ORGANIZATIONAL EXAMINATION

OF

ASI SELECT INSURANCE CORP.

AS OF

DECEMBER 28, 2010

Karen Weldin Stewart, CIR-ML
Commissioner

Delaware Department of Insurance

REPORT ON ORGANIZATIONAL EXAMINATION

OF THE

ASI SELECT INSURANCE CORP.

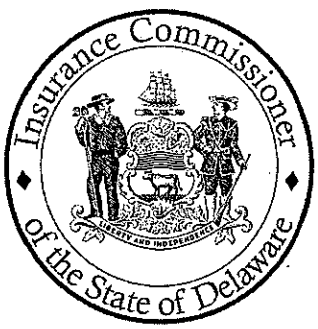
AS OF

DECEMBER 28, 2010

The above captioned Report was completed by examiners of the Delaware Insurance Department.

Consideration has duly been given to the comments, conclusions, and recommendations of the examiners regarding the status of the Company as reflected in the Report.

This Report is hereby accepted, adopted, and filed as an official record of this Department.



In Witness Whereof, I have hereunto set my hand and affixed the official seal of this Department at the City of Dover, this 7th day of March, 2011.

Karen Weldin Stewart, CIR-ML
Insurance Commissioner

DATED this 7th day of March, 2011.

841 Silver Lake Blvd., Dover, DE 19904-2465 • www.delawareinsurance.gov
(302) 674-7300 Dover • (302) 739-5280 fax • (302) 577-5280 Wilmington

Karen Weldin Stewart, CIR-ML
Commissioner

Delaware Department of Insurance

I, Karen Weldin Stewart, Insurance Commissioner of the State of Delaware, do hereby certify that the attached REPORT ON ORGANIZATIONAL EXAMINATION, made as of December 28, 2010 of the

ASI SELECT INSURANCE CORP.

is a true and correct copy of the document filed with this Department.

Attest By: Sonia C. Harris

Date: 7 March 2011

In Witness Whereof, I have hereunto set my hand and affixed the official seal of this Department at the City of Dover, this 7th day of March, 2011.

Karen Weldin Stewart, CIR-ML
Insurance Commissioner

841 Silver Lake Blvd., Dover, DE 19904-2465 • www.delawareinsurance.gov
(302) 674-7300 Dover • (302) 739-5280 fax • (302) 577-5280 Wilmington

TABLE OF CONTENTS

SALUTATION 1

SCOPE OF EXAMINATION 2

HISTORY 2

MANAGEMENT AND CONTROL 3

HOLDING COMPANY SYSTEM 5

MANAGEMENT AND SERVICE AGREEMENTS 6

PLAN OF OPERATION 7

CAPITAL AND SURPLUS REQUIREMENTS 7

FINANCIAL DATA 8

CONCLUSION 8

SALUTATION

December 30, 2010

Honorable Karen Weldin Stewart
Commissioner
Delaware Department of Insurance
Rodney Building
841 Silver Lake Blvd.
Dover, Delaware 19904

Dear Commissioner:

In accordance with instructions and pursuant to statutory provisions contained in Certificate of Authority No. 10.019, dated December 15, 2010, an Organizational Examination has been conducted of the

ASI SELECT INSURANCE CORP.

hereinafter referred to as "Select" or "the Company", incorporated under the laws of the State of Delaware as a stock company with its statutory office located at Brandywine Village, 1807 North Market Street, Wilmington, Delaware 19802-4810. The registered agent is Diane J. Bartels, Esquire. The Company's main administrative office is located at 805 Executive Center Drive West, Suite 300, St. Petersburg, Florida 33702-2407. This examination was conducted at the Company's administrative office in St. Petersburg, Florida.

The report of such examination is respectfully submitted herewith.

SCOPE OF EXAMINATION

This organizational examination is conducted in conjunction with the Company's application for a domestic Certificate of Authority in the State of Delaware. We have reviewed the Company's Corporate Records and financial data as of December 28, 2010.

