Florida Peninsula Holdings, LLC and Its Wholly Owned Subsidiaries

Consolidated Financial Statements
and Supplementary Information
Years Ended December 31, 2015 and 2014

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Contents

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Independent Auditor's Report

Board of Directors
Florida Peninsula Holdings, LLC
Boca Raton, Florida

We have audited the accompanying consolidated financial statements of Florida Peninsula Holdings, LLC and its wholly owned subsidiaries, which comprise the consolidated balance sheets as of December 31, 2015 and 2014, the related consolidated statements of income and comprehensive income, changes in members' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Florida Peninsula Holdings, LLC and its wholly owned subsidiaries as of December 31, 2015 and 2014, and the results of their operations and their cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

BDO USA, LLP

May 2, 2016

Consolidated Financial Statements

Florida Peninsula Holdings, LLC
and Its Wholly Owned Subsidiaries

Consolidated Balance Sheets

December 31,	**2015**	2014
Assets		
Investments, at fair value		
Bonds	**$ 234,243,610**	$ 228,494,398
Preferred and common stocks	**22,777,343**	14,623,489
Other invested assets	**11,817,684**	12,397,524
Total investments, at fair value	**268,838,637**	255,515,411
Cash and cash equivalents	**47,690,962**	71,944,463
Accrued investment income	**1,477,562**	1,418,906
Premiums receivable	**12,806,295**	15,237,883
Reinsurance recoverable on paid losses	**2,037,850**	512,800
Reinsurance recoverable on unpaid losses	**22,865,787**	6,740,811
Prepaid reinsurance premiums	**70,266,507**	76,884,045
Deferred policy acquisition costs	**12,341,383**	13,361,058
Deferred income tax asset, net	**4,654,388**	4,013,451
Goodwill	**3,479,391**	3,479,391
Fixed assets, net of accumulated depreciation	**1,836,483**	1,603,687
Other assets	**4,427,459**	3,385,612
Total Assets	**$ 452,722,704**	$ 454,097,518
Liabilities and Members' Equity		
Liabilities		
Reserves for losses and loss adjustment expenses	**$ 118,645,857**	$ 124,191,273
Unearned premiums	**136,976,051**	148,892,480
Premiums collected in advance	**5,689,106**	5,896,093
Reinsurance premiums payable	**31,618,283**	32,276,326
Deferred ceding commission	**4,802,940**	4,922,875
Income taxes payable	**4,624,355**	2,144,822
Notes payable	**48,270,333**	53,370,441
Other liabilities	**4,856,764**	5,723,416
Total liabilities	**355,483,689**	377,417,726
Members' Equity		
Class A members' capital	**50**	50
Class B members' capital	**50**	50
Accumulated other comprehensive income (loss), net of tax	**(356,667)**	2,518,069
Retained earnings	**97,595,582**	74,161,623
Total members' equity	**97,239,015**	76,679,792
Total Liabilities and Members' Equity	**$ 452,722,704**	$ 454,097,518

See accompanying notes to consolidated financial statements.

Florida Peninsula Holdings, LLC
and Its Wholly Owned Subsidiaries

Consolidated Statements of Income and Comprehensive Income

Year ended December 31,	**2015**	2014
Revenues		
Premiums earned	**$ 128,009,637**	$ 140,596,666
Net investment income	**4,455,924**	3,060,263
Net realized gain	**1,824,976**	3,031,527
Miscellaneous income	**2,961,340**	1,201,254
Total revenues	**137,251,877**	147,889,710
Losses and Expenses		
Losses and loss adjustment expenses incurred	**39,915,530**	46,729,698
Other operating costs and expenses	**26,630,216**	25,447,451
Depreciation expense	**531,437**	501,838
Amortization expense	**379,675**	516,985
Interest expense	**3,294,644**	2,574,605
Total losses and expenses	**70,751,502**	75,770,577
Income before income tax expense	**66,500,375**	72,119,133
Income tax expense	**13,616,416**	13,072,392
Net income	**52,883,959**	59,046,741
Other Comprehensive Income		
Unrealized gain (loss) on appreciation (depreciation) of investments, net of taxes of $(1,807,816) and $980,590	**(2,874,736)**	1,855,625
Total Comprehensive Income	**$ 50,009,223**	$ 60,902,366

See accompanying notes to consolidated financial statements.

Florida Peninsula Holdings, LLC
and Its Wholly Owned Subsidiaries

Consolidated Statements of Changes In Members' Equity

	Members' Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total Members' Equity
Balance, January 1, 2014	$ 100	$ 662,444	$ 63,314,882	$ 63,977,426
Net income	-	-	59,046,741	59,046,741
Unrealized gain on appreciation of investments, net of taxes	-	1,855,625	-	1,855,625
Member distributions	-	-	(48,200,000)	(48,200,000)
Balance, December 31, 2014	100	2,518,069	74,161,623	76,679,792
Net income	-	-	52,883,959	52,883,959
Unrealized loss on depreciation of investments, net of taxes	-	(2,874,736)	-	(2,874,736)
Member distributions	-	-	(29,450,000)	(29,450,000)
Balance, December 31, 2015	$ 100	$ (356,667)	$ 97,595,582	$ 97,239,015

See accompanying notes to consolidated financial statements.

