

**FILED**

NOV 16 2020

INSURANCE REGULATION  
Docketed by:           



**OFFICE OF INSURANCE REGULATION**

**DAVID ALTMAIER**  
COMMISSIONER

IN THE MATTER OF:

CASE NO.: 272451-20-CO

Application for the Indirect Acquisition of  
CENTAURI SPECIALTY INSURANCE COMPANY by  
CENTAURI ACQUISITION CORPORATION, LLC

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**CONSENT ORDER**

THIS CAUSE came on for consideration upon the filing with the FLORIDA OFFICE OF INSURANCE REGULATION ("OFFICE") of an application for approval of the proposed indirect acquisition of 100% of the issued and outstanding voting securities of CENTAURI SPECIALTY INSURANCE COMPANY ("CENTAURI") by CENTAURI ACQUISITION CORPORATION, LLC ("APPLICANT"), pursuant to Section 628.461, Florida Statutes ("Application"). Following a complete review of the entire record, and upon consideration thereof, and being otherwise fully advised in the premises, the OFFICE hereby finds as follows:

1. The OFFICE has jurisdiction over the subject matter and the parties herein.
2. APPLICANT has applied for and, subject to present and continuing satisfaction of the requirements, terms, and conditions established herein, has satisfactorily met all the conditions precedent to the granting of approval by the OFFICE of the proposed indirect acquisition of 100% of the issued and outstanding voting securities of CENTAURI by APPLICANT, pursuant to the requirements of the Florida Insurance Code.

3. CENTAURI is a domestic property and casualty insurer that is authorized to transact property and casualty insurance in Florida through a subsisting Certificate of Authority issued by the OFFICE, pursuant to Chapter 624, Part III, Florida Statutes.

4. CENTAURI is 100% owned by CENTAURI SPECIALTY INSURANCE HOLDINGS, INC. ("CENTAURI HOLDINGS"), whose voting securities are owned 63.5% by RICARDO A. ESPINO and 36.5% by LORA S. REES, with no other 10% or greater shareholders.

5. APPLICANT acknowledges that its ownership structure is different than that described in Consent Order No. 265353-20-CO, which stated that APPLICANT was 100% owned by Applied Underwriters, Inc., a Nebraska corporation.

6. APPLICANT is in fact a Delaware company that is 100% owned by APPLIED GROUP INSURANCE HOLDINGS, INC. ("APPLIED GROUP HOLDINGS"), a Hawaii corporation that is 100% owned by AU HOLDING COMPANY, INC. ("AU HOLDING"), a Delaware corporation that is 100% owned by STEVEN M. MENZIES.

7. The Application represents that on March 31, 2020, APPLICANT entered into an Option Agreement with RICARDO A. ESPINO and LORA S. REES, whereby APPLICANT agreed to exercise its option to purchase 100% of the issued and outstanding common stock of CENTAURI HOLDINGS from RICARDO A. ESPINO and LORA S. REES, upon receipt of all requisite regulatory approvals, at an agreed-upon amount of consideration. On or about August 5, 2020, APPLICANT, RICARDO A. ESPINO, and LORA S. REES amended the Option Agreement to change the consideration from a cash purchase price to a stock exchange. Upon completion of the transactions contemplated in this Application and the Option Agreement ("Transaction"), the voting securities of CENTAURI HOLDINGS will be owned 100% by APPLICANT, whose voting securities will be owned 90% by APPLIED GROUP HOLDINGS, 6.35% by RICARDO A. ESPINO, and 3.65% by LORA S. REES.

8. APPLICANT, APPLIED GROUP HOLDINGS, AU HOLDING, STEVEN M. MENZIES, CENTAURI HOLDINGS, and CENTAURI represent that, except as disclosed in the Application, none of the individuals who will exercise control subsequent to this acquisition, directly or indirectly, over CENTAURI have been found guilty of, or have pleaded guilty or nolo contendere to, a felony or a misdemeanor, other than a civil traffic offense.

9. APPLICANT, APPLIED GROUP HOLDINGS, AU HOLDING, STEVEN M. MENZIES, CENTAURI HOLDINGS, or CENTAURI shall submit, or cause to be submitted, to the OFFICE completed fingerprint cards or LiveScan fingerprints for STEVEN M. MENZIES within 90 days of the execution of this Consent Order.

