June 15, 2021
CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. David Reynolds White, President
AmFirst Specialty Insurance Company
500 Steed Road
Ridgeland, MS 39157

RE: Report of Examination as of December 31, 2019

Dear Mr. White:

In accordance with Miss. Code Ann. § 83-5-201 et seq. (Rev. 2011), an examination of your Company has been completed. Enclosed herewith is the Order adopting the report and a copy of the final report as adopted.

Pursuant to Miss. Code Ann. § 83-5-209(6)(a) (Rev. 2011), the Mississippi Department of Insurance shall continue to hold the content of said report as private and confidential for a period of ten (10) days from the date of the Order. After the expiration of the aforementioned 10-day period, the Department will open the report for public inspection.

If you have any questions or comments, please feel free to contact me.

Sincerely,

MIKE CHANEY
COMMISSIONER OF INSURANCE

BY
Christina J. Kelsey
Senior Attorney

MC/CJK/bs
Encls. Order w/exhibi:
BEFORE THE COMMISSIONER OF INSURANCE
OF THE STATE OF MISSISSIPPI

IN RE: REPORT OF EXAMINATION OF
AMFIRST SPECIALTY INSURANCE COMPANY

CAUSE NO. 21-7624

ORDER

THIS CAUSE came on for consideration before the Commissioner of Insurance of the State
of Mississippi ("Commissioner"), or his designated appointee, in the Offices of the Commissioner,
1001 Woolfolk Building, 501 North West Street, 10th Floor, Jackson, Hinds County, Mississippi,
pursuant to Miss. Code Ann. § 83-5-201 et seq. (Rev. 2011). The Commissioner, having fully
considered and reviewed the Report of Examination together with any submissions or rebuttals and
any relevant portions of the examiner's work papers, makes the following findings of fact and
conclusions of law, to-wit:

JURISDICTION

I.

That the Commissioner has jurisdiction over this matter pursuant to the provisions of Miss.

II.

That AmFirst Specialty Insurance Company is a Mississippi-domiciled company licensed to
write Accident and Health; Casualty/Liability; Fire/Allied Lines; Home/Farm Owners; Inland
Marine; Mortgage Guaranty and Surety coverages.
FINDINGS OF FACT

III.

That the Commissioner, or his appointee, pursuant to Miss. Code Ann. § 83-5-201 et seq. (Rev. 2011), called for an examination of AmFirst Specialty Insurance Company and appointed Robin Brown, Examiner-In-Charge, to conduct said examination.

IV.

That on or about April 20, 2021, the draft Report of Examination concerning AmFirst Specialty Insurance Company for the period of July 22, 2015 through December 31, 2019, was submitted to the Department by the Examiner-In-Charge, Robin Brown.

V.

That on or about May 26, 2021, pursuant to Miss. Code Ann. § 83-5-209(2) (Rev. 2011), the Department forwarded to the Company a copy of the draft report and allowed the Company a 20-day period to submit any rebuttal to the draft report. The Company responded in an email on or about June 9, 2021.

CONCLUSIONS OF LAW

VI.

The Commissioner, pursuant to Miss. Code Ann. § 83-5-209(3) (Rev. 2011), must consider and review the report along with any submissions or rebuttals and all relevant portions of examiner work papers and enter an Order: (1) adopting the Report of Examination as final or with modifications or corrections; (2) rejecting the Report of Examination with directions to reopen; or (3) calling for an investigatory hearing.
IT IS, THEREFORE, ORDERED, after reviewing the Report of Examination, the written submission, and all relevant examiner work papers, that the Report of Examination of AmFirst Specialty Insurance Company, attached hereto as Exhibit "A", should be and same is hereby adopted as final.

IT IS FURTHER ORDERED that a copy of the adopted Report of Examination, accompanied with this Order, shall be served upon the Company by certified mail, postage pre-paid, return receipt requested.

IT IS FURTHER ORDERED that the Mississippi Department of Insurance shall continue to hold the content of this report as private and confidential for a period of ten (10) days from the date of this Order, pursuant to Miss. Code Ann. § 83-5-209(6)(a) (Rev. 2011).

IT IS FURTHER ORDERED, pursuant to Miss. Code Ann. § 83-5-209(4) (Rev. 2011), that within thirty (30) days of the issuance of the adopted report, AmFirst Specialty Insurance Company shall file affidavits executed by each of its directors stating under oath that they have received a copy of the adopted report and related orders.