Florida Peninsula Holdings, LLC
and Its Wholly Owned Subsidiaries

Consolidated Statements of Cash Flows

Year ended December 31,	**2015**	2014
Operating Activities		
Net Income	**$ 52,883,959**	$ 59,046,741
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation and amortization	**3,698,595**	3,384,951
Gain on sale of investments	**(1,824,976)**	(3,031,527)
Provision for deferred income taxes	**1,166,878**	(595,371)
Change in operating assets and liabilities:		
Premiums receivable	**2,431,588**	(470,539)
Reinsurance recoverable on paid losses	**(1,525,050)**	2,582,027
Reinsurance recoverable on unpaid losses	**(16,124,976)**	16,698,361
Prepaid reinsurance premiums	**6,617,539**	6,660,855
Income tax recoverable	**-**	98,398
Funds held	**-**	16,691,443
Deferred policy acquisition costs	**1,019,674**	(268,571)
Accrued investment income	**(58,657)**	(270,845)
Other assets	**(1,041,848)**	1,774,351
Reserves for losses and loss adjustment expenses	**(5,545,416)**	18,721,663
Unearned premiums	**(11,916,428)**	(10,058,230)
Premiums collected in advance	**(206,987)**	(1,033,782)
Reinsurance premiums payable	**(658,043)**	(8,725,830)
Deferred ceding commission	**(119,935)**	(243,965)
Income taxes payable	**2,479,536**	1,034,221
Other liabilities	**(866,655)**	(1,948,705)
Net Cash From Operating Activities	**30,408,798**	100,045,646
Investing Activities		
Proceeds from sale and maturities of investments:		
Bonds	**82,009,332**	72,011,809
Stocks	**2,399,176**	2,197,853
Other invested assets	**34,348**	-
Cost of investments acquired:		
Bonds	**(91,652,648)**	(108,831,206)
Stocks	**(11,764,603)**	(2,981,536)
Other invested assets	**-**	(6,700,000)
Cost of fixed assets acquired	**(1,137,799)**	(861,887)
Net Cash for Investing Activities	**(20,112,194)**	(45,164,967)
Financing Activities		
Proceeds from notes payable	**-**	40,000,000
Principal payments on notes payable	**(5,100,105)**	(13,749,649)
Member distributions	**(29,450,000)**	(48,200,000)
Net Cash for Financing Activities	**(34,550,105)**	(21,949,649)
Net increase (decrease) in cash and cash equivalents	**(24,253,501)**	32,931,030
Cash and Cash Equivalents, beginning of year	**71,944,463**	39,013,433
Cash and Cash Equivalents, end of year	**$ 47,690,962**	$ 71,944,463
Supplemental Cash Flow Information		
Cash paid for interest	**$ 3,100,019**	$ 2,346,882
Cash paid for income tax	**9,970,000**	13,012,832

See accompanying notes to consolidated financial statements.

1. Nature of Business and Significant Accounting Policies

Nature of Business

Florida Peninsula Holdings, LLC (FPH or the Company) is the holding company for a property and casualty insurance group domiciled in the State of Florida. FPH has four wholly owned subsidiaries: Florida Peninsula Insurance Company (FPI), Florida Peninsula Managers, LLC (FPM), The Windward Insurance Agency, LLC (Windward), and Florida Peninsula Claim Services, LLC (FPCS). FPI also has one wholly owned subsidiary, Edison Insurance Company (EIC). FPH and its consolidated subsidiaries are hereinafter collectively known as the Company.

FPM is the exclusive managing general agent (MGA) of FPI and EIC (the Insurance Companies). The Insurance Companies write all business through FPM. FPM provides policy processing for the Insurance Companies including writing, collecting and servicing the policies. The Insurance Companies pay a commission to FPM for expenses incurred. The MGA agreement is for a three-year period, with an option to renew for additional two-year periods. This agreement was last renewed September 1, 2014.

Windward is the agent of record for policies written by the Insurance Companies that do not have an agent of record on the date of the take-out pursuant to the Depopulation Plan. Additionally, they are a full service independent insurance agency that sells policies in various lines including homeowners, auto, flood, and personal umbrella.

FPCS acts as an independent adjusting firm and claims vendor for both FPI and EIC. FPCS provides field adjusting services, liability claims handling and resolution of theft claims.

Basis of Presentation

The accompanying consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries and have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) which, as to the insurance subsidiaries, may vary in some respects from the statutory accounting practices which are prescribed or permitted by the Florida Office of Insurance Regulation (OIR). All intercompany accounts and transactions have been eliminated in consolidation. The significant accounting policies followed by the Company and its subsidiaries are summarized below. Certain prior year balances have been reclassified to conform to the current year presentation.

Cash, Cash Equivalents and Short-Term Investments

Cash, cash equivalents and short-term investments include demand deposits with financial institutions and other highly liquid investments with original maturities of three months or less. These investments are principally stated at cost, which approximates fair value.

Investments

Fixed maturities and equity securities are considered at the time of purchase as available-for-sale and are reported at fair value with unrealized gains and losses, net of deferred income taxes, included as a component of other comprehensive income within members' equity. Other invested assets are primarily senior floating rate loan funds classified as available-for-sale and carried at fair value.

Realized capital gains and losses on investments sold are determined using the specific identification method. Realized capital losses include write-downs for impairments considered to be other than temporary. The Company monitors its investment portfolio to identify investments that may be other-than-temporarily impaired. Investments that have significant unrealized losses are reviewed by management for indicators of other-than-temporary impairment.

Investment income is recognized as earned, net of related investment expenses.

Premiums

Premiums written are earned pro rata over the terms of the related policies and reinsurance contracts. Unearned premium liabilities are established for the unexpired portion of premiums written and are computed on a daily pro rata method for direct business.

Premium Receivables and Credit Procedures

Premium receivables are uncollateralized customer obligations due under full payment and installment terms requiring payment by the policy due date or installment due date. Premiums unpaid by the applicable due date are given advance notice of cancellation in accordance to each state's advance notice requirements. If premiums remain unpaid after the customer receives notice, the policy is cancelled.

Deferred Policy Acquisition Costs and Deferred Ceding Commissions

Deferred policy acquisition costs are expenses that vary with and are directly related to the successful acquisition of new and renewal business, such as commissions paid to agents and premium taxes. These costs are reduced for applicable ceding allowances and the net amount is amortized over the period during which the related premiums are earned (one year). The Company does not include investment income in its determination of premium deficiency reserves. Additional ceding commissions are recognized over the period consistent with the amortization of the related acquisition or reinsurance costs.

Reserves for Losses and Loss Adjustment Expenses

The liability for unpaid losses and loss adjustment expenses represents the estimated undiscounted liability on all claims outstanding, plus a liability for losses incurred but not reported as of the statement date. The liability for loss adjustment expenses is established as a percentage of the various classes of loss reserves. Such liabilities are necessary estimates and, while management believes that the amount is adequate, the ultimate liability may be in excess of or less than the amounts provided.

The methods for making such estimates and for establishing the resulting liability are continually reviewed, and any adjustments are reflected in current operations as they occur. The reserve for losses and loss adjustment expenses is reported gross of reinsurance amounts recoverable from other insurance companies and anticipated salvage and subrogation recovery.

Reinsurance

Reinsurance premiums and amounts recoverable for ceded losses and loss adjustment expenses are accounted for on a basis consistent with those used in accounting for the original policies issued and the terms of the reinsurance contracts.

Amounts recoverable from reinsurers are estimated in a manner consistent with the claim liability associated with the reinsured policy. Prepaid reinsurance premiums represent unearned premiums ceded to other insurance companies.

