secretary
Ivonne M. Cossio	Miami Gardens, FL	Chief Human Resources Officer

The Company's Board appointed 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.

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

ERM Committee		
Richard P. Parrillo, Sr.	Kerry Heitz	Michaela Parrillo
Samantha Parrillo	Theresa Rodriguez	Maximilian Constant
	Charles Asfour (1)	

(1) Chairman

A combination of Company board members, senior officers and their general counsel form the Company's ERM Committee:

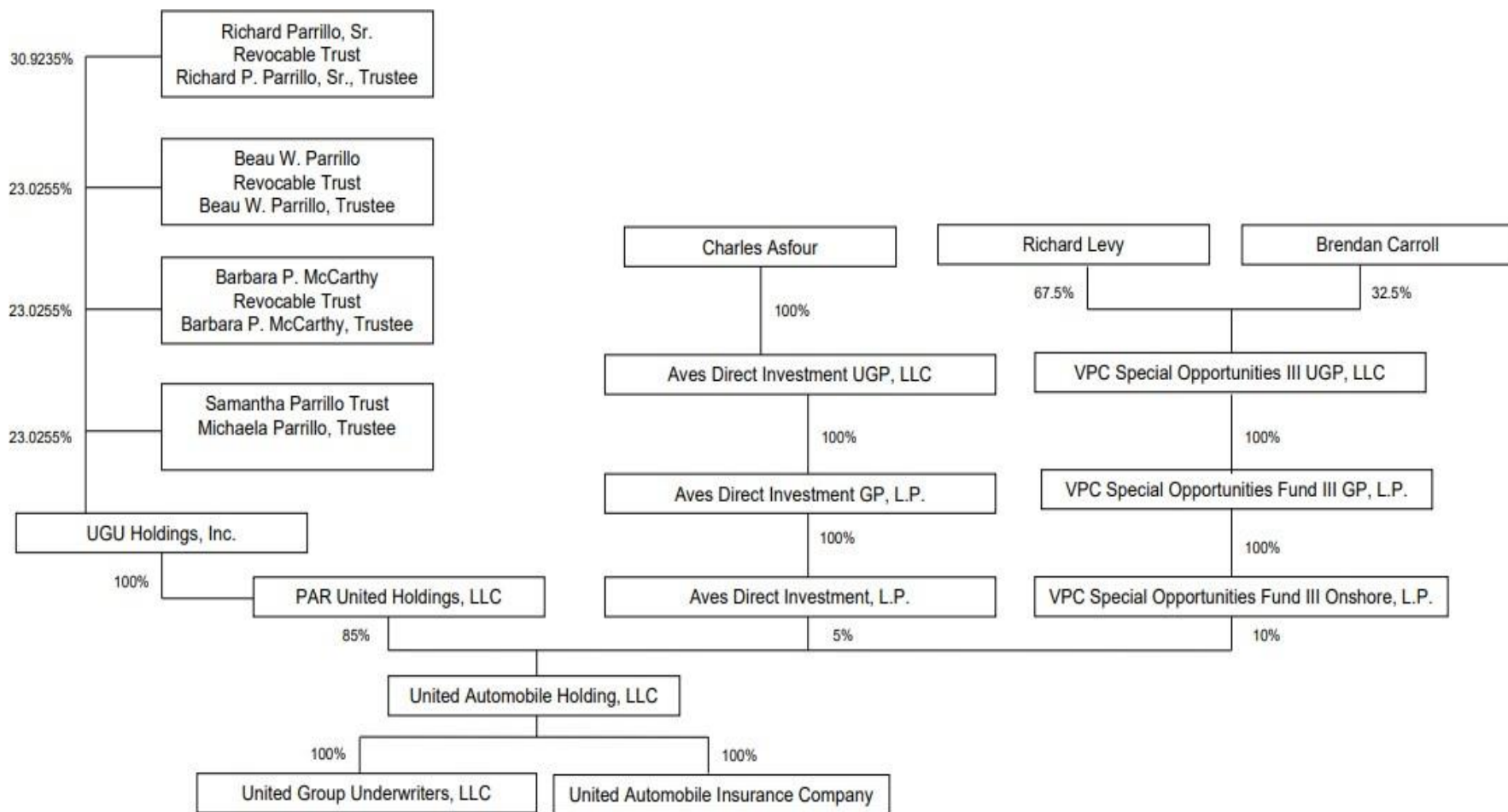
ERM Committee		
Jack Ramirez	Kerry Heitz	James Sutton
William Garcia	Theresa Rodriguez (1)	Daniel Antonio Colon

(1) Ms. Rodriguez is the Company's general counsel.

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.