IT IS FURTHER ORDERED that AmFirst Specialty Insurance Company take the necessary actions and implement the necessary procedures to ensure that all recommendations contained in the Report of Examination are properly and promptly complied with.

SO ORDERED, this the 15th day of June 2021.

J. Mark Haire
DEPUTY COMMISSIONER OF INSURANCE
STATE OF MISSISSIPPI
CERTIFICATE OF MAILING

I hereby certify that a true and correct copy of the above and foregoing Order and a copy of the final Report of Examination, as adopted by the Mississippi Department of Insurance, was sent by certified mail, postage pre-paid, return receipt requested, on this the 15th day of June 2021, to:

Mr. David Reynolds White, President
AmFirst Specialty Insurance Company
500 Steed Road
Ridgeland, MS 39157

[Signature]
Christina J. Kelsey
Senior Attorney

Christina J. Kelsey
Senior Attorney
Counsel for the Mississippi Department of Insurance
Post Office Box 79
Jackson, MS 39205-0079
(601) 359-3577
Miss. Bar No. 9853
Mississippi Insurance Department

Report of Examination

of

AMFIRST SPECIALTY INSURANCE COMPANY

as of

December 31, 2019
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EXAMINER’S AFFIDAVIT AS TO STANDARDS AND PROCEDURES USED IN AN EXAMINATION

State of Florida

County of Santa Rosa

Robin Brown, being duly sworn, states as follows:

1. I have authority to represent Mississippi in the examination of AmFirst Specialty Insurance Company as of December 31, 2019.

2. The Mississippi Insurance Department is accredited under the National Association of Insurance Commissioners Financial Regulation Standards and Accreditation.

3. I have reviewed the examination work papers and examination report, and the examination of AmFirst Specialty Insurance Company was performed in a manner consistent with the standards and procedures required by the National Association of Insurance Commissioners and the Mississippi Insurance Department.

The affiant says nothing further.

[Signature]
Robin Brown, CFE

Subscribed and sworn before me by Robin Brown on this 25th day of May, 2021.

[Seal]
Notary Public

My commission expires Oct 20, 2023 [date].
April 12, 2021

Honorable Mike Chaney  
Commissioner of Insurance  
Mississippi Insurance Department  
1001 Woolfolk Building  
501 North West Street  
Jackson, Mississippi 39201

Dear Commissioner Chaney:

Pursuant to your instructions and authorization and in compliance with statutory provisions, an examination has been conducted, as of December 31, 2019, of the affairs and financial condition of:

**AMFIRST SPECIALTY INSURANCE COMPANY**  
500 Stead Road  
Ridgeland, MS 39157

<table>
<thead>
<tr>
<th>License #</th>
<th>NAIC Group #</th>
<th>NAIC #</th>
<th>FEETS#</th>
<th>ETS#</th>
</tr>
</thead>
<tbody>
<tr>
<td>1500028</td>
<td>4719</td>
<td>15931</td>
<td>15931-MS-2019-9</td>
<td>MS-MS099-29</td>
</tr>
</tbody>
</table>

This examination was commenced in accordance with Miss. Code Ann. §83-5-201 et seq. The report of examination is herewith submitted.
SCOPE OF EXAMINATION

We have performed a full-scope single-state examination of AmFirst Specialty Insurance Company (“Company”). This is the first examination of the Company. The examination covers the period July 22, 2015 through December 31, 2019.

We conducted our examination in accordance with the NAIC Financial Condition Examiners Handbook. The Handbook requires that we plan and perform the examination 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.

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 Statutory Accounting Principles. The examination does not attest to the fair presentation of the financial statements included herein. If, during the course of the examination an adjustment is identified, the impact of such adjustment will be documented separately following the Company’s financial statements.

The examination report includes significant findings of fact, in accordance with Miss. Code Ann. §83-5-209 and general information about the insurer and its financial condition. There may be other items identified during the examination that, due to their nature (e.g. subjective conclusions, proprietary information, etc.), are not included within the examination report but separately communicated to other regulators and/or the Company.

COMMENTS AND RECOMMENDATIONS OF PREVIOUS EXAMINATION

This is the first examination of the Company and therefore, there was no previous examination report.

HISTORY OF THE COMPANY

The Company was incorporated on July 22, 2015, under the laws of the State of Mississippi and commenced business on April 15, 2016. During the examination period, the Company wrote homeowners insurance in the State of Mississippi with a focus on the modular homes market. The Company also wrote inland marine business in Mississippi. The Company assumed group accident and health insurance from its parent, AmFirst Insurance Company.

