REPORT ON EXAMINATION
OF
INTERBORO INSURANCE COMPANY

AS OF DECEMBER 31, 2024

EXAMINER: **DILBRINA BELGRAVE**
DATE OF REPORT: **JUNE 5, 2026**

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June 5, 2026

Honorable Kaitlin Asrow
Acting Superintendent
New York State Department of Financial Services
Albany, New York 12257

Madam:

Pursuant to the requirements of the New York Insurance Law, and in compliance with the instructions contained in Appointment Number 32833 dated August 14, 2025, attached hereto, I have made an examination into the condition and affairs of Interboro Insurance Company as of December 31, 2024, and submit the following report thereon.

Wherever the designation "the Company" appears herein without qualification, it should be understood to indicate Interboro Insurance Company.

Wherever the term "Department" appears herein without qualification, it should be understood to mean the New York State Department of Financial Services.

1. SCOPE OF EXAMINATION

The Department has conducted a limited scope examination of Interboro Insurance Company, a multi-state insurer. The previous examination was conducted as of December 31, 2019. This examination covered the five-year period from January 1, 2020, through December 31, 2024. Transactions occurring subsequent to this period were reviewed where deemed appropriate by the examiner.

This examination was conducted in accordance with the National Association of Insurance Commissioners ("NAIC") Financial Condition Examiners Handbook, which requires that we plan and perform the examination to evaluate the financial condition and identify current and prospective risks of the Company by obtaining information about the Company including corporate governance, identifying and assessing inherent risks within the Company and evaluating system controls and procedures used to mitigate those risks. This examination also includes assessing the principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation, management's compliance with New York laws, statutory accounting principles, and annual statement instructions.

This examination report includes, but is not limited to, the following:

Company history
Management and control
Territory and plan of operation
Reinsurance
Holding company description
Financial statement presentation
Loss review and analysis
Significant subsequent events
Summary of recommendations

This report on examination is confined to financial statements and comments on those matters that involve departures from laws, regulations or rules, or that are deemed to require explanation or description.

2. DESCRIPTION OF COMPANY

Interboro Insurance Company was incorporated under the laws of the State of New York on March 7, 1914, as the Brewers Mutual Indemnity Insurance Company. It became licensed on March 7, 1914, and on July 1, 1914, commenced writing workers' compensation and automobile liability insurance. On

December 24, 1918, the Company changed its name to Interboro Mutual Indemnity Insurance Company. In 1949, the Company amended its license to write multiple lines of insurance.

Due to financial difficulties and deterioration of surplus, the Company was placed into rehabilitation by an order of the Supreme Court of the State of New York, signed April 5, 2004. The Superintendent was appointed as rehabilitator of the Company. On December 22, 2006, the rehabilitator filed a petition with the County Clerk of Nassau County to request a court order for the conversion of the Company from a mutual insurer to a stock insurer. Effective February 1, 2007, the conversion of the Company was authorized and approved by the Court in Nassau County. The Company's charter was amended and restated for the conversion and issuance of common capital stock.

On November 6, 2006, Interboro LLC, a Delaware limited liability company, purchased the Company. On February 9, 2007, the Company emerged from rehabilitation as a stock insurance company and adopted its current title.

On April 29, 2016, the Company was acquired by United Insurance Holdings Corp. ("UIHC"), now known as American Coastal Insurance Corporation. As part of the acquisition, a reinsurance agreement was executed whereby all of the Company's automobile business was assumed by a former affiliate, Maidstone Insurance Company ("Maidstone"), and all of the homeowners' business of Maidstone was assumed by the Company. There were also agreements executed whereby all of Maidstone's homeowners business would be renewed into the Company and all of the Company's automobile business would be renewed into Maidstone.

On April 1, 2025, the Company was acquired by Forza Insurance Holdings, LLC, a Delaware limited liability company. On April 29, 2025, the Department approved the transfer of full ownership from Forza Insurance Holdings LLC to Valence Insurance Holdings, Inc., an affiliate (described in further detail in section 5 of this report).