Reinsurance contracts do not relieve the Company from its primary obligations to policyholders. Failure of reinsurers to honor their obligations could result in losses to the Company. The Company evaluates the financial condition of its reinsurers and monitors concentrations of credit risk with respect to the individual reinsurer that participates in its ceded programs to minimize its exposure to significant losses from reinsurer insolvencies. The Company holds collateral as deemed appropriate to secure amounts recoverable from reinsurers.

Goodwill and Intangible Assets

In business combinations, including the acquisition of a group of assets, the Company allocates the purchase price to the net tangible and intangible assets acquired based on their relative fair values. Any portion of the purchase price in excess of this amount results in goodwill. Identifiable intangible assets with a finite useful life are amortized over the period that the asset is expected to contribute directly or indirectly to the future cash flows of the Company. Intangible assets and goodwill are subject to annual impairment testing or whenever events or changes in circumstances indicate that the carrying value of the asset may not be recoverable.

Loan Costs

Loan costs are capitalized and amortized over the life of the loan. Deferred costs and amortization were immaterial as of and for the years ended December 31, 2015 and 2014.

Advertising

The Company expenses advertising costs as incurred. Advertising costs were immaterial as of and for the years ended December 31, 2015 and 2014.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed principally by the straight-line method over the estimated useful lives of the assets which generally range from three to seven years. The Company evaluates impairment of its property and equipment annually. Any items deemed to be impaired are charged to expense in the year in which the impairment occurs.

Amortization of leasehold improvements is provided on the straight-line method over the remaining term of the lease or the useful life of the improvement, whichever is shorter.

Income Taxes

The Company uses the asset and liability method of accounting for income taxes. Under that method, deferred tax assets and liabilities are determined based on temporary differences between the financial reporting and the tax basis of assets and liabilities, and are measured using the enacted tax rates expected to be in effect when such amounts are realized or settled. Deferred tax assets are recorded net of valuation allowances, as deemed appropriate.

Uncertain Tax Positions

The Company follows the guidance of ASC 740-10-05, *Accounting for Uncertainty in Income Taxes*, which clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements. This guidance prescribes a threshold for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Management has evaluated all significant tax positions and determined that there are no situations where it is "more likely than not" that a position taken will not be upheld. Therefore, the Company has no liability recorded for uncertainty in income taxes. The Company's policy is to classify interest and penalties related to unrecognized tax positions in income before taxes. As of December 31, 2015 and 2014, the Company has no accrued interest or penalties related to unrecognized tax positions.

Other Comprehensive Income

Accumulated other comprehensive income is included within members' equity in the accompanying balance sheets and consists of changes in members' equity resulting from non-owner sources. Accumulated other comprehensive income as reported in the accompanying consolidated balance sheets represents unrealized gains and losses on available-for-sale securities, net of applicable income taxes.

Subsequent Events

The Company has evaluated all subsequent events through May 2, 2016, which is the date these financial statements were available to be issued. The Company determined there are no subsequent events which require disclosure under existing guidance.

Concentration of Risk

In 2015 and 2014, the Insurance Companies wrote homeowners' coverage in the State of Florida. The Insurance Companies' business could be impacted by negative effects of economic and political forces in Florida, continuing price pressure on new and renewal business, the ability to effectively manage expenses, market competition, and federal and state legislation or governmental regulations of insurance companies.

The Insurance Companies insure an area that is exposed to damage from hurricanes, tornadoes, hail and severe thunderstorms. The Insurance Companies purchase reinsurance to cover the 1:100 year Probable Maximum Loss from a loss by a hurricane as prescribed by Florida statute. However, a severe storm, depending on its path, could result in losses to the Insurance Companies exceeding its reinsurance protection and could have a material adverse effect on the financial condition and results of operations of the Company.

Following are the most significant risks facing property-casualty insurers:

Legal regulatory risk is the risk that changes in the legal or regulatory environment in which an insurer operates will change and create additional loss costs or expense not anticipated by the insurer in pricing its products. That is, regulatory initiatives designed to reduce insurer profits or new legal theories may create costs for the insurer beyond those currently recorded in the financial statements. As the Company only writes its insurance business in Florida, these risks might have a more significant impact on the Company than on a more geographically diversified insurance company.

Credit risk is the risk that issuers of securities owned by the Company will default, or other parties, including reinsurers that owe the Company money, will not pay. The Company minimizes this risk by adhering to a conservative investment strategy and by contracting with reinsurance companies that meet certain rating criteria and other qualifications. The Company also obtains letters of credit or other collateral from their reinsurers as deemed appropriate.

Interest rate risk is the risk that interest rates will change and cause a decrease in the value of an insurer's investments. The Company mitigates this risk by attempting to match the maturity schedule of its investments with the expected payout of its liabilities. To the extent that liabilities come due more quickly than investments mature, an insurer would have to sell investments prior to maturity and recognize a gain or loss.

Reclassifications

Certain reclassifications have been made in the 2014 financial statements to conform to the classifications in the 2015 financial statements.

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The most significant estimates include those used in determining the carrying value of investments, liabilities for loss and loss adjustment expenses and related reinsurance recoveries, and deferred acquisition costs. Although the estimates are considered reasonable, actual results could differ from those estimates.

2. Investments

The amortized cost, gross unrealized gains and losses, and estimated fair value of investments in fixed maturities and preferred and common stocks are as follows:

December 31, 2015	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Bonds				
U.S. government	$ 17,973,914	$ 12,881	$ (139,566)	$ 17,847,229
States and political subdivisions	42,462,211	973,518	(79,567)	43,356,162
Corporate	123,451,053	2,431,457	(2,232,032)	123,650,478
Mortgage-Backed Securities				
U.S. government	1,658,808	25,669	(7,309)	1,677,168
States and political subdivisions	4,874,836	54,314	(11,478)	4,917,672
Commercial	43,150,850	57,415	(413,364)	42,794,901
Total Bonds	$233,571,672	$ 3,555,254	$ (2,883,316)	$234,243,610
Preferred and Common Stocks	$ 23,272,460	$ 925,146	$ (1,420,263)	$ 22,777,343
Other Invested Assets	$ 12,575,745	$ -	$ (758,061)	$ 11,817,684

December 31, 2014	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Bonds				
U.S. government	$ 19,444,965	$ 15,053	$ (68,543)	$ 19,391,475
States and political subdivisions	49,237,904	659,585	(13,381)	49,884,108
Corporate	113,065,737	2,873,856	(502,961)	115,436,632
Mortgage-Backed Securities				
U.S. government	8,293,320	110,991	(14,662)	8,389,649
Commercial	35,273,851	245,360	(126,677)	35,392,534
Total Bonds	$225,315,777	$ 3,904,845	$ (726,224)	$228,494,398
Preferred and Common Stocks	$ 13,428,401	$ 1,509,420	$ (314,332)	$ 14,623,489
Other Invested Assets	$ 12,700,000	$ -	$ (302,476)	$ 12,397,524