As of December 31, 2019, the Company had 6,500 shares of $100 par value common stock, authorized, issued and outstanding.
CORPORATE RECORDS

The minutes of the meetings of the Board of Directors (“Board”), committees thereof, and the annual meeting of the Shareholder were reviewed. The minutes adequately reflected the ratification, confirmation and approval of the transactions and events undertaken by the Board and Shareholder on behalf of the Company.

MANAGEMENT AND CONTROL

Board of Directors

The Articles of Incorporation and Bylaws vest the management and control of the Company’s business affairs with the Board. The members of the duly elected Board, along with their place of residence, number of years as Director, and principal occupation, at December 31, 2019, were as follows:

<table>
<thead>
<tr>
<th>Name and Residence</th>
<th>Year Elected/Appointed</th>
<th>Principal Occupation</th>
</tr>
</thead>
<tbody>
<tr>
<td>David Reynolds White Madison, MS</td>
<td>2015</td>
<td>President</td>
</tr>
<tr>
<td>John Jordan Morgan Oxford, MS</td>
<td>2015</td>
<td>Senior Vice President</td>
</tr>
<tr>
<td>Ryan Lee Eaton Ridgeland, MS</td>
<td>2015</td>
<td>Vice President</td>
</tr>
<tr>
<td>Jason Adam Peets Madison, MS</td>
<td>2015</td>
<td>Vice President</td>
</tr>
<tr>
<td>Richard Lee Eaton Ridgeland, MS</td>
<td>2015</td>
<td>Secretary, Treasurer</td>
</tr>
<tr>
<td>James Kyle Douglas Ridgeland, MS</td>
<td>2015</td>
<td>President, Crema Design Studio</td>
</tr>
<tr>
<td>William A. Eaton Ridgeland, MS</td>
<td>2016</td>
<td>Chief Investment Advisor, Morgan White Group</td>
</tr>
</tbody>
</table>

Committees

The following officers/directors served on the Company’s Audit Committee and the Company’s Investment Committee:

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>Richard Lee Eaton</td>
<td>Secretary, Treasurer</td>
</tr>
<tr>
<td>David Reynolds White</td>
<td>President</td>
</tr>
</tbody>
</table>

AmFirst Specialty Insurance Company
MID Examination as of December 31, 2019
Officers

<table>
<thead>
<tr>
<th>Name</th>
<th>Year Elected/Appointed</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>David Reynolds White</td>
<td>2015</td>
<td>President</td>
</tr>
<tr>
<td>Richard Lee Eaton</td>
<td>2015</td>
<td>Secretary, Treasurer</td>
</tr>
<tr>
<td>John Jordan Morgan</td>
<td>2015</td>
<td>Vice President</td>
</tr>
</tbody>
</table>

Conflict of Interest

The Company had formal procedures whereby disclosure was made to the Board of any material interest or affiliation on the part of any officer or director that was, or would likely be, a conflict with the official duties of such persons.
HOLDING COMPANY STRUCTURE

Organizational Chart

The Company is a member of an insurance holding company structure as defined in Miss. Code Ann. §83-6-1. For the period under examination, the Company filed Holding Company Registration Statements with the Mississippi Insurance Department, in accordance with Miss. Code Ann. §83-6-5 and §83-6-9.

Affiliated and Related Party Transactions

Management Services Agreement
AmFirst Holdings, Inc. provided certain management facilities and services in exchange for an amount not to exceed 10% of all direct written and assumed premiums in accordance with the terms of a Management Services Agreement.
Federal Tax Sharing Agreement
AmFirst Holdings, Inc. files a consolidated income tax federal return which includes the operations of the Company. The method of allocation among companies is subject to a written agreement, approved by the Board whereby allocation is made primarily on a separate return basis with current credit for a net operating losses or other items utilized in the consolidated tax return. In addition, each company within the consolidated group files state income tax returns for the jurisdictions in which it operates.

Quota Share Reinsurance Agreement
The Company was party to a reinsurance agreement with its parent, AmFirst Insurance Company, see details in the Reinsurance Section below.

FIDELITY BOND AND OTHER INSURANCE
For the period under examination, the Company maintained a comprehensive corporate insurance program. This program included fidelity, umbrella excess liability as well as other policies as deemed appropriate by the Company’s management. As of December 31, 2019, the Company maintained a fidelity bond with an aggregate limit of liability of $3,000,000. The coverage exceeded the minimum amount of fidelity bond coverage recommended by the NAIC for the company.