A. Corporate Governance

Pursuant to the Company's charter and by-laws, management of the Company is vested in a board of directors consisting of not less than seven nor more than 25 members. The board met four times during each calendar year. At December 31, 2024, the board of directors comprised of the following seven members:

Name and Residence	Principal Business Affiliation
Gregory Croswell Branch Florida	Owner, Seminole Feed
Kern Michael Davis Florida	Medical Doctor, Pathology Associates
William Hall Hood III Florida	Owner, Hall Capital Holding, LLC
Sherrill Wayne Hudson Florida	Retired
Alec L. Poitevint II Georgia	President, Southeastern Minerals, Inc.
Peter Neil Resnick New York	President of Insurance, Interboro Insurance Company
Kent Guy Whittemore Florida	Attorney, The Whittemore Law Group

All of the directors, except Peter Neil Resnick, resigned in 2025 after the change in ownership of the Company.

As of December 31, 2024, the principal officers of the Company were as follows:

Name	Title
Robert Daniel Peed	Chief Executive Officer and President
Brooke Eileen Alder	General Counsel and Secretary
Svetlana Castle	Chief Financial Officer
Christopher Lee Griffith	Chief Information Officer and Chief Operating Officer
James Andrew Gray, Jr.	Chief Compliance & Risk Officer

All of the officers resigned after the change in ownership of the Company.

B. Territory and Plan of Operation

As of December 31, 2024, the Company was licensed to write business in Alabama, Louisiana, New York, South Carolina, and District of Columbia.

As of the examination date, the Company was authorized to transact the kinds of insurance as defined in the following numbered paragraphs of Section 1113(a) of the New York Insurance Law:

Paragraph	Line of Business
3(i)	Accident and health
4	Fire
5	Miscellaneous property
6	Water damage
7	Burglary and theft
8	Glass
10	Elevator
12	Collision
13	Personal injury liability
14	Property damage liability
15	Workers' compensation and employers' liability
19	Motor vehicle and aircraft physical damage
20	Marine and inland marine (inland only)

Based upon the lines of business for which the Company is licensed and the Company's current capital structure, and pursuant to the requirements of Articles 13 and 41 of the New York Insurance Law, the Company is required to maintain a minimum surplus to policyholders in the amount of $1,150,000.

The following schedule shows the direct written premiums and premiums assumed by the Company for the period under examination:

Calendar Year	Direct Premiums	Assumed Premiums	Total Gross Premiums
2020	$23,288,702	$11,938,247	$35,226,949
2021	$21,110,307	$41,095,499	$62,205,806
2022	$25,102,101	$19,080,760	$44,182,861
2023	$34,334,387	$ 0	$34,334,387
2024	$39,704,190	$ 0	$39,704,190

During the examination period, the Company mainly wrote homeowners multiple peril business in New York State. The Company offers additional coverage to its policyholders through endorsement classified as home systems protection and service line coverage. Based on a review of these endorsements, it was noted that home system protection provides broad breakdown coverage for heating and cooling systems, and service line insurance provides coverage for damage to utility lines.

Section 1113(a) of the New York Insurance Law states, in part:

> ". . . (9) "Boiler and machinery insurance," means insurance against loss of or damage to any property of the insured, resulting from explosion of or injury to: (A) any boiler, heater or other fired pressure vessel; (B) any unfired pressure vessel; C) pipes or containers connected with any such boilers or vessels; (E) any apparatus generating, transmitting or using electricity; or (F) any other machinery or apparatus connected with or operated by any such boilers, vessels or machines; and including the incidental power to make inspections of, and issue certificates of inspection upon, any such boilers, apparatus, and machinery, whether insured or otherwise . . ."

Section 1102 of the New York Insurance Law states, in part:

> "Insurer's license required; issuance. (a) No person, firm, association, corporation or joint-stock company shall do an insurance business in this state unless authorized by a license in force pursuant to the provisions of this chapter…"

It was noted that the Company is not authorized by license to provide boiler and machinery insurance as required by Section 1113(a)(9) of the New York Insurance Law. Although the Company cedes 100% of this business to the authorized reinsurer noted in section C of this report, Section 1102(a) requires the Company to be authorized by license to provide the coverage noted above. Additionally, the Company's charter and by-laws do not indicate that the Company is licensed to write boiler and machinery.

It is recommended that the Company comply with Section 1102(a) of the New York Insurance Law and obtain the proper license for the lines of business it writes.

It is also recommended that the Company amend its charter and by-laws to include the line of business described in Section 1113(a)(9) of the New York Insurance Law.

During the examination period, the Company's assumed business was attributable to a quota share agreement, effective December 31, 2020, with its former parent, United Property & Casualty Insurance Company ("UPC"), in which the Company assumed 100% of UPC's net liability related to its business in the State of New York, after all inuring reinsurance agreements, excluding commercial, equipment breakdown, identity theft, garage, and flood line business. This agreement was terminated effective December 31, 2022.