The amortized cost and estimated fair value of bonds at December 31, 2015, by contractual maturities, are shown below. Actual maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Amortized Cost	Estimated Fair Value
Due in one year or less	$ 22,392,288	$ 22,380,097
Due after one year through five years	95,027,989	95,333,864
Due after five years through ten years	66,581,437	66,735,388
Due after ten years	49,569,958	49,794,261
	$ 233,571,672	$234,243,610

Prepayment assumptions for mortgage-backed/asset-backed securities and collateralized mortgage obligations were generated using the purchase prepayment model. The purchase prepayment model uses a number of factors to estimate prepayment activity, including the time of year (seasonality), current levels of interest rates (refinancing incentives), economic activity (including housing turnover) and term and age of the underlying collateral (burnout, seasoning).

Proceeds from sales and maturities of investments in bonds during 2015 and 2014 and the related gross realized gains and losses on those sales were as follows:

Year ended December 31,	**2015**	2014
Proceeds	**$ 82,009,332**	$ 72,011,809
Gross gains	**1,754,144**	3,375,574
Gross losses	**(373,805)**	(344,047)

There were no other-than-temporary write-downs in 2015 or 2014.

The following tables are an analysis of the fair values and gross unrealized losses aggregated by category and length of time that the securities have been in the unrealized loss position.

	Less Than 12 Months			12 Months or Greater		
December 31, 2015	Estimated Fair Value	Unrealized Losses	# of Issuers	Estimated Fair Value	Unrealized Losses	# of Issuers
U.S. government	$ 13,501,864	$ (136,265)	17	$ 498,975	$ (3,301)	1
State and political subdivisions	13,815,383	(79,567)	15	-	-	-
Corporate bonds	77,423,734	(1,865,131)	180	4,113,367	(366,901)	16
Mortgage-backed securities	37,809,618	(343,014)	78	1,761,892	(89,137)	8
Preferred and common stocks	10,673,718	(1,127,795)	8	1,005,711	(292,468)	1
Other invested assets	-	-	-	11,817,684	(758,061)	34
Total	$153,224,317	$ (3,551,772)		$ 19,197,629	$ (1,509,868)	

	Less Than 12 Months			12 Months or Greater		
December 31, 2014	Estimated Fair Value	Unrealized Losses	# of Issuers	Estimated Fair Value	Unrealized Losses	# of Issuers
U.S. government	$ 10,438,281	$ (42,561)	21	$ 2,522,596	$ (25,982)	2
State and political subdivisions	7,731,690	(13,381)	15	-	-	-
Corporate bonds	40,807,295	(453,631)	140	2,699,410	(49,330)	9
Mortgage-backed securities	17,712,772	(77,634)	34	1,252,393	(63,705)	6
Preferred and common stocks	-	-	-	3,386,480	(314,332)	2
Other invested assets	12,397,524	(302,476)	34	-	-	-
Total	$ 89,087,562	$ (889,683)		$ 9,860,879	$ (453,349)	

Through the Company's comprehensive evaluation, management concluded that the unrealized losses at December 31, 2015 and 2014 were caused by interest rate and temporary market fluctuations. At December 31, 2015 and 2014, the aggregate of unrealized losses related to securities rated below investment grade was not material. Based on the Company's impairment review process, the decline in value of these investments is not considered to be other-than-temporary.

The Company has no securities with an other-than-temporary impairment wherein the Company has (a) an intent to sell or (b) an inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis.

The Company is required to maintain a certain amount of investments on deposit with the Office of Insurance Regulation of the State of Florida and the Department of Insurance of South Carolina. At December 31, 2015 and 2014, the approximate statement value of these investments was

$818,925 and $812,538, respectively. As such, these items are not available for current use unless replaced by an investment with a similar value.

Fair Value Measurements

The Company has categorized its recurring basis financial instruments based on the priority of the inputs to the valuation technique into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The inputs used to measure fair value may fall into different levels in the fair value hierarchy. The level within which the fair value measurement in its entirety falls have been determined based on the lowest level input that is significant to the fair value measurement in its entirely. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the asset or liability.

The Company has identified and disclosed its financial assets in a fair value hierarchy, which consists of the following three levels:

Level 1 inputs utilize quoted prices in active markets for identical assets or liabilities that the Company has the ability to access. Actively traded is defined as securities that have traded within the past seven business days. Examples include a listed equity or fixed income security traded on an exchange.

Level 2 inputs utilize indirect observable inputs including prices for similar assets and market corroborated inputs. Examples would include asset-backed and mortgage-backed securities similar to other asset-backed and mortgage-backed securities observed in the market.

Level 3 inputs are unobservable but are significant to the fair value measurement for the asset, and include situations where there is little, if any, market activity for the asset. These inputs reflect management's own assumptions about the assumptions a market participant would use, including assumptions about risk. Examples would include a private placement with minimal liquidity or a complex derivative.

The following tables present the Company's fair value hierarchy:

December 31, 2015	Level 1	Level 2	Level 3	Total
Financial Assets				
Bonds and mortgage-backed securities	$ 24,556,702	$ 209,686,908	$ -	$ 234,243,610
Preferred and common stocks	19,880,956	2,896,387	-	22,777,343
Other invested assets	-	11,817,684	-	11,817,684
	$ 44,437,658	$ 224,400,979	$ -	$ 268,838,637

December 31, 2014	Level 1	Level 2	Level 3	Total
Financial Assets				
Bonds and mortgage-backed securities	$ 17,378,102	$ 211,116,296	$ -	$ 228,494,398
Preferred and common stocks	11,356,004	3,267,485	-	14,623,489
Other invested assets	-	12,397,524	-	12,397,524
	$ 28,734,106	$ 226,781,305	$ -	$ 255,515,411

There were no transfers into or out of Level 2 or Level 3 investments or changes in fair value measurement approach in 2015.

The other financial instruments carried at fair value are cash, receivables and payables. The carrying value of these financial instruments approximates fair value due to their short-term nature.

The fair value of the Company's notes payable approximates the carrying value based on the current rates offered to the Company for debt of similar maturities and interest rates.

