

FILED

APR 08 2020

INSURANCE REGULATION
Docketed by:



OFFICE OF INSURANCE REGULATION

DAVID ALTMAIER
COMMISSIONER

IN THE MATTER OF:

CASE NO.: 258123-20-CO

ASI LLOYDS
_____ /

CONSENT ORDER

THIS CAUSE came on for consideration upon the filing of an application with the FLORIDA OFFICE OF INSURANCE REGULATION (“OFFICE”) by ASI LLOYDS (“APPLICANT”) for approval as an Accredited Reinsurer (“Application”) in this state, pursuant to Section 624.610(3)(b), Florida Statutes. 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 the present and continuing satisfaction of the requirements, terms, and conditions established herein, has satisfactorily met all of the conditions precedent to being approved as an Accredited Reinsurer in Florida, pursuant to the requirements set forth by the Florida Insurance Code.
3. APPLICANT is a Texas Lloyds insurance company that is managed by an Attorney-in-Fact, ASI LLOYDS, INC., a Texas corporation, which is 100% owned by ARX HOLDING CORP. (“ARX HOLDING”), which is 100% owned by THE PROGRESSIVE

CORPORATION (“PROGRESSIVE”), an Ohio corporation that is publicly traded on the New York Stock Exchange under the symbol “PGR”.

4. APPLICANT, ASI LLOYDS, INC., ARX HOLDING, and PROGRESSIVE have made material representations that, except as disclosed in the Application, no officer, director, 10% or greater shareholders of APPLICANT, ASI LLOYDS, INC., ARX HOLDING, or PROGRESSIVE have been found guilty of, or have pleaded guilty or nolo contendere to, a felony or a misdemeanor, other than a civil traffic offense.

5. APPLICANT, ASI LLOYDS, INC., ARX HOLDING, and PROGRESSIVE have further represented that they have submitted complete background information on each of the individuals referenced in paragraph 4 above. If said information has not been provided to the OFFICE, or if the sources utilized by the OFFICE in its investigation process reveal that the representations made in paragraph 4 above are inaccurate, any such individual shall be removed as officer, director, 10% or greater shareholder, or Partner of said company within 30 days of receipt of notification from the OFFICE and replaced with a person or persons acceptable to the OFFICE.

6. If, upon receipt of such notification from the OFFICE, pursuant to paragraph 5 above, APPLICANT, ASI LLOYDS, INC., ARX HOLDING, or PROGRESSIVE does not timely take the required corrective action, APPLICANT, ASI LLOYDS, INC., ARX HOLDING, and PROGRESSIVE agree that such failure to act would constitute an immediate serious danger to the public, and the OFFICE may immediately suspend, revoke, or take other administrative action as it deems appropriate upon the approval of APPLICANT as an Accredited Reinsurer in this state without further proceedings, pursuant to Sections 120.569(2)(n) and 120.60(6), Florida Statutes.

7. The OFFICE has relied upon the representations in the Plan of Operation and supporting documents that APPLICANT has submitted with its Application. Written approval must be secured from the OFFICE prior to any material deviation from said Plan of Operation.

8. APPLICANT has represented that the primary purpose for its Application is to allow its affiliate, American Strategic Insurance Corp., to take full credit for its reinsurance, pursuant to Sections 624.404(4)(a) and (b), Florida Statutes. APPLICANT has met the criteria established for an Accredited Reinsurer, pursuant to Section 624.610(3)(b), Florida Statutes, which include the following:

a. APPLICANT is currently authorized to transact insurance in its state of domicile and has submitted documentation to the OFFICE evidencing the same;

b. APPLICANT has provided to the OFFICE a copy of the latest annual and quarterly statements, as filed with the National Association of Insurance Commissioners (“NAIC”), certified by its state of domicile, and a copy of its most recent audited financial statement;

c. APPLICANT has, as evidenced in its latest financial statements, no less than \$20,000,000 United States Dollars (“USD”) in surplus as regards policyholders;

d. APPLICANT has filed with the OFFICE evidence of its submission to the State of Florida’s jurisdiction; and

e. APPLICANT has submitted a statement that its books and records shall be subject to examination by the OFFICE.