10. If the OFFICE determines that any individual for whom APPLICANT is required to submit background information as part of this Application is unacceptable under the Florida Insurance Code, APPLICANT, APPLIED GROUP HOLDINGS, AU HOLDING, STEVEN M. MENZIES, CENTAURI HOLDINGS, and CENTAURI shall remove said person within 30 days of notice from the OFFICE and replace them with a person or persons acceptable to the OFFICE, or shall undertake such other corrective action as directed by the OFFICE. Failure to act would constitute an immediate serious danger to the public, pursuant to Sections 120.569(2)(n) and 120.60(6), Florida Statutes, and the OFFICE may take administrative action as it deems appropriate upon the Certificate of Authority of CENTAURI without further proceedings, pursuant to Sections 120.569(2)(n) and 120.60(6), Florida Statutes.

11. APPLICANT, APPLIED GROUP HOLDINGS, AU HOLDING, and STEVEN M. MENZIES have filed with the Application a Plan of Operation, including three years of financial projections. Any material deviation from said Plan of Operation requires prior written approval by the OFFICE.

12. All parties to this Consent Order agree that this Consent Order shall be deemed null and void if the Transaction as contemplated in this Application is not completed, or any other requisite regulatory approvals are not obtained, within 90 days of execution of this Consent Order.

13. Within 10 business days after the Transaction contemplated in this Application is completed, APPLICANT shall submit, or cause to be submitted, to the OFFICE any documents evidencing completion of said Transaction not already provided to the OFFICE. Further, APPLICANT, APPLIED GROUP HOLDINGS, AU HOLDING, STEVEN M. MENZIES, RICARDO A. ESPINO, LORA S. REES, CENTAURI HOLDINGS, or CENTAURI shall notify the OFFICE within 3 business days of the final determination that the Transaction contemplated in this Application will not occur.

14. All parties to this Consent Order acknowledge that consummation of the proposed Transaction is subject to obtaining all appropriate regulatory approvals in addition to satisfying other terms and conditions of the Option Agreement. Accordingly, if APPLICANT fails to receive the other requisite regulatory approvals, or the Transaction is not consummated, the provisions of this Consent Order shall terminate automatically and have no effect.

15. CENTAURI shall, no later than 15 days after the month in which the Transaction contemplated in this Application is completed, file an update to its Holding Company Registration Statement, as required by Section 628.801, Florida Statutes, and Rule 69O-143.046, Florida Administrative Code.

16. Pursuant to Sections 628.461(3)(f)-(g), Florida Statutes, APPLICANT, APPLIED GROUP HOLDINGS, AU HOLDING, STEVEN M. MENZIES, CENTAURI HOLDINGS, or any other party meeting the definition of "ultimate controlling person" as defined in Section 628.801(2), Florida Statutes, shall file with the OFFICE the Enterprise Risk Report required by

Section 628.801(2), Florida Statutes, and any and all additional information necessary to evaluate the enterprise risk of CENTAURI and its affiliates.

17. Pursuant to Section 624.10(3), Florida Statutes, and upon completion of the Transaction, APPLICANT, APPLIED GROUP HOLDINGS, AU HOLDING, and STEVEN M. MENZIES will be controlling entities and, as such, shall comply with Section 628.461(12)(b), Florida Statutes, should APPLICANT, APPLIED GROUP HOLDINGS, AU HOLDING, or STEVEN M. MENZIES choose to divest their controlling interest in CENTAURI.

18. Any prior orders, consent orders, or corrective action plans that CENTAURI has entered into with the OFFICE prior to the issuance of this Consent Order shall apply and remain in full force and effect for CENTAURI, except where provisions of such orders, consent orders, or corrective action plans have expired; have been superseded by subsequent orders, consent orders, or corrective action plans; or are inconsistent with this Consent Order.

19. APPLICANT, APPLIED GROUP HOLDINGS, AU HOLDING, STEVEN M. MENZIES, RICARDO A. ESPINO, and LORA S. REES affirm and represent that all information, explanations, representations, statements, and documents provided to the OFFICE in connection with this Application, including all attachments and supplements thereto, are true and correct and fully describe all transactions, agreements, ownership structures, understandings, and control with regard to the acquisition and future operations of CENTAURI. APPLICANT, APPLIED GROUP HOLDINGS, AU HOLDING, STEVEN M. MENZIES, RICARDO A. ESPINO, and LORA S. REES further agree and affirm that said information, explanations, representations, statements, and documents, including all attachments and supplements thereto, are material to the issuance of this Consent Order and have been relied upon by the OFFICE in its determination to enter into this Consent Order.