The details of investment income, net of investment expenses, are as follows:

Year ended December 31,	**2015**	2014
Bonds	**$ 4,050,228**	$ 2,760,841
Preferred and common stocks	**1,242,613**	1,157,614
Cash and cash equivalents	**61,305**	264,102
Gross investment income	**5,354,146**	4,182,557
Investment expenses	**(898,222)**	(1,122,294)
Net Investment Income	**$ 4,455,924**	$ 3,060,263

3. Reinsurance

Certain premiums and losses are ceded to other insurance companies through various excess of loss reinsurance agreements. The ceded reinsurance agreements are intended to provide the Company with the ability to maintain its exposure to losses within its capital resources. The treaties are effective June 1, 2015 to May 31, 2016. On November 1, 2014, the Company entered into a quota share agreement ceding 40% of its net liability to a group of unaffiliated reinsurers. The quota share is effective through November 1, 2017 unless otherwise commuted.

These reinsurance agreements do not relieve the Company from its primary obligation to policyholders, as it remains liable to its policyholders to the extent that any reinsurer does not meet its obligations for reinsurance ceded to it under reinsurance contracts.

Therefore, the Company is subject to credit risk with respect to the obligations of its reinsurers, and any failure on the part of these reinsurers could have a material adverse effect on the Company's business, financial condition and results of operations.

To minimize the Company's exposure to losses from catastrophes, primarily hurricanes, the Company has entered into various catastrophe excess of loss agreements, in addition to its mandatory participation in the Florida Hurricane Catastrophe Fund (FHCF).

The Company's catastrophe reinsurance is intended to provide the following coverage in the event of a named hurricane for those policies assumed by the Company in connection with the Company's Takeout Premiums with Citizens, including renewals of these policies, and to direct policies written during the term of the contract.

For the treaty period June 1, 2015 through May 31, 2016, the primary catastrophe excess of loss reinsurance agreement has the following retention and limits:

	Coverage	In Excess Of	Participation
1st layer	$ 45,000,000	$ 25,000,000	100%
2nd layer	98,000,000	80,000,000	100
3rd layer	48,000,000	168,000,000	100

Additionally, on June 1, 2015, the Company purchased two 100% excess of loss top and drop contracts that provide $31,000,000 in excess of $12,000,000 and $45,000,000 in excess of $12,000,000 for coverage of aggregate direct losses incurred for the period.

For the treaty period June 1, 2014 through May 31, 2015, the primary catastrophe excess of loss reinsurance agreement has the following retention and limits:

	Coverage	In Excess Of	Participation
1st layer	$ 55,000,000	$ 25,000,000	100%
2nd layer	100,000,000	80,000,000	100
3rd layer	45,500,000	180,000,000	100

Additionally, on June 1, 2014, the Company purchased two 100% excess of loss top and drop contracts that provide $31,000,000 in excess of $25,000,000 for coverage of aggregate direct losses incurred for the period.

In 2015, the Company reduced its coverage option in the FHCF from 90% to 45% and chose to place the other 45% in the private market. The ultimate net loss for each of the above layers will include any recoveries from the FHCF or so deemed. The FHCF provides catastrophe coverage for named hurricanes up to a maximum limit of 45% of the amount of ultimate losses in the layer as determined by a premium formula. The Company's projected maximum payout from the FHCF is $223,966,108 and $424,698,466, with retention of $157,990,082 and $177,627,389 for the 2015/2016 and 2014/2015 catastrophe periods, respectively. The privately placed FHCF, which provides coverage for both FPI and its wholly owned subsidiary, Edison Insurance Company, has a liability limit of $208,472,746, with retention of $157,990,082.

In 2015 and 2014, the Company entered into a reinstatement premium protection arrangement in respect of the Company's multi-layer catastrophe excess of loss contracts as described above.

The effects of reinsurance on premiums written and earned are as follows:

	2015		2014	
Year ended December 31,	**Written**	**Earned**	Written	Earned
Direct and assumed premiums	**$ 273,953,661**	**$ 285,870,090**	$ 307,191,897	$ 317,250,127
Ceded premiums	**(151,242,914)**	**(157,860,453)**	(169,992,607)	(176,653,461)
Net Premiums	**$ 122,710,747**	**$ 128,009,637**	$ 137,199,290	$ 140,596,666

The Company had ceded losses and loss adjustment expenses of $36,738,040 and $45,374,168 in 2015 and 2014, respectively.

4. Fixed Assets

Fixed assets as of December 31, 2015 and 2014 are summarized as follows:

December 31,	**2015**	2014
Leasehold improvements	**$ 491,285**	$ 166,578
Furniture and fixtures	**821,441**	628,977
EDP equipment and software	**1,983,517**	1,718,944
	3,296,243	2,514,499
Less accumulated depreciation	**(1,459,760)**	(910,812)
	$ 1,836,483	$ 1,603,687

Depreciation and leasehold amortization expenses for the year ended December 31, 2015 and 2014 were $576,845 and $523,699, respectively.

5. Income Taxes

The Insurance Companies file a consolidated 1120PC federal income tax return as C corporations. FPH and FPM are limited liability companies and any taxable income is taxed to the members at their personal level.

Total income tax expense is comprised of the following:

Year ended December 31,	**2015**	2014
Current income tax expense	**$ 13,166,186**	$13,763,560
Change in deferred income tax benefit	**1,166,879**	(595,371)
Prior year over accrual of income tax	**(716,649)**	(95,797)
Total Income Tax Expense	**$ 13,616,416**	$13,072,392

The components of the Insurance Companies' net deferred income tax assets and deferred tax liabilities are as follows:

Year ended December 31,	**2015**	2014
Total of all deferred tax assets	**$ 7,549,428**	$ 9,006,242
Total of all deferred tax liabilities	**2,895,040**	4,992,791
Net Deferred Income Tax Asset	**$ 4,654,388**	$ 4,013,451

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are as follows:

December 31,	**2015**	2014
Deferred tax assets		
Discounting of unpaid losses	**$ 1,890,212**	$ 2,974,962
Unearned premiums reserve	**5,590,263**	6,014,326
Net operating losses	**5,577,743**	5,577,743
Unrealized loss	**224,294**	-
Other	**68,953**	16,954
Less valuation allowance	**(5,577,743)**	(5,577,743)
Total deferred tax assets	**7,773,722**	9,006,242
Deferred tax liabilities		
Unrealized gain	**-**	1,583,522
Deferred acquisition costs	**2,910,405**	3,257,772
Other	**208,929**	151,497
Total deferred tax liabilities	**3,119,334**	4,992,791
Net Deferred Income Tax Asset	**$ 4,654,388**	$ 4,013,451