9. APPLICANT shall only transact those kinds or lines of business for which APPLICANT is licensed, authorized, or otherwise permitted to write or assume in its state of domicile, in accordance with Section 624.610(2), Florida Statutes.

10. APPLICANT shall at all times maintain a surplus as regards policyholders in an amount not less than \$20,000,000 USD, as required by Section 624.610(3)(b), Florida Statutes.

11. APPLICANT shall comply with Section 624.610(3)(b), Florida Statutes, and Rule 69O-144.005(2), Florida Administrative Code, by submitting to the OFFICE, via the NAIC's electronic filing system, the following: a complete copy of its annual and quarterly statements, including supporting exhibits and schedules, on the NAIC's convention blank and a copy of its most recent audited financial statement on a statutory basis in USD. The reports shall be due as follows:

a. On or before March 1 of each year, an annual statement shall be furnished to the OFFICE via the NAIC's electronic filing system as of the end of the immediately preceding year and shall include an actuarial opinion on the loss and loss adjustment expense reserves;

b. On or before May 15, August 15, and November 15 of each year, a quarterly statement shall be furnished to the OFFICE via the NAIC's electronic filing system as of the end of the immediately preceding calendar quarter; and

c. On or before June 1 of each year, an audited financial statement on a statutory basis and in USD shall be furnished to the OFFICE via the NAIC's electronic filing system as of the end of the immediately preceding year.

12. In determining the financial condition of APPLICANT, the OFFICE shall apply Parts I and II of Chapter 625, Florida Statutes to its review of financial statements submitted by APPLICANT, including any limitations imposed by such statutes. Non-qualifying assets or investments in excess of limitations shall be non-admitted by the OFFICE and the surplus as regards policyholders adjusted accordingly.

13. APPLICANT acknowledges that its books and records shall be subject to examination by the OFFICE at any time the OFFICE may deem necessary.

14. APPLICANT, ASI LLOYDS, INC., ARX HOLDING, and PROGRESSIVE affirm that all information, explanations, representations, statements, and documents provided to the OFFICE in connection with the 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 current and future operations of APPLICANT. APPLICANT, ASI LLOYDS, INC., ARX HOLDING, and PROGRESSIVE 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.

15. APPLICANT, ASI LLOYDS, INC., ARX HOLDING, or PROGRESSIVE shall report to the OFFICE, Property and Casualty Financial Oversight, any time that APPLICANT, ASI LLOYDS, INC., ARX HOLDING, or PROGRESSIVE is named as a party defendant in a class action lawsuit within 15 days after the class is certified. APPLICANT, ASI LLOYDS, INC., ARX HOLDING, or PROGRESSIVE shall include a copy of the complaint at the time it reports the class action lawsuit to the OFFICE.

16. APPLICANT 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. APPLICANT agrees it shall continually monitor and enhance its information security program in order to mitigate data security breaches. APPLICANT further agrees that it shall notify the OFFICE within 5 business days of identifying a data breach.

17. Executive Order 13224 prohibits any transactions by U.S. persons involving the blocked assets and interests of terrorist support organizations. APPLICANT 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>.

18. 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 Assistance General Counsel representing the OFFICE in this matter and as named in this Consent Order.

19. 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.

20. APPLICANT, ASI LLOYDS, INC., ARX HOLDING, and PROGRESSIVE 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, ASI LLOYDS, INC., ARX HOLDING, and PROGRESSIVE 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.

21. APPLICANT, ASI LLOYDS, INC., ARX HOLDING, and PROGRESSIVE affirm that all requirements set forth herein are material to the issuance of this Consent Order.