C. Reinsurance Ceded

The Company has structured its ceded reinsurance program as follows:

Type of Treaty	Cession
Excess of Loss per Risk	$2,750,000 in excess of $1,250,000 on all net loss on each risk. Limited to $5,500,000 on all net loss on all risks in one occurrence, $8,250,000 on all net loss on all risks in all occurrences during each agreement year, and $5,500,000 with respect to net losses arising from terrorism occurrence during each agreement year.
Property Catastrophe Excess of Loss (3 layers)	$82,500,000 in excess of $2,500,000 covering business classified as property business with a contract limit of $15,000,000, $50,000,000, and $100,000,000 for the first, second, and third layer respectively. There is a reinstatement premium protection policy in place covering the first and second layers of this agreement.

Effective January 1, 2020, the Company entered a multiple line reinsurance quota share agreement with an authorized reinsurer. Pursuant to the terms of the agreement, the Company cedes 100% of its equipment breakdown, home systems protection, service line, and home cyber protection coverage issued by endorsements.

All significant ceded reinsurance agreements in effect as of the examination date were reviewed and found to contain the required clauses, including an insolvency clause meeting the requirements of Section 1308 of the New York Insurance Law.

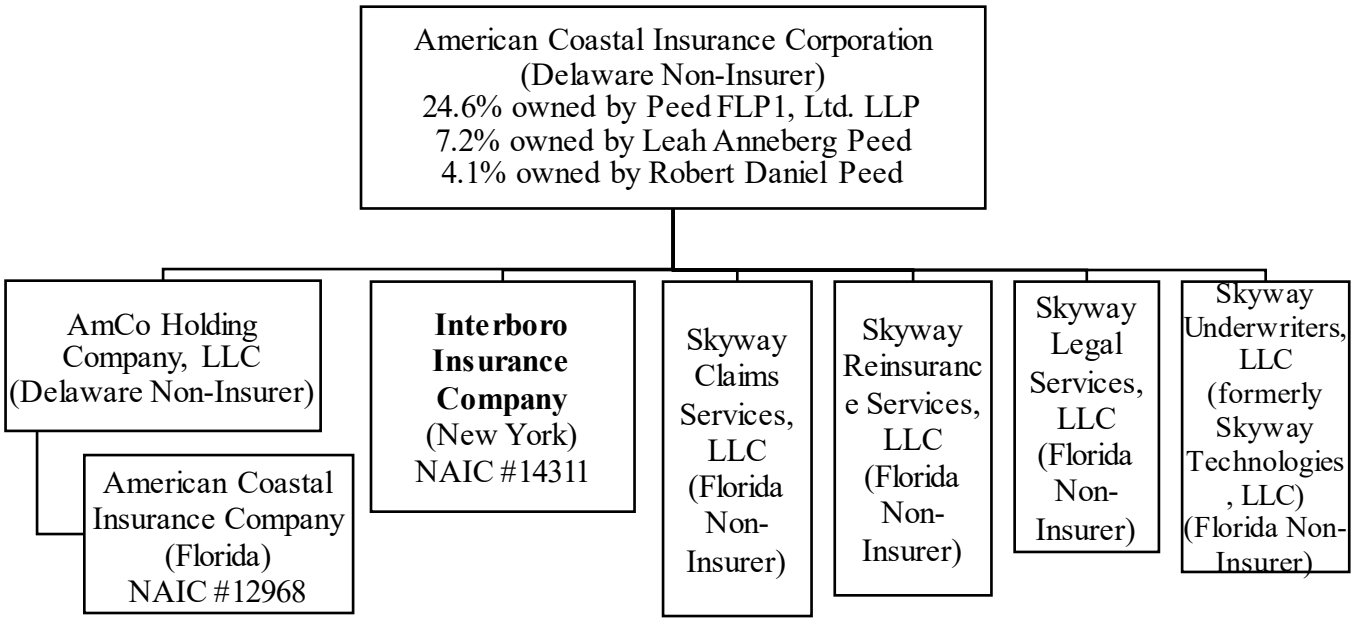
Management has represented that all material ceded reinsurance agreements transfer both underwriting and timing risk as set forth in the NAIC Accounting Practices and Procedures Manual, Statement of Statutory Accounting Principles ("SSAP") No. 62R. Representations were supported by appropriate risk transfer analyses and an attestation from the Company's Chief Executive Officer and Chief Financial Officer pursuant to the NAIC annual statement instructions. Additionally, examination review indicated that the Company was not a party to any finite reinsurance agreements. All ceded reinsurance agreements were accounted for utilizing reinsurance accounting as set forth in SSAP No. 62R.