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The Company's actual income tax rates, expressed as a percent of net income before income tax expense, vary from statutory federal income tax rates due to the following:

	2015		2014	
Year ended December 31,	**Amount**	**Rate**	Amount	Rate
Income before taxes	**$ 66,500,375**		$ 72,119,133	
Members' income taxed at personal level	**(29,274,827)**		(36,877,860)	
Insurance companies income before taxes	**37,225,548**		35,241,273	
Income tax expense at statutory rate	**13,028,942**	**35%**	12,334,446	35%
Meals and entertainment	**124**		123	
State income tax	**1,163,290**		1,272,210	
Change in valuation allowance	**-**		174,343	
Other	**140,711**		(612,933)	
True-up related to prior years	**(716,649)**		(95,797)	
Income Tax Expense	**$ 13,616,416**	**37%**	$ 13,072,392	37%

At December 31, 2015, Edison had unused operating loss carryforwards of approximately $14,447,303 available to offset against future taxable income. However, because of limitations on the utilization of these loss carryforwards due to change in control provisions, it is considered more likely than not that these loss carryforwards will not be utilized and therefore a valuation allowance has been recorded against the deferred tax asset.

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6. Loss and Loss Adjustment Expenses

Activity in the reserve for loss and loss adjustment expenses is summarized as follows:

	2015	2014
Balances at January 1	**$124,191,273**	$105,469,610
Less reinsurance recoverables	**(6,740,811)**	(23,439,173)
Net balances at January 1	**117,450,462**	82,030,437
Incurred related to		
Current year	**46,170,561**	49,374,286
Prior years	**(6,255,031)**	(2,644,588)
Total incurred	**39,915,530**	46,729,698
Paid related to		
Current year	**19,304,278**	(7,716,911)
Prior years	**42,281,644**	19,026,584
Total paid	**61,585,922**	11,309,673
Net balances at December 31	**95,780,070**	117,450,462
Plus reinsurance recoverables	**22,865,787**	6,740,811
Balances at December 31	**$118,645,857**	$124,191,273

As a result of changes in estimates of insured events in prior years, the provision of losses and loss adjustment expenses decreased by $6,255,031 and $2,644,588 in 2015 and 2014, respectively. Typically, increases or decreases of this nature occur as the result of claim settlements during the current year, and additional information received regarding individual claims causing changes from the original estimates of the cost of these claims. Recent loss development trends are also taken into account in evaluating the overall adequacy of unpaid losses and loss adjustment expenses.

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7. Deferred Policy Acquisition Costs

Deferred policy acquisition costs consist of amounts paid for commissions, premium taxes, and certain management fees to the servicing companies net of ceding commissions received from the reinsurers. The policy acquisition costs net of ceding commissions that the Company has capitalized and is amortizing over the effective periods of the related policies are as follows:

December 31,	**2015**	2014
Deferred policy acquisition costs at beginning of year	**$ 8,438,183**	$ 7,925,647
Net policy acquisition costs capitalized	**41,138,178**	45,990,604
Net policy acquisition costs amortized	**(42,037,918)**	(45,478,068)
Net Deferred Policy Acquisition Costs at End of Year	**$ 7,538,443**	$ 8,438,183
Gross deferred policy acquisition costs	**$ 12,341,383**	$ 13,361,058
Less deferred ceding commission	**(4,802,940)**	(4,922,875)
Net Deferred Policy Acquisition Costs	**$ 7,538,443**	$ 8,438,183

Amortization of deferred policy acquisition costs, net of related ceding commissions, of $42,037,918 and $45,478,068 for the years ended December 31, 2015 and 2014, respectively, is included in other operating costs and expenses on the statements of income.

8. Members' Equity

FPH has Class A, Class B and Class C members. The members participate in distributions from FPH in relation to their membership interest, as described in the membership agreement.

Dividend Restrictions and Minimum Capital Requirements for Property and Casualty Insurers

Under Florida law, insurance companies may pay dividends only out of available and accumulated surplus funds derived from realized net operating profits on their business and net realized capital gains, subject to approval of the Florida Office of Insurance Regulation.

As of December 31, 2015 and 2014, FPI's statutory capital and surplus was $127,901,551 and $106,979,337, respectively, which exceeded the minimum required surplus as regulated by Florida Statute Section 624.408 that requires the Insurance Companies to maintain a minimum level of surplus of not less than the greater of 10% of their total liabilities or $4,000,000. FPI reported statutory net income of $26,290,262 and $21,615,822 for the years ended December 31, 2015 and 2014, respectively.

As of December 31, 2015 and 2014, EIC's statutory capital and surplus was $20,151,254 and $20,000,000, respectively. EIC reported statutory net loss of $181,781 and $571,420 for the years ended December 31, 2015 and 2014, respectively.

Per the consent order issued by the OIR (Case #108190-09-CO) on December 31, 2009, item #15 states that FPI shall maintain no less than $4,000,000 in surplus for Edison Insurance Company at December 31, 2009. It further states that the $4,000,000 level may be maintained so long as

Edison Insurance Company does not write any new business without approval from the OIR. Effective September 18, 2014, the OIR issued a consent order allowing Edison to resume writing new residential property insurance policies in the State of Florida. During 2014, FPI contributed in the form of a surplus note, $16,000,000 of surplus into Edison as item #7 of the consent order allows.

Risk-Based Capital

FPI and EIC are required to comply with the NAIC risk-based capital (RBC) requirements. RBC is a method of measuring the amount of capital appropriate for an insurance company to support its overall business operations in light of its size and risk profile. At December 31, 2015 and 2014, FPI's and EIC's total adjusted capital exceeds the risk-based capital company action level.

9. Goodwill

Goodwill was $3,479,391 as of December 31, 2015 and 2014. The Company recorded this goodwill as a result of the acquisition of Edison Insurance Group in 2010. The Company's goodwill at December 31, 2015 and 2014 is attributable to the book of policies along with the insurance company shell obtained as part of the purchase.

Goodwill is assessed for impairment on an annual basis and at any other time if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting segment below its carrying amount. Any potential impairment is identified by comparing the fair value of a reporting unit to its carrying value. If the fair value of the reporting segment exceeds its carrying value, goodwill is considered not to be impaired. If the carrying value of the reporting segment exceeds its fair value, a more detailed goodwill impairment assessment must be undertaken. A goodwill impairment charge is recognized to the extent that, at the reporting unit level, the carrying value of goodwill exceeds the implied fair value.