PENSIONS, STOCK OWNERSHIP AND INSURANCE PLANS
The Company does not have any employees. As such, no provision was made in the financial statements for obligations under any benefit plan.

TERRITORY AND PLAN OF OPERATION
As of December 31, 2019, the Company was licensed in Mississippi and was authorized to write the following lines of business: casualty/liability, fire/allied lines, home/farm and owners/inland marine.
GROWTH OF COMPANY

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total admitted assets</td>
<td>$7,012,912</td>
<td>$2,643,893</td>
<td>$2,681,135</td>
<td>$3,507,808</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>$1,296,735</td>
<td>$134,095</td>
<td>$264,975</td>
<td>$1,136,671</td>
</tr>
<tr>
<td>Surplus as regards policyholders</td>
<td>$5,716,177</td>
<td>$2,509,798</td>
<td>$2,416,160</td>
<td>$2,371,137</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Income Statement</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net underwriting gain (loss)</td>
<td>$590,757</td>
<td>$(60,260)</td>
<td>$(33,199)</td>
<td>$570,047</td>
</tr>
<tr>
<td>Net investment gain (loss)</td>
<td>$164,802</td>
<td>$92,752</td>
<td>$78,440</td>
<td>$22,408</td>
</tr>
<tr>
<td>Net income</td>
<td>$593,976</td>
<td>$129,215</td>
<td>$34,772</td>
<td>$377,535</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cash Flow</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net cash from operations</td>
<td>$193,617</td>
<td>$(96,729)</td>
<td>$(246,794)</td>
<td>$908,235</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Risk-Based Capital Analysis</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total adjusted capital</td>
<td>$5,716,177</td>
<td>$2,509,798</td>
<td>$2,416,160</td>
<td>$2,371,137</td>
</tr>
<tr>
<td>Authorized control level risk-based capital</td>
<td>$319,070</td>
<td>$73,021</td>
<td>$60,660</td>
<td>$84,303</td>
</tr>
</tbody>
</table>

REINSURANCE

During the examination period, the Company entered into a quota share reinsurance agreement with AmFirst Insurance Company, whereby the Company began assuming 15% of the premiums and losses associated with certain group accident and health policies.

During the examination period the Company was party to certain reinsurance agreements whereby the Company ceded 100% of the risk on property coverage over $75,000, with a limit of $150,000 on any one risk; and the Company ceded liability coverage over $100,000, with a limit of $100,000 on any one risk. In addition, the Company ceded on a net basis, 50% of homeowners risk and 50% of its inland marine risk.

ACCOUNTS AND RECORDS

The 2019 trial balance of the Company’s accounts was traced to the balance sheet of the Company’s statutory annual statement filed with the Mississippi Insurance Department, with no exceptions noted. The Company was audited annually by an independent CPA firm.

The Company was licensed as a multi-line property and casualty insurance company pursuant to Miss. Code Ann. §83-19-31(b), which required the Company to maintain a minimum capital of $600,000 and surplus of $900,000. Pursuant to Miss. Code Ann. §83-5-55, the Company was required to file an NAIC Property and Casualty Annual Statement. The Company was also required to file a risk-based capital report pursuant to Miss. Code Ann. §83-5-401 through §83-5-427.
STATUTORY DEPOSITS

The Company’s statutory deposit with the State of Mississippi complied with Miss. Code Ann. §83-19-31(2). The following chart displays the Company’s total statutory deposits held as of December 31, 2019:

<table>
<thead>
<tr>
<th>State Deposited</th>
<th>Description of Security</th>
<th>Par Value</th>
<th>Fair Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mississippi</td>
<td>U.S. Treasury Note</td>
<td>$320,000</td>
<td>$317,100</td>
</tr>
<tr>
<td>Mississippi</td>
<td>U.S. Special Revenue</td>
<td>$300,000</td>
<td>$313,038</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>$620,000</strong></td>
<td><strong>$630,138</strong></td>
</tr>
</tbody>
</table>
FINANCIAL STATEMENTS

Introduction

The following financial statements consist of a Statement of Assets, Liabilities, Surplus and Other Funds as of December 31, 2019, a Statement of Income for the year ended December 31, 2019, a Reconciliation of Capital and Surplus for the examination period and a Reconciliation of Examination Adjustments to Surplus for the year ended December 31, 2019.
STATEMENT OF ASSETS, LIABILITIES, SURPLUS AND OTHER FUNDS  
DECEMBER 31, 2019