20. CENTAURI shall report to the OFFICE, Property & Casualty Financial Oversight, any time that CENTAURI is named as a party defendant in a class action lawsuit within 15 days after the class is certified. CENTAURI shall include a copy of the complaint at the time it reports the class action lawsuit to the OFFICE.

21. CENTAURI shall maintain an information security program for the security and protection of confidential and proprietary information under its control that complies with all applicable laws and regulations regarding information security. CENTAURI agrees that it shall continually monitor and enhance its information security program in order to mitigate data security breaches. CENTAURI further agrees that it shall notify the OFFICE within 5 business days of identifying a data breach.

22. Executive Order 13224 prohibits any transactions by U.S. persons involving the blocked assets and interests of terrorists and terrorist support organizations. CENTAURI shall maintain and adhere to procedures necessary to detect and prevent prohibited transactions with those individuals and entities, which have been identified at the Treasury Department's Office of Foreign Assets Control website, <http://www.treas.gov/ofac>.

23. Within 60 days from the date of the execution of this Consent Order, APPLICANT shall submit, or cause to be submitted, to the OFFICE a certification evidencing compliance with all of the requirements of this Consent Order. Any exceptions shall be so noted and contained in the certification. Exceptions noted in the certification shall also include a timeline defining when the outstanding requirements of the Consent Order will be complete. Said certification shall be submitted to the OFFICE via electronic mail and directed to the attention of the Assistant General Counsel representing the OFFICE in this matter and as named in this Consent Order.

24. Any deadlines, reporting requirements, other provisions, or requirements set forth in this Consent Order may be altered or terminated by written approval of the OFFICE. Such written approval by the OFFICE is subject to statutory or administrative regulation limitations.

25. APPLICANT, APPLIED GROUP HOLDINGS, AU HOLDING, STEVEN M. MENZIES, CENTAURI HOLDINGS, CENTAURI, RICARDO A. ESPINO, and LORA S. REES expressly waive a hearing in this matter, the making of findings of fact and conclusions of law by the OFFICE, and all further and other proceedings herein to which they may be entitled by law or rules of the OFFICE. APPLICANT, APPLIED GROUP HOLDINGS, AU HOLDING, STEVEN M. MENZIES, CENTAURI HOLDINGS, CENTAURI, RICARDO A. ESPINO, and LORA S. REES hereby knowingly and voluntarily waive all rights to challenge or to contest this Consent Order in any forum available to them, now or in the future, including the right to any administrative proceeding, state or federal court action, or any appeal.

26. APPLICANT, APPLIED GROUP HOLDINGS, AU HOLDING, STEVEN M. MENZIES, CENTAURI HOLDINGS, and CENTAURI affirm that all requirements set forth herein are material to the issuance of this Consent Order.

27. APPLICANT, APPLIED GROUP HOLDINGS, AU HOLDING, STEVEN M. MENZIES, CENTAURI HOLDINGS, and CENTAURI agree that, upon execution of this Consent Order, failure to adhere to one or more of the terms and conditions contained herein may result, without further proceedings, in the OFFICE suspending, revoking, or taking other administrative action as it deems appropriate upon the Certificate of Authority of CENTAURI in this state, in accordance with Sections 120.569(2)(n) and 120.60(6), Florida Statutes.

28. Each party to this action shall bear its own costs and fees.

29. The parties agree that this Consent Order shall be deemed to be executed when the OFFICE has signed and docketed a copy of this Consent Order bearing the signatures of STEVEN

M. MENZIES, RICARDO A. ESPINO, and LORA S. REES, as well as the signatures of the authorized representatives of APPLICANT, APPLIED GROUP HOLDINGS, AU HOLDING, CENTAURI HOLDINGS, and CENTAURI, notwithstanding the fact that the copy may have been transmitted to the OFFICE electronically. Further, APPLICANT, APPLIED GROUP HOLDINGS, AU HOLDING, STEVEN M. MENZIES, CENTAURI HOLDINGS, CENTAURI, RICARDO A. ESPINO, and LORA S. REES agree that their signatures or that of their authorized representatives as affixed to this Consent Order shall be under the seal of a Notary Public.