The Company tested goodwill associated with its reporting units for recoverability at December 31, 2015 and 2014. Based on the assessment performed, the Company concluded that goodwill was recoverable at December 31, 2015 and 2014.

10. Limited Liability Company

Because FPH, FPCS, FPM and Windward are limited liability companies, no member, manager, agent or employee of the companies shall be personally liable for the debts, obligations or liabilities of the companies, whether arising in contract, tort or otherwise, or for the acts of omissions of any other member, director, manager, agent or employee of the companies, unless the individual has signed a specific personal guarantee. The duration of FPH, FPCS, FPM and Windward is perpetual.

11. Commitments and Contingencies

FPM entered into a Master Business Process Outsourcing Services Agreement with Computer Sciences Corporation (CSC) effective January 1, 2008 for a period of six years from the date of live processing, whereby the Company grants authority to CSC to provide insurance office support, computer software programming and data processing services. An addendum effective March 28, 2013 extended the contract for six additional years through December 31, 2020. FPM incurred expenses of $10,371,242 and $9,473,740 as of December 31, 2015 and 2014, respectively, under this agreement.

The Company is subject to assessments by a Florida guaranty fund and residual market pool. The activities of these entities include collecting funds from solvent insurance companies to cover losses resulting from the insolvency or rehabilitation of other insurance companies, or deficits generated by the state residual market pools such as Citizens.

The Company's policy is to recognize its obligation for assessments when the Company has information available to reasonably estimate its liability. Guaranty fund assessments generally are available for recoupment from policyholders and, as such, amounts assessed are recorded as a recoverable asset. During 2015 and 2014, the Company did not receive any guaranty fund assessments nor were any related amounts payable at December 31, 2015 and 2014. Additionally, at December 31, 2015 and 2014, the Company recorded a recoupment receivable of $24,574 and $125,846, respectively, from policyholders relating to the assessments.

12. Notes Payable

Notes payable are summarized as follows:

December 31,	**2015**	2014
Note payable to Transatlantic Reinsurance Company payable in monthly principal payments plus interest at a fixed rate of 8% per annum in the amount of $181,991 and the remaining balance due in full on May 15, 2024. Interest expense in 2015 and 2014 was $1,161,520 and $692,047, respectively.	**$ 13,348,918**	$ 14,418,108
Note payable to Twelve Capital AG payable in monthly principal payments plus interest at a variable rate of LIBOR plus 7% per annum (but in no event greater than 10%) beginning May 15, 2014 (effectively 7.32% at December 31, 2015) and the remaining balance due in full on May 15, 2024. Interest expense in 2015 and 2014 was $1,828,762 and $937,353, respectively.	**22,237,591**	24,062,627
Surplus note payable to the State Board of Administration of Florida, payable quarterly at a rate equivalent to the 10-year U.S. Treasury Bond rate (effectively 2.05% at December 31, 2015), beginning January 3, 2007, with the remaining balance due in full of January 3, 2022. Payments made during the first three years of the note will represent interest-only payments. Interest expense in 2015 and 2014 was $304,362 and $444,420, respectively.	**12,683,824**	14,889,706
	$ 48,270,333	$ 53,370,441

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The following are maturities of notes payable for each of the next five years and thereafter:

Year ending December 31,	
2016	$ 5,297,673
2017	5,547,268
2018	5,815,721
2019	6,105,929
2020	6,417,572
Thereafter	19,086,170
	$ 48,270,333

The Company's debt agreements with Transatlantic Reinsurance Company and Twelve Capital AG contains certain restrictions and covenants, as follows, with which the Company was in compliance as of December 31, 2015.

i) The Company must maintain a combined Debt to Capital Ratio no greater than 50%.
ii) The Company must maintain Debt Service Coverage Ratio of no less than 200%.

13. Leases

The Company is party to various lease agreements with unrelated parties. The minimum future rental payments under these leases at December 31, 2015 were as follows:

Year ending December 31,	
2016	$ 637,991
2017	434,798
2018	426,855
2019	420,251
2020	139,549
	$ 2,059,444

The Company incurred rent expense, including charges for operating expenses and taxes, of $735,804 and $675,884 for the years ended December 31, 2015 and 2014, respectively.

14. Retirement Plan

The Company has a retirement savings 401(k) plan in which substantially all employees may participate. The Company matches employees' contributions up to a maximum of 4% of the employees' contributions and also can elect to make discretionary contributions. The Company made contributions to the plan of $267,464 and $222,610 for the years ended December 31, 2015 and 2014, respectively.

Supplementary Information

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Independent Auditor's Report on Supplementary Information

Our audits of the financial statements included in the preceding section of this report were conducted for the purpose of forming an opinion on those statements as a whole. The supplementary information presented in the following section of this report is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