D. Holding Company System

As of the examination date, the Company was a member of the American Coastal Insurance Group, formerly United Insurance Holdings Group. The Company was a wholly owned subsidiary of American Coastal Insurance Corporation ("ACIC"), a public Delaware holding company. Mr. Robert Daniel Peed has controlling interest in ACIC, as defined by Section 1501 of the New York Insurance Law. As of December 31, 2024, Mr. Peed held a 4.1% direct interest in ACIC and an 7.2% indirect interest by having the power to vote the shares held of record by Mrs. Leah Anneberg Peed. Additionally, Mr. Peed is the sole limited partner of Peed FLP1, Ltd. LLP, which held a 24.6% interest in ACIC.

A review of the holding company registration statements filed with this Department indicated that such filings were complete and were filed in a timely manner pursuant to Article 15 of the New York Insurance Law and Department Regulation 52.

The following is an abridged chart of the holding company system at December 31, 2024.



Holding Company Agreements

At December 31, 2024, the Company was a party to the following agreements with other members of its former holding company system:

Tax Allocation Agreement

Effective July 1, 2012, a tax allocation agreement was executed between UIHC (now known as American Coastal Insurance Corporation) and its subsidiaries. This agreement was amended five times to reflect various changes within the holding company system. The Company became party to the tax allocation agreement with the second amendment, dated April 28, 2016. The Company, along with its parent and affiliates, file a consolidated federal income tax return. Pursuant to the terms of the agreement, the income taxes were allocated to each affiliate in proportion to the amount of taxable income that each subsidiary contributed to the consolidated tax return. This agreement was approved by the Department

Expense Sharing and Cost Allocation Agreement

Effective January 1, 2023, UIHC (now known as American Coastal Insurance Corporation) and its subsidiaries (collectively, the "parties") entered into an expense and cost allocation agreement. Pursuant to the agreement, certain parties to the agreement incur costs and expenses in support of certain service departments or functions, which service departments or functions are necessary or beneficial for certain other parties' business. Shared service departments include, but are not limited to, executive, finance, legal, internal audit, claims, information technology, human resources, sales, marketing, product management and underwriting. The parties agree that each shall pay all of its own direct expenses. Additionally, allocated costs and expenses shall be made in accordance with Department Regulation 30. The agreement was amended on February 27, 2023, to update the list of subsidiaries. This agreement was approved by the Department.

E. Significant Ratios

The Company's operating ratios, computed as of December 31, 2024, fall within the benchmark ranges set forth in the Insurance Regulatory Information System of the NAIC.

Operating Ratios	Result
Net premiums written to policyholders' surplus	167%
Adjusted liabilities to liquid assets	74%

The Company's two-year overall operating ratio of 113% fell outside the benchmark range due to increases in loss adjustment expenses and less than anticipated underwriting performance.

Underwriting Ratios

The underwriting ratios presented below are on an earned/incurred basis and encompass the five-year period covered by this examination:

	Amount	Ratio
Losses and loss adjustment expenses incurred	$123,494,005	78.19%
Other underwriting expenses incurred	61,516,224	38.95%
Net underwriting gain (loss)	(27,069,007)	(17.14)%
Premiums earned	$157,941,222	100.00%

The Company's reported risk-based capital ("RBC") score was 377% at December 31, 2024. The RBC is a measure of the minimum amount of capital appropriate for a reporting entity to support its overall business operations in consideration of its size and risk profile. There was a financial adjustment in this report (refer to section 3D) that impacted the Company's RBC score. An RBC of 200% or below can result in regulatory action.

F. Accounts and Records

As noted in section 2B of this report, the Company provides additional coverage classified as home system protection, service line coverage, and identity theft and fraud protection. According to the 2024 NAIC annual statement instructions, if an endorsement acts like a separate policy with separate premium, deductible and limits, then it is to be recorded on the same annual statement line as if it were a stand-alone policy regardless of whether it is referred to an endorsement. If there is no additional premium, separate deductible or limit, the rider, endorsement or floater should be reported on the same annual statement line as the base policy. The Company did not report premium income for identity theft and fraud protection on line 26 "Burglary and theft" and did not report premium income for home system protection and service

line coverage on line 27 “Boiler and machinery” of the Annual Statement - Underwriting and Investment Exhibit Parts 1, 1A, 1B. The Underwriting and Investment Exhibit Parts 2 and 2A also reflect $0 on lines 26 and 27.