United Automobile Insurance Company
Organizational Chart
December 31, 2023



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

Management Agreement

The Management agreement was entered into effect January 1, 2007. The named parties of this agreement include United Automobile Insurance Group (UAIG), United Automobile Insurance Company; Argus Fire and Casualty Insurance Company; National Insurance Management Company; NIMC Insurance Services, Inc.; Southwest Underwriters, Inc.; United Premium Finance Company; and 3lcomp, Inc., United Group Underwriters, Inc.

Under the terms of the agreement UAIG will provide its member companies with management, services, and support from time to time on an as needed basis for the purpose of conducting daily operations, completing short term projects, and planning and implementing long range strategies so that member companies are operationally efficient and competitively effective. Amounts due for management, services, and support provided pursuant to the agreement in the preceding calendar quarter. These expenses are to be submitted within thirty (30) days after the end of each calendar quarter, UAIC will submit to its member companies a written statement with the amount due for management, services, and support provided pursuant to this agreement in the preceding calendar, quarter, and these statements shall be paid within thirty (30) days following receipt of such written statement.

Managing General Agency Agreement

The Managing General Agency agreement was entered into effective January 1, 2007, between UAIC and UGU, Inc.

Under the terms of the agreement, United appoints UGU as its managing general agent to supervise and manage private passenger automobile insurance policies produced by brokering agents pursuant to applicable provisions of state insurance codes. UGU shall be entitled to receive, as a commission, an amount equal to a percentage of the policies' gross written premium ("Commission"). The Commission due to MGA shall be paid each month from the premiums collected by UGU. For the year ending December 31, 2023, UGU received commission income and policy fees totaling \$109,388,806 and \$12,479,948, respectively. UGU also provided computer

processing services to the Company. For the year ending December 31, 2023, the Company paid \$19,024,140 to UGU for these services.

ACCOUNTS AND RECORDS

The Company maintained its principal operational offices in Miami Gardens, Florida.

TERRITORY AND PLAN OF OPERATIONS

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

- Arizona
- Arkansas
- Florida
- Georgia
- Illinois
- Indiana
- Kansas
- Kentucky
- Louisiana
- Mississippi
- Nebraska
- New York
- Oklahoma
- Pennsylvania
- South Carolina
- Utah

The Company was authorized to transact insurance in Florida on July 1, 1990, and was authorized for the following lines of business as of December 31, 2023:

- Private Passenger Auto Liability
- Commercial Auto Liability
- Commercial Auto Physical Damage
- Private Passenger Auto Physical Damage

The Company primarily writes Private Passenger Auto Liability and Physical Damage policies in the states where it is licensed or eligible. The Company wrote 99.8% of its business in the state of Florida. A small amount of premium was written in the states of Georgia and Pennsylvania.

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 assumes automobile business from Old American County Mutual Fire Insurance Company in the State of Texas written through United Group Underwriters.

Reinsurance Ceded

Effective April 1, 2023, the Company entered into a quota share reinsurance treaty to diversify a portion of the Company's liability for Losses Incurred on business covered. The Company ceded risk under this treaty for its Florida and Texas policies to various unaffiliated reinsurers.

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.)

United Automobile Insurance Company
Assets
December 31, 2023

	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	\$117,005,740		\$117,005,740
Mortgage loans on real estate - first liens			
Real Estate			
Properties occupied by the company			
Properties held for sale			
Cash and short-term investments	26,515,274		26,515,274
Other invested assets	834,750		834,750
Subtotals, cash and invested assets	\$144,355,763		\$144,355,763
Investment income due and accrued	836,370		836,370
Premiums and considerations			
Uncollected premiums and agents' balances	28,002,519	789,980	27,212,539
Deferred premiums, agents' balances and installments	133,438,261		133,438,261
Funds held by or deposited with reinsured companies	103,591,926		103,591,926
Net deferred tax asset	21,743,716	10,474,719	11,268,997
Furniture and equipment, including health care delivery assets	41,062	41,062	
Receivables from parent, subsidiaries and affiliates	44,118		44,118
Aggregate write-in for other than invested assets	31,347,612	866,195	30,481,417
Total	\$463,401,347	\$12,171,956	\$451,229,391

United Automobile Insurance Company
Liabilities, Surplus and Other Funds
December 31, 2023