**ASSETS**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preferred stocks</td>
<td>406,053</td>
</tr>
<tr>
<td>Common stocks</td>
<td>630,057</td>
</tr>
<tr>
<td>Cash, cash equivalents and short-term investments</td>
<td>2,507,441</td>
</tr>
<tr>
<td>Other invested assets</td>
<td>111,111</td>
</tr>
<tr>
<td>Investment income due and accrued</td>
<td>12,252</td>
</tr>
<tr>
<td>Uncollected premiums and agents' balances</td>
<td>29,151</td>
</tr>
<tr>
<td>Other amounts receivable</td>
<td>1,285,901</td>
</tr>
<tr>
<td>Net deferred tax asset</td>
<td>15,239</td>
</tr>
<tr>
<td>Receivables from parent, subsidiaries and affiliates</td>
<td>24</td>
</tr>
<tr>
<td>Total Assets</td>
<td>$7,012,912</td>
</tr>
</tbody>
</table>

**LIABILITIES, SURPLUS AND OTHER FUNDS**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Losses</td>
<td>$ 498,839</td>
</tr>
<tr>
<td>Loss adjustment expenses</td>
<td>37,985</td>
</tr>
<tr>
<td>Other expenses</td>
<td>10,195</td>
</tr>
<tr>
<td>Taxes, licenses and fees</td>
<td>65,953</td>
</tr>
<tr>
<td>Current federal and foreign income taxes</td>
<td>128,545</td>
</tr>
<tr>
<td>Unearned premiums</td>
<td>120,229</td>
</tr>
<tr>
<td>Advance premium</td>
<td>56,609</td>
</tr>
<tr>
<td>Ceded reinsurance premiums payable</td>
<td>41,395</td>
</tr>
<tr>
<td>Funds held by company</td>
<td>215,159</td>
</tr>
<tr>
<td>Provision for reinsurance</td>
<td>21,087</td>
</tr>
<tr>
<td>Payable to parent, subsidiaries and affiliates</td>
<td>100,738</td>
</tr>
<tr>
<td>Aggregate write-ins for liabilities</td>
<td>1</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>$1,296,735</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Common capital stock</td>
<td>$ 650,000</td>
</tr>
<tr>
<td>Gross paid in and contributed surplus</td>
<td>3,950,000</td>
</tr>
<tr>
<td>Unassigned funds</td>
<td>1,116,177</td>
</tr>
<tr>
<td>Surplus as regards policyholders</td>
<td>$5,716,177</td>
</tr>
<tr>
<td>Total Liabilities, Surplus and Other Funds</td>
<td>$7,012,912</td>
</tr>
</tbody>
</table>
## STATEMENT OF INCOME
### FOR YEAR ENDED DECEMBER 31, 2019

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Premiums earned</td>
<td>$4,482,380</td>
</tr>
<tr>
<td>Losses incurred</td>
<td>2,302,617</td>
</tr>
<tr>
<td>Loss adjustment expenses incurred</td>
<td>39,268</td>
</tr>
<tr>
<td>Other underwriting expenses incurred</td>
<td>1,549,737</td>
</tr>
<tr>
<td><strong>Total underwriting deductions</strong></td>
<td><strong>$3,891,622</strong></td>
</tr>
<tr>
<td>Net underwriting gain</td>
<td>$590,758</td>
</tr>
<tr>
<td>Net investment income earned</td>
<td>$151,348</td>
</tr>
<tr>
<td>Net realized capital gains</td>
<td>13,454</td>
</tr>
<tr>
<td><strong>Net investment gain</strong></td>
<td><strong>$164,802</strong></td>
</tr>
<tr>
<td>Federal and foreign income taxes incurred</td>
<td>$161,583</td>
</tr>
<tr>
<td>Net income</td>
<td>$593,976</td>
</tr>
</tbody>
</table>
# RECONCILIATION OF CAPITAL AND SURPLUS
## FOR EXAMINATION PERIOD ENDED DECEMBER 31, 2019