Based on a review of the supporting documentation, it was noted that separate premium, deductible and limits exist for these endorsements. The premium associated with these endorsements were reported on line 4 “Homeowners multiple peril”.

It is recommended that the Company properly report premium income/loss in accordance with the NAIC annual statement instructions.

3. FINANCIAL STATEMENTS

A. Balance Sheet

The following shows the assets, liabilities and surplus as regards policyholders as of December 31, 2024, as reported by the Company:

Assets	Assets	Assets Not Admitted	Net Admitted Assets
Bonds	$40,763,133	$ 0	$40,763,133
Cash, cash equivalents and short-term investments	20,783,780	0	20,783,780
Receivables for securities	787	0	787
Investment income due and accrued	316,963	0	316,963
Uncollected premiums and agents' balances in the course of collection	695,501	23,174	672,327
Deferred premiums, agents' balances and installments booked but deferred and not yet due	911,648	0	911,648
Amounts recoverable from reinsurers	41,803	0	41,803
Current federal and foreign income tax recoverable and interest thereon	308,441	0	308,441
Net deferred tax asset	2,262,162	2,168,574	93,588
Right-of-use asset - operating	69,046	0	69,046
State income tax receivable	39,719	0	39,719
Premium tax receivable	91,649		91,649
Prepaid expenses	3,130	3,130	0
DFS receivable	18,330	18,330	0
Total assets	$66,306,094	$2,213,208	$64,092,885

Liabilities, Surplus and Other Funds

Liabilities

Losses and Loss Adjustment Expenses		$21,288,635
Other expenses (excluding taxes, licenses and fees)		1,057,833
Unearned premiums		16,162,132
Advance premium		20,228
Ceded reinsurance premiums payable (net of ceding commissions)		4,117,151
Provision for reinsurance		165,000
Payable to parent, subsidiaries and affiliates		149,917
Ceding commission received in excess of acquisition costs		54,145
Escheat		20,604
Lease liability		69,323
Claims check suspense		(19,946)
Total liabilities		$43,085,022

Surplus and Other Funds

Common capital stock	$ 3,000,000	
Gross paid in and contributed surplus	12,000,000	
Unassigned funds (surplus)	6,007,863	
Surplus as regards policyholders		$21,007,863
Total liabilities, surplus and other funds		$64,092,885

Note: The Internal Revenue Service has not audited tax returns covering tax years 2020 and/through 2024. The examiner is unaware of any potential exposure of the Company to any tax assessment, and no liability has been established herein relative to such contingency.

B. Statement of Income

The net loss for the examination period as reported by the Company was $(13,213,994), as detailed below:

Underwriting Income		
Premiums earned		$157,941,222
Deductions:		
Losses and loss adjustment expenses incurred	$120,110,005	
Other underwriting expenses incurred	61,516,224	
Total underwriting deductions		181,626,229
Net underwriting gain or (loss)		$(23,685,007)
Investment Income		
Net investment income earned	$8,923,193	
Net realized capital gain	193,564	
Net investment gain or (loss)		9,116,757
Other Income		
Net gain or (loss) from agents' or premium balances charged off	$(409,781)	
Finance and service charges not included in premiums	269,474	
Aggregate write-ins for miscellaneous income	20,683	
Total other income		$ (119,624)
Net income before dividends to policyholders and before federal and foreign income taxes		$(14,687,874)
Dividends to policyholders		0
Net income after dividends to policyholders but before federal and foreign income taxes		$(14,687,874)
Federal and foreign income taxes incurred		(1,473,880)
Net income (loss)		$(13,213,994)

C. Capital and Surplus

Capital paid in is $3,000,000 consisting of 100 shares of $30,000 par value per share common stock. Gross paid in and contributed surplus is $12,000,000. Capital paid in and gross paid in and contributed surplus did not change during the examination period.