BDO USA, LLP

May 2, 2016

Florida Peninsula Holdings, LLC
and Its Wholly Owned Subsidiaries

Consolidating Balance Sheet

December 31, 2015	Florida Peninsula Holdings	Florida Peninsula Managers	Florida Peninsula Claim Services	Winward Insurance Agency	Florida Peninsula Insurance Company	Edison Insurance Company	Intercompany Elimination	Consolidated
Assets								
Investments, at fair value								
Investments in subsidiaries	$ 49,000,000	$ -	$ -	$ -	$ 6,066,026	$ -	$ (55,066,026)	$ -
Bonds	-	-	-	-	215,739,158	18,504,452	-	234,243,610
Preferred and common stocks	-	-	-	-	22,777,343	-	-	22,777,343
Other invested assets	-	-	-	-	27,817,684	-	(16,000,000)	11,817,684
Total investments, at fair value	49,000,000	-	-	-	272,400,211	18,504,452	(71,066,026)	268,838,637
Cash and cash equivalents	187,444	7,063,741	420,429	151,419	32,532,732	7,335,197	-	47,690,962
Accrued investment income	-	-	-	-	1,384,855	92,707	-	1,477,562
Premiums receivable	-	-	-	-	12,005,846	800,449	-	12,806,295
Reinsurance recoverable on paid losses	-	-	-	-	1,956,508	81,342	-	2,037,850
Reinsurance recoverable on unpaid losses	-	-	-	-	22,207,928	657,859	-	22,865,787
Prepaid reinsurance premiums	-	-	-	-	67,644,336	2,622,171	-	70,266,507
Deferred policy acquisition costs	-	-	-	-	11,788,694	552,689	-	12,341,383
Deferred income tax asset, net	-	-	-	-	4,378,744	275,644	-	4,654,388
Goodwill	2,604,391	-	-	-	875,000	-	-	3,479,391
Intercompany receivable	5,699,861	400,313	-	-	1,301,319	-	(7,401,493)	-
Fixed assets, net of accumulated depreciation	-	1,833,763	2,720	-	-	-	-	1,836,483
Other assets	244,151	2,120,040	156,411	14,002	2,007,371	27,491	(142,007)	4,427,459
Total Assets	$ 57,735,847	$ 11,417,857	$ 579,560	$ 165,421	$ 430,483,544	$ 30,950,001	$ (78,609,526)	$ 452,722,704
Liabilities and Members' Equity								
Liabilities								
Reserves for losses and loss adjustment expenses	$ -	$ -	$ -	$ -	$ 117,217,344	$ 1,570,520	$ (142,007)	$ 118,645,857
Unearned premiums	-	-	-	-	129,800,466	7,175,585	-	136,976,051
Premiums collected in advance	-	-	-	-	5,583,549	105,557	-	5,689,106
Reinsurance premiums payable	-	-	-	-	30,869,505	748,778	-	31,618,283
Deferred ceding commission	-	-	-	-	4,587,848	215,092	-	4,802,940
Income taxes payable	-	-	-	-	4,806,152	(181,797)	-	4,624,355
Notes payable	35,586,510	-	-	-	12,683,823	16,000,000	(16,000,000)	48,270,333
Intercompany payable	-	6,528,233	68,299	23,331	-	781,631	(7,401,494)	-
Other liabilities	46,812	4,242,562	61,745	5,308	380,578	119,759	-	4,856,764
Total liabilities	35,633,322	10,770,795	130,044	28,639	305,929,265	26,535,125	(23,543,501)	355,483,689
Members' Equity								
Class A members' capital	50	-	-	-	2,000,000	1,000,000	(3,000,000)	50
Class B members' capital	50	-	-	-	47,000,000	21,383,043	(68,383,043)	50
Accumulated other comprehensive income (loss), net of tax	-	-	-	-	(1,130,343)	(68,345)	842,021	(356,667)
Retained earnings	22,102,425	647,062	449,516	136,782	76,684,622	(17,899,822)	15,474,997	97,595,582
Total members' equity	22,102,525	647,062	449,516	136,782	124,554,279	4,414,876	(55,066,025)	97,239,015
Total Liabilities and Members' Equity	$ 57,735,847	$ 11,417,857	$ 579,560	$ 165,421	$ 430,483,544	$ 30,950,001	$ (78,609,526)	$ 452,722,704

See accompanying notes to consolidated financial statements.

Florida Peninsula Holdings, LLC
and Its Wholly Owned Subsidiaries

Consolidating Statement of Income

Year ended December 31, 2015	Florida Peninsula Holdings	Florida Peninsula Managers	Florida Peninsula Claim Services	Winward Insurance Agency	Florida Peninsula Insurance Company	Edison Insurance Company	Intercompany Elimination	Consolidated
Revenues								
Premiums earned	$ -	$ -	$ -	$ -	$ 125,109,640	$ 2,899,997	$ -	$ 128,009,637
Net investment income	-	4,030	-	-	5,176,337	154,463	(878,906)	4,455,924
Net realized gain (loss)	-	-	-	-	1,838,609	(13,633)	-	1,824,976
Commission income	-	85,682,849	-	-	-	-	(85,682,849)	-
Miscellaneous income	-	1,970,865	2,588,245	253,013	2,880,926	50,013	(4,781,722)	2,961,340
Total revenues	-	87,657,744	2,588,245	253,013	135,005,512	3,090,840	(91,343,477)	137,251,877
Losses and Expenses								
Losses and loss adjustment expenses incurred	-	-	-	-	55,525,837	1,590,623	(17,200,930)	39,915,530
Other operating costs and expenses	12,400	56,006,990	2,181,950	131,941	41,634,333	(73,757)	(73,263,641)	26,630,216
Depreciation expense	-	530,184	1,253	-	-	-	-	531,437
Amortization expense	10,382	369,293	-	-	-	-	-	379,675
Interest expense	2,990,282	-	-	-	304,362	878,906	(878,906)	3,294,644
Total losses and expenses	3,013,064	56,906,467	2,183,203	131,941	97,464,532	2,395,772	(91,343,477)	70,751,502
Income before income tax expense (benefit)	(3,013,064)	30,751,277	405,042	121,072	37,540,980	695,068	-	66,500,375
Income tax expense	-	-	-	-	13,361,160	255,256	-	13,616,416
Net income (loss)	(3,013,064)	30,751,277	405,042	121,072	24,179,820	439,812	-	52,883,959
Other Comprehensive Income								
Unrealized gain (loss) on appreciation (depreciation) of investments, net of taxes	-	-	-	-	(2,840,040)	(34,696)	-	(2,874,736)
Total Comprehensive Income	$ (3,013,064)	$ 30,751,277	$ 405,042	$ 121,072	$ 21,339,780	$ 405,116	$ -	$ 50,009,223

See accompanying notes to consolidated financial statements.

Florida Peninsula Holdings, LLC
and Its Wholly Owned Subsidiaries

Statements of Income (Lender Requested Format)

Year ended December 31,	**2015**	2014
Revenues		
Premiums earned	**$ 128,009,637**	$ 140,596,666
Net investment income	**4,455,924**	3,060,263
Net realized gain	**1,824,976**	3,031,527
Miscellaneous income	**2,961,340**	1,201,254
Total revenues	**137,251,877**	147,889,710
Losses and Other Operating Expenses		
Losses and loss adjustment expenses incurred	**39,915,530**	46,729,698
Other operating costs and expenses	**26,630,216**	25,447,451
Total losses and other operating expenses	**66,545,746**	72,177,149
EBITDA (Earnings before interest, tax, and depreciation and amortization)	**70,706,131**	75,712,561
Depreciation expense	**531,437**	501,838
Amortization expense	**379,675**	516,985
Interest expense	**3,294,644**	2,574,605
Income before income tax expense	**66,500,375**	72,119,133
Income tax expense	**13,616,416**	13,072,392
Net income	**52,883,959**	59,046,741
Other Comprehensive Income		
Unrealized gain (loss) on appreciation (depreciation) of investments, net of taxes	**(2,874,736)**	1,855,625
Total Comprehensive Income	**$ 50,009,223**	$ 60,902,366

See accompanying notes to consolidated financial statements.