	Per Company
Losses	\$122,320,500
Loss adjustment expenses	24,087,500
Commissions payable, contingent commissions and other similar charges	(9,016,032)
Other expenses	2,270,423
Taxes, licenses and fees	1,436,757
Unearned premiums	70,656,276
Advance premiums	657,806
Funds held by company under reinsurance treaties	122,164,139
Amounts withheld or retained by company for account of others	584,131
Provision for reinsurance	10,687,760
Drafts outstanding	18,984,403
Payable to parent, subsidiaries and affiliates	88
Total liabilities excluding protected cell liabilities	\$364,833,750
Total liabilities	\$364,833,750
Common capital stock	\$2,750,000
Surplus notes	4,000,000
Gross paid-in and contributed surplus	121,227,753
Unassigned funds (surplus)	(41,582,111)
Surplus as regards policyholders	\$86,395,641
Totals	\$451,229,391

United Automobile Insurance Company
Statement of Income
December 31, 2023

	Per Company
Underwriting Income	
Premiums earned	\$204,958,903
Deductions	
Losses Incurred	159,437,909
Loss adjustment expenses incurred	41,329,370
Other underwriting expenses incurred	35,595,839
Total Underwriting deductions	236,363,118
Net underwriting gain (loss)	(31,404,214)
Investment Income	
Net investment income earned	7,487,383
Net realized capital gains or (losses)	(2,632,193)
Net investment gain or (loss)	4,855,190
Other Income	
Net gain or (loss) from agents' or premium balances charged off	(3,118,944)
Finance and service charges not included in premiums	27,303,429
Aggregate write-ins for miscellaneous income	4,392,122
Total other income	28,576,607
Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	2,027,583
Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	2,027,583
Federal & foreign income taxes incurred	699,697
Net Income	\$1,327,886
Capital and Surplus Account	
Surplus as regards policyholders, December 31 prior year	\$90,437,299
Net Income	1,327,886
Change in net unrealized capital gains or losses less capital gains tax	450,494
Change in net deferred income taxes	838,693
Change in non-admitted assets	(1,419,872)
Change in provision for reinsurance	(10,687,760)
Change in surplus notes	4,000,000
Surplus adjustments	
Paid in	1,448,901
Surplus as regards policyholders, December 31, current year	\$86,395,641

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

No adjustments were made to surplus as regards policyholders resulting from this examination.

Capital/Surplus Change during Examination Period			
	Increase	Decrease	
Surplus at December 31, 2020, per Company			\$100,909,278
Net Income (Loss)		\$9,388,307	
Change in net unrealized capital gain (loss)	750,242		
Change in net deferred income tax	2,401,198		
Change in non-admitted assets		3,037,910	
Change in provision for reinsurance		10,687,760	
Change in surplus notes	4,000,000		
Change in paid in surplus	1,448,901		
Net increase (or decrease)			(\$14,513,636)
Surplus at December 31, 2023 per Company			\$86,395,641

COMMENTS ON FINANCIAL STATEMENT ITEMS

Capital and Surplus

The amount of capital and surplus reported by the Company of \$86,395,641, exceeded the minimum of \$14,460,800 required by Section 624.408, Florida Statutes.

SUBSEQUENT EVENTS

Reinsurance Agreements

Effective April 1, 2024, the company commuted two Quota Share Reinsurance Treaties: April 1, 2022, through March 31, 2023, and Net UPR 1222. As a result, \$2,974,000 of Loss and LAE Reserves were reimbursed.

A new quota share reinsurance treaty was bound effective April 1, 2023, with terms and conditions substantially comparable to the expiring treaty.

Reserve Deficiency

The examination noted that Reserves estimated by the opining actuary and booked by the Company as of December 31, 2023 were deficient. For examination purposes only, the finding above would be subject to an examination report adjustment to the recorded loss and loss adjustment expense reserves of \$90.9 million net of reinsurance and \$106.8 million gross of reinsurance. The Company has recognized adverse development of \$112,614,778 for accident year 2023 and prior in its 2024 Annual Statement loss and loss adjustment expenses.

CONCLUSION

The insurance examination practices and procedures as promulgated by the NAIC have been followed in ascertaining the financial condition of United Automobile 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, Baker Tilly Advisory Group LP (“Baker Tilly”), and Lewis & Ellis, Inc. also participated in the examination:

Bobby Jackson	Examination Supervisor	Office
Maanik Gupta	Examination Manager	Baker Tilly
Megan Hoover	Financial Examiner	Baker Tilly
Sabirah Siddique	Financial Examiner	Baker Tilly
Dennis Schaefer	IT Specialist	Baker Tilly
Michael Skowronek	IT Specialist	Baker Tilly
Juliana De Leon	IT Specialist	Baker Tilly
Dave Wolfe	Actuary	Baker Tilly
Joe Healey	Actuary	Baker Tilly
Gregory Wilson	Actuary	Lewis & Ellis, Inc.

Respectfully submitted,



John Romano, CPA, CITP, CIA, CFE, CSAM
Examiner-in-Charge
Baker Tilly
Representing the Florida Office of Insurance Regulation



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