Surplus as regards policyholders decreased by $17,431,456 during the five-year examination period January 1, 2020, through December 31, 2024, as reported by the Company, detailed as follows:

Surplus as regards policyholders as reported by the Company as of December 31, 2019			$38,439,319
	Gains in Surplus	Losses in Surplus	
Net income		$13,213,994	
Net unrealized capital gains or (losses)		1,056	
Change in net deferred income tax	$1,648,540		
Change in nonadmitted assets		2,200,945	
Change in provision for reinsurance		164,000	
Dividends to stockholders	0	3,500,000	
Total gains and losses	$1,648,540	$19,079,996*	
Net increase (decrease) in surplus			(17,431,456)
Surplus as regards policyholders as reported by the Company as of December 31, 2024			$21,007,863

*Rounding difference of $1

D. Analysis of Changes to Surplus

Surplus as regards policyholders as of December 31, 2024, as reported by the Company	$21,007,863
Net decrease in surplus due to examination change in loss and loss adjustment expense at December 31, 2024 (refer to section 4 of this report for further detail)	3,384,000
Surplus as regards policyholders as of December 31, 2024, per report on examination	$17,623,863

4. LOSSES AND LOSS ADJUSTMENT EXPENSES

The Department performed a review of the Company's loss and loss adjustment expense ("L&LAE") reserves as of December 31, 2024. The Department accepted the carried reserve liability of $24,672,635 for accident years 2024 and prior as of December 31, 2025. This reflects a deficiency of $3,384,000 in comparison to the Company's carried L&LAE reserves of $21,288,635 at year-end 2024. This deficiency represents 16.11% of the Company's surplus at December 31, 2024, and has already been recognized by the Company in its annual statement as of December 31, 2025. The examination analysis of the L&LAE reserves was conducted in accordance with actuarial standards of practice and statutory accounting principles, including SSAP No. 55.

5. SUBSEQUENT EVENTS

The Company was acquired by Forza Insurance Holding LLC ("Forza") on April 1, 2025, from American Coastal Insurance Corporation (formerly known as United Insurance Holding Corp.), a public holding company. On April 29, 2025, the Department approved the transfer of full ownership of the Company from Forza to Valence Insurance Holdings, Inc., an affiliated company. After the acquisition, SageSure Insurance Managers LLC ("SageSure"), and SageSure Capital Holdings Inc. ("SSCH") became affiliates of the Company. As a result, the Company submitted its Program Administrator Agreement with SageSure to the Department for approval pursuant to Section 1505(d) of the New York Insurance Law. This agreement replaced the Program Administrator Agreement with SageSure, dated May 9, 2024, wherein SageSure was an unaffiliated entity that provided the Company with services such as policy administration, issuance, underwriting, agent licensing, and marketing services. Additionally, the Company submitted its Claims Services Agreement with SSCH to the Department for approval pursuant to Section 1505(d) of the

New York Insurance Law. This agreement replaced the Claims Services Agreement with SSCH, dated May 9, 2024, wherein SSCH was an unaffiliated entity that provided the Company with claims adjusting and other claims-related services.

6. SUMMARY OF COMMENTS AND RECOMMENDATIONS

ITEM		PAGE NO.
A.	Territory and Plan of Operation	
i.	It is recommended that the Company amend its charter and by-laws to include the line of business described in Section 1113(a)(9) of the New York Insurance Law.	6
ii	It is recommended that the Company comply with Section 1102(a) of the New York Insurance Law and obtain the proper licenses for the lines of businesses it writes.	6
B.	Accounts and Records It is recommended that the Company properly report premium income/loss in accordance with the NAIC annual statement instructions.	11

Respectfully submitted,

_____/S/_____
Dilbrina Belgrave, AFE, CISA, PIR
Financial Services Examiner 4

STATE OF NEW YORK)
)ss:
COUNTY OF NEW YORK)

Dilbrina Belgrave, being duly sworn, deposes and says that the foregoing report, subscribed by her, is true to the best of her knowledge and belief.

_____/S/_____
Dilbrina Belgrave

Subscribed and sworn to before me

this_____ day of_____, 2026.

APPOINTMENT NO. 32833

NEW YORK STATE

DEPARTMENT OF FINANCIAL SERVICES

I, ***Adrienne A. Harris****, Superintendent of Financial Services of the State of New York, pursuant to the provisions of the Financial Services Law and the Insurance Law, do hereby appoint:*

Dilbrina Belgrave

as a proper person to examine the affairs of the

Interboro Insurance Company

and to make a report to me in writing of the condition of said

COMPANY

with such other information as she shall deem requisite.

In Witness Whereof, I have hereunto subscribed by name and affixed the official Seal of the Department at the City of New York

this 14th day of August 2025

ADRIENNE A. HARRIS
Superintendent of Financial Services

By: Eileen Fox

Eileen Fox
Assistant Deputy Superintendent