WHEREFORE, subject to the terms and conditions set forth above, the Application for the indirect acquisition of 100% of the issued and outstanding voting securities of CENTAURI SPECIALTY INSURANCE COMPANY by CENTAURI ACQUISITION CORPORATION, LLC, pursuant to Section 628.461, Florida Statutes, is APPROVED.

FURTHER, all terms and conditions contained herein are hereby ORDERED.

DONE and ORDERED this 16 day of November, 2020.



*David Altmaier*

David Altmaier, Commissioner  
Office of Insurance Regulation



By execution hereof, RICARDO A. ESPINO consents to entry of this Consent Order, agrees without reservation to all of the above terms and conditions, and shall be bound by all provisions herein.



RICARDO A. ESPINO

Date: 11/13/2020

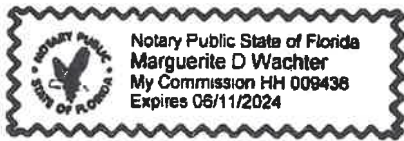
STATE OF Florida

COUNTY OF Sarasota

The foregoing instrument was acknowledged before me by means of ☒ physical presence

or ☐ online notarization, this 13<sup>th</sup> day of November 2020, by Ricardo A. Espino  
(name of person)

as \_\_\_\_\_ for \_\_\_\_\_  
(type of authority; e.g., officer, trustee, attorney in fact) (company name)



Marguerite D. Wachter  
(Signature of the Notary)

Marguerite D. Wachter  
(Print, Type or Stamp Commissioned Name of Notary)

Personally Known X OR Produced Identification \_\_\_\_\_

Type of Identification Produced \_\_\_\_\_

My Commission Expires: June 11, 2024

By execution hereof, LORA S. REES consents to entry of this Consent Order, agrees without reservation to all of the above terms and conditions, and shall be bound by all provisions herein.

Lora S. Rees  
LORA S. REES

Date: November 13, 2020

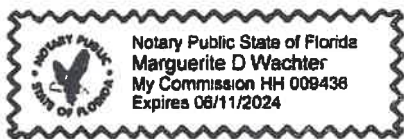
STATE OF Florida

COUNTY OF Sarasota

The foregoing instrument was acknowledged before me by means of ☒ physical presence

or ☐ online notarization, this 13<sup>th</sup> day of November 2020, by Lora S. Rees  
(name of person)

as \_\_\_\_\_ for \_\_\_\_\_  
(type of authority; e.g., officer, trustee, attorney in fact) (company name)



Marguerite D. Wachter  
(Signature of the Notary)

Marguerite D. Wachter  
(Print, Type or Stamp Commissioned Name of Notary)

Personally Known X OR Produced Identification \_\_\_\_\_

Type of Identification Produced \_\_\_\_\_

My Commission Expires: June 11, 2024

By execution hereof, CENTAURI SPECIALTY INSURANCE HOLDINGS, INC., consents to entry of this Consent Order, agrees without reservation to all of the above terms and conditions, and shall be bound by all provisions herein. The undersigned represents that they have the authority to bind CENTAURI SPECIALTY INSURANCE HOLDINGS, INC., to the terms and conditions of this Consent Order.

CENTAURI SPECIALTY INSURANCE  
HOLDINGS, INC.

By: [Signature]

Print Name: Ricardo A. Espino

Title: President

Date: November 13<sup>th</sup>, 2020

STATE OF Florida

COUNTY OF Sarasota

The foregoing instrument was acknowledged before me by means of ☒ physical presence

or ☐ online notarization, this 13<sup>th</sup> day of November 2020, by Ricardo A. Espino

(name of person)

as President

(type of authority; e.g., officer, trustee, attorney in fact)

for Centauri Specialty Insurance Holdings, Inc.

(company name)



Marguerite D. Wachter  
(Signature of the Notary)

Marguerite D. Wachter  
(Print, Type or Stamp Commissioned Name of Notary)

Personally Known ☒ OR Produced Identification ☐

Type of Identification Produced \_\_\_\_\_

My Commission Expires: June 11, 2024

By execution hereof, CENTAURI SPECIALTY INSURANCE COMPANY consents to entry of this Consent Order, agrees without reservation to all of the above terms and conditions, and shall be bound by all provisions herein. The undersigned represents that they have the authority to bind CENTAURI SPECIALTY INSURANCE COMPANY to the terms and conditions of this Consent Order.