HISTORY

The Company was incorporated on August 30, 2010, under the laws of the State of Delaware. Under the original Articles of Incorporation, the Company had authority to issue 1,900,000 shares of common stock, with a par value of $1 per share.

On September 30, 2010, the Articles of Incorporation were amended to authorize the issuance of 1,900 shares of common stock, with a par value of $1,000 per share.

On December 10, 2010, the Company issued 1,900 shares of common stock to ARX Holding Corp. (ARX), a Delaware corporation. Cash received in the transaction was $5,000,000 comprised of $1,900,000 Common Capital Stock and $3,100,000 Gross Paid In and Contributed Surplus.

The Company is a wholly owned subsidiary of ARX, an insurance holding company for a property and casualty insurance group of insurance companies domiciled in the States of Florida and Texas. ARX is owned 45.8% by XL Re Ltd., 25% by ARX Executive Holdings LLLP, 10.1% by Mark Fasteau, 9.7% by Fasteau Insurance Holdings, and 9.4% by other management. ARX Executive Holdings, LLLP is 80% owned by John Franklin Auer.

MANAGEMENT AND CONTROL

The Company's bylaws, adopted September 17, 2010, state that the business and affairs of the Company shall be managed by a Board of Directors consisting of "not less than four (4) and not more than eighteen (18)" Directors, a majority of whom shall be citizens and residents of the United States. As of the December 28, 2010 examination date, the Company maintained five (5) Directors. The Directors shall be elected at the annual meeting by the stockholders of this Corporation. The Annual stockholders meeting is to be held on the first of March of each year, or, if any such day is a legal holiday, then on the next succeeding business day. The following individuals were the members of the Board of Directors as of the December 28, 2010 examination date.

Directors

John Franklin Auer
Marc Fasteau
Kevin Robert Milkey
Gregory Scott Hendrick
Susan Cross

Committees

Pursuant to Article IV of the bylaws, the Board of Directors may designate one or more committee, each committee to consist of one or more Directors.

Any committee, to the extent allowed by law and provided in the resolution establishing such committee, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Company.

As of the examination date, the Board of Directors had not designated any Committees.

Officers

In accordance with Article V of the Company's bylaws, each officer of the Company shall be chosen by the Board of Directors at their first meeting after the election of Directors each year and shall hold office until his successor is chosen and qualified.

Officers of the Company shall be a Chairman of the Board and Chief Executive Officer, a Vice Chairman of the Board (if the Board so determines), a President, one or more Vice Presidents, a Secretary and a Treasurer.

By Unanimous Consent of the Board of Directors on September 17, 2010, the following were appointed as the Officers of the Company:

Officer	Position
John Franklin Auer	President and Treasurer
Kevin Robert Milkey	Executive Vice President and Assistant Secretary
Marc Fasteau	Chairman and Secretary
Antonio Scognamiglio	Vice President
Mary Frances Fournet	Vice President
Angel Dawn Bostick	Vice President

The NAIC Biographical Affidavits of the Officers and Directors of the Company have been reviewed by this examination.

HOLDING COMPANY SYSTEM

The Company is a member of an Insurance Holding Company System. A Holding Company Registration Statement was filed with the Delaware Insurance Department on November 15, 2010, and was reviewed without exception. The Company is a wholly owned subsidiary of ARX Holding Corp. An organization chart as of December 28, 2010, is shown below.