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital and surplus, prior year</td>
<td>$2,509,798</td>
<td>$2,416,160</td>
<td>$2,371,137</td>
<td>-</td>
</tr>
<tr>
<td>Net income</td>
<td>593,976</td>
<td>129,215</td>
<td>34,772</td>
<td>377,535</td>
</tr>
<tr>
<td>Change in net unrealized capital gains</td>
<td>45,170</td>
<td>(63,863)</td>
<td>14,547</td>
<td>(6,066)</td>
</tr>
<tr>
<td>Change in net deferred income tax</td>
<td>22,482</td>
<td>9,109</td>
<td>(7,560)</td>
<td>2,928</td>
</tr>
<tr>
<td>Change in nonadmitted assets</td>
<td>(8,227)</td>
<td>(6,759)</td>
<td>3,263</td>
<td>(3,263)</td>
</tr>
<tr>
<td>Change in provision for reinsurance</td>
<td>2,978</td>
<td>(24,065)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Paid in capital</td>
<td>-</td>
<td>50,000</td>
<td>-</td>
<td>600,000</td>
</tr>
<tr>
<td>Paid in surplus</td>
<td>2,550,000</td>
<td>-</td>
<td>-</td>
<td>1,400,000</td>
</tr>
<tr>
<td>Aggregate write-ins for gains and losses</td>
<td>-</td>
<td>1</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Net change in capital and surplus</td>
<td>3,206,379</td>
<td>93,638</td>
<td>45,023</td>
<td>2,371,137</td>
</tr>
<tr>
<td>Capital and surplus, current year</td>
<td>$5,716,177</td>
<td>$2,509,798</td>
<td>$2,416,160</td>
<td>$2,371,137</td>
</tr>
</tbody>
</table>

AmFirst Specialty Insurance Company  
MID Examination as of December 31, 2019  
Page 13
RECONCILIATION OF EXAMINATION ADJUSTMENTS TO SURPLUS
DECEMBER 31, 2019

As a result of this examination, there have been no changes made to the admitted assets, liabilities, and surplus as regards policyholders balances reported by the Company for the year ended December 31, 2019. The surplus as regards policyholders reported by the Company of $5,716,177 is accepted as reasonably stated for purposes of the balance sheet per the examination.
MARKET CONDUCT ACTIVITIES

A full-scope market conduct examination was not performed, however, specific areas of the Company’s market conduct activities were reviewed. The specific areas reviewed included those items indicated below.

Operations/Management

The Company had a privacy policy in place for the protection of its policyholders.

Producer Licensing

The Company appeared to have the appropriate licensure to issue its products and agents appeared to have been properly licensed and appointed.

COMMITMENTS AND CONTINGENT LIABILITIES

No commitments or contingent liabilities were noted during the course of this examination that would require inclusion within this examination report.

SUBSEQUENT EVENTS

1. AmFirst Insurance Company sold its interests in the following subsidiaries to AmFirst Holdings, Inc.
   a. Infolockbox
   b. New Providence Life Insurance Company Limited
   c. London America Insurance Company
   This was done in an effort to simplify the reporting and regulation the companies were subject to as subsidiaries of AmFirst Insurance Company.

2. AmFirst Insurance Company sold its interest in Monitor Life Insurance Company of New York to an unrelated third party. The sale was effective January 4, 2021.

3. Effective January 1, 2021, AmFirst Insurance Company entered into a mortgage loan participation to refinance the Morgan White Group corporate headquarters in Ridgeland, Mississippi

4. AmFirst Insurance Company contributed $5,000,000 to the Company in February 2021.

Each of the transactions received all required regulatory approvals prior to execution.

On March 11, 2020, the World Health Organization declared coronavirus disease (COVID-19) a pandemic. As of the date of this report, significant uncertainty remains on the effect that the pandemic will have on the insurance industry, economy and the Company at large. The
examination’s review of the impact to the Company through the date of this report noted that there has not been a significant impact to the Company; however, due to the various uncertainties with the pandemic, it is unclear whether this will continue to have a minimal impact to the Company or if it will escalate.

Effective July 1, 2020, the Company entered into a reinsurance agreement to include policies as part of the AmFirst Specialty Manufactured Home Program written or renewed during the term of the contract. Lyndon Southern Insurance Company is listed as the subscribing reinsurer. In addition, the Company will reinsure Lyndon Southern Insurance Company once their polices are filed. The Agreement may be terminated July 1 of any year with 90 days' prior written notice. Maximum policy limits include: (1) Commercial Property: $5,000,000; (2) Inland Marine $500,000; (3) Homeowners $300,000.

**COMMENTS AND RECOMMENDATIONS**

The examination did not identify any material comments and recommendations.
ACKNOWLEDGMENT

The examiners representing the Mississippi Insurance Department and participating in this examination were:

Examiner-in-charge: Robin Brown, CFE
Supervising Examiner: John Humphries, CFE
Actuary: Dave Heppen, FCAS, MAAA
Department Designee: Mark Cooley, CFE

The courteous cooperation of the officers and employees responsible for assisting in the examination is hereby acknowledged and appreciated.

Respectfully submitted,

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Examiner-in-charge

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Department Designee