CENTAURI SPECIALTY INSURANCE COMPANY

By: 

Print Name: Ricardo A. Espino

Title: President

Date: November 13<sup>th</sup>, 2020

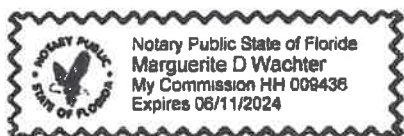
STATE OF Florida

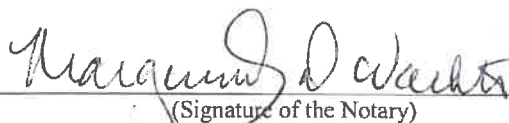
COUNTY OF Sarasota

The foregoing instrument was acknowledged before me by means of ☒ physical presence

or ☐ online notarization, this 13<sup>th</sup> day of November 2020, by Ricardo A. Espino

as President for Centauri Specialty Insurance Company  
(type of authority; e.g., officer, trustee, attorney in fact) (name of person)  
(company name)



  
(Signature of the Notary)

Marguerite D. Wachter  
(Print, Type or Stamp Commissioned Name of Notary)

Personally Known X OR Produced Identification \_\_\_\_\_

Type of Identification Produced \_\_\_\_\_

My Commission Expires: June 11, 2024



By execution hereof, APPLIED GROUP INSURANCE HOLDINGS, INC., consents to entry of this Consent Order, agrees without reservation to all of the above terms and conditions, and shall be bound by all provisions herein. The undersigned represents that they have the authority to bind APPLIED GROUP INSURANCE HOLDINGS, INC., to the terms and conditions of this Consent Order.

APPLIED GROUP INSURANCE HOLDINGS, INC.

By: 

Print Name: Jeffrey A. Silver

Title: Secretary

Date: November 13, 2020

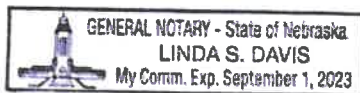
STATE OF NEBRASKA

COUNTY OF DOUGLAS

The foregoing instrument was acknowledged before me by means of ☒ physical presence

or ☐ online notarization, this 13 day of November 2020, by Jeffrey A. Silver  
(name of person)

as Secretary for Applied Group Insurance Holdings, Inc.  
(type of authority; e.g., officer, trustee, attorney in fact) (company name)



  
(Signature of the Notary)

Linda S. Davis  
(Print, Type or Stamp Commissioned Name of Notary)

Personally Known X OR Produced Identification \_\_\_\_\_

Type of Identification Produced \_\_\_\_\_

My Commission Expires: 09/01/2023

By execution hereof, AU HOLDING COMPANY, INC., consents to entry of this Consent Order, agrees without reservation to all of the above terms and conditions, and shall be bound by all provisions herein. The undersigned represents that they have the authority to bind AU HOLDING COMPANY, INC., to the terms and conditions of this Consent Order.

AU HOLDING COMPANY, INC.

By: [Signature]

Print Name: Jeffrey A. Silver

Title: Secretary

Date: November 13, 2020

STATE OF NEBRASKA

COUNTY OF DOUGLAS

The foregoing instrument was acknowledged before me by means of ☒ physical presence  
or ☐ online notarization, this 13 day of November 2020, by Jeffrey A. Silver  
(name of person)  
as Secretary for AU Holding Company, Inc.  
(type of authority; e.g., officer, trustee, attorney in fact) (company name)



[Signature]  
(Signature of the Notary)

Linda S. Davis  
(Print, Type or Stamp Commissioned Name of Notary)

Personally Known X OR Produced Identification \_\_\_\_\_

Type of Identification Produced \_\_\_\_\_

My Commission Expires: 09/01/2023



By execution hereof, STEVEN M. MENZIES consents to entry of this Consent Order, agrees without reservation to all of the above terms and conditions, and shall be bound by all provisions herein.

  
STEVEN M. MENZIES

Date: 11/13/20

STATE OF NEBRASKA  
COUNTY OF DOUGLAS

The foregoing instrument was acknowledged before me by means of ☒ physical presence  
or ☐ online notarization, this 13 day of November 2020, by Steven M. Menzies  
(name of person)  
as President for AU Holding Company, Inc.  
(type of authority; e.g., officer, trustee, attorney in fact) (company name)



  
(Signature of the Notary)

Linda S. Davis  
(Print, Type or Stamp Commissioned Name of Notary)

Personally Known X OR Produced Identification \_\_\_\_\_

Type of Identification Produced \_\_\_\_\_

My Commission Expires: 09/01/2023



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