ARX Holding Corp. (Delaware)* owns the following

American Strategic Insurance Corp (FL) Owns 40% of ASI Preferred Insurance Corp. (FL)	100% Ownership
ASI Lloyds (aTexas Lloyds)	100% Ownership
ASI Assurance Corp (FL)	100% Ownership
ASI Select Insurance Corp (DE)	100% Ownership
ASI Services, Inc. (FL)	100% Ownership
ASI Lloyds, Inc. (TX)**	100% Ownership
ASI Underwriters of Texas, Inc.	100% Ownership
Sunshine Security Insurance Agency, Inc. (FL)	100% Ownership
Safe Harbour Holdings, LLC (DE)	40% Ownership
ASI Underwriters Corp. (FL) Owns 10% of e-Ins, LLC (FL)	100% Ownership
ASI Preferred Insurance, Corp (FL)	60% Ownership
e-Ins, LLC (FL)	40% Ownership

*ARX Holding Corp is owned by the following: XL Re Ltd. (Bermuda)-45.8%; ARX Executive Holdings, LLLP (Florida)-25.0%;
Marc Fasteau, A New York Resident-10.1%; Fasteau Insurance Holdings, LLC (Delaware)-9.7%; Other individuals and entities-9.4%

** ASI Lloyds, Inc, is the Attorney-in-Fact for ASI Lloyds (Power of Attorney).

MANAGEMENT AND SERVICE AGREEMENTS

Policy Administration Service Agreement:

A Policy Administration Service Agreement dated December 29, 2010, between the Company and E-Ins LLC provides for policy administration services. E-Ins LLC will provide technical and administrative services needed to support the acquisition and management of all of the Company's policies.

Claims Management Service Agreement:

A Claims Management Service Agreement dated December 29, 2010, between the Company and ASIU Underwriters Corp. (ASIU) provides for claims management services. ASIU will adjust, investigate and settle claims subject to guidelines and limitations under the Agreement.

Consolidated Tax Agreement:

A Consolidated Tax Agreement dated December 29, 2010, between the Company and its affiliates provides for the filing of a consolidated federal income tax return. The Agreement provides that each company's share of tax liability will not be greater than if the company had filed a separate federal income tax return.

Intercompany Settlement Agreement:

An Intercompany Settlement Agreement dated December 29, 2010, between the Company and its affiliates provides that one affiliate may pay expenses for another affiliate. The companies mutually agreed to submit a bill once a month for any expenses incurred on behalf of an affiliated company and remit payment in full within 90 days.

PLAN OF OPERATION

The Company was created for the purpose of diversifying the domestications of the insurers comprising the ARX Holding Corp. Currently, ARX Holding Corp. subsidiaries are domesticated in Florida and Texas.

The Company is seeking approval to begin writing residential property and liability coverages including homeowners' coverage for detached homes, renters, and condominium unit owners as well as dwelling fire coverage with optional liability coverage.

CAPITAL AND SURPLUS REQUIREMENTS

Section 511 (a) of the Delaware Insurance Code requires the following minimum capital and surplus amounts for a stock multiple line insurance company:

Common Capital Stock	$500,000
Free Surplus	250,000
Total Capital and Surplus	$750,000

FINANCIAL DATA

The financial position of ASI Select Insurance Corp. as of December 28, 2010, as determined by this examination was as follows:

Assets

Cash	$ 5,000,000
Total Admitted Assets	$ 5,000,000

Liabilities, Surplus and Other Funds

Total Liabilities	$ - 0 -
Common Capital Stock	1,900,000
Gross paid in and contributed surplus	3,100,000
Total Liabilities and Surplus as Regards Policyholders	$5,000,000

The cash reported of $5,000,000 as of December 28, 2010, was deposited in Synovus Bank.

CONCLUSION

Based on the organizational examination conducted as of December 28, ASI Select Insurance Corp. was found to be as follows:

Assets	$5,000,000
Liabilities	$ -0-
Common capital stock	1,900,000
Paid-in and contributed surplus	3,100,000
Surplus As Regards Policyholders	5,000,000
Total Liabilities and Surplus as Regards Policyholders	$5,000,000

Upon completion of the organizational examination the Company has complied with the capitalization requirements for the State of Delaware.

The examination was conducted by the undersigned.

Respectfully Submitted,

_____

Patricia Casey Davis, CFE, CPA
Examiner in Charge
Department of Insurance
State of Delaware