22. APPLICANT, ASI LLOYDS, INC., ARX HOLDING, and PROGRESSIVE 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 APPLICANT's approval as an Accredited Reinsurer in this state, in accordance with Sections 120.569(2)(n) and 120.60(6), Florida Statutes.

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

24. 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 signature of the authorized representatives of APPLICANT, ASI LLOYDS, INC., ARX HOLDING, and PROGRESSIVE, notwithstanding the fact that the copy may have been transmitted to the OFFICE electronically. Further, APPLICANT, ASI LLOYDS, INC., ARX HOLDING, and PROGRESSIVE agree that the signatures of their authorized representatives as affixed to this Consent Order shall be under the seal of a Notary Public.

WHEREFORE, the agreement between ASI LLOYDS, ASI LLOYDS, INC., ARX HOLDING CORP., THE PROGRESSIVE CORPORATION, and the FLORIDA OFFICE OF INSURANCE REGULATION, the terms and conditions of which are set forth above, is APPROVED, and ASI LLOYDS' status as an Accredited Reinsurer in this state, pursuant to Section, 624.610(3)(b), Florida Statutes, is APPROVED.

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

DONE and ORDERED this 8 day of April, 2020.



David Altmaier

David Altmaier, Commissioner
Office of Insurance Regulation

By execution hereof, ASI LLOYDS 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 ASI LLOYDS to the terms and conditions of this Consent Order.

ASI LLOYDS

By: David L. Pratt

[Corporate Seal]

Print Name: David L. Pratt

Title: President

Date: 4/8/2020

STATE OF FL

COUNTY OF Pinellas

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

or online notarization, this 8th day of April 2020, by David L. Pratt

as President for ASI Lloyds
(type of authority; e.g., officer, trustee, attorney in fact) (company name)



Ingrid B. Badillo
(Signature of the Notary)

Ingrid B. Badillo
(Print, Type or Stamp Commissioned Name of Notary)

Personally Known OR Produced Identification _____

Type of Identification Produced _____

My Commission Expires February 18, 2023

By execution hereof, ASI LLOYDS, 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 ASI LLOYDS, INC., to the terms and conditions of this Consent Order.

ASI LLOYDS, INC.

By: David L Pratt

[Corporate Seal]

Print Name: David L. Pratt

Title: President

Date: 4/8/2020

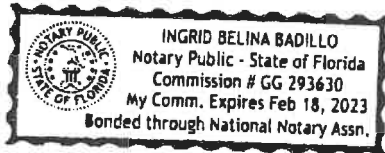
STATE OF FL

COUNTY OF Pinellas

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

or online notarization, this 8th day of April 2020, by David L. Pratt

as President for ASI Lloyds, Inc.
(type of authority; e.g., officer, trustee, attorney in fact) (name of person)
(company name)



Ingrid B. Badillo
(Signature of the Notary)

Ingrid B. Badillo
(Print, Type or Stamp Commissioned Name of Notary)

Personally Known OR Produced Identification _____

Type of Identification Produced _____

My Commission Expires February 18, 2023

By execution hereof, ARX HOLDING CORP. 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 ARX HOLDING CORP. to the terms and conditions of this Consent Order.

ARX HOLDING CORP.

By: David L Pratt

[Corporate Seal]

Print Name: David L. Pratt

Title: President

Date: 4/8/2020

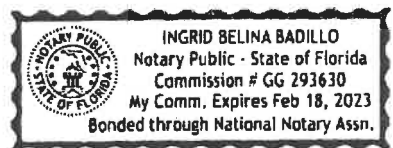
STATE OF Florida

COUNTY OF Pinellas

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

or online notarization, this 8th day of April 2020, by David L. Pratt

as President for Arx Holding Corp.
(type of authority; e.g., officer, trustee, attorney in fact) (name of person) (company name)



Ingrid B. Badillo
(Signature of the Notary)

Ingrid B Badillo
(Print, Type or Stamp Commissioned Name of Notary)

Personally Known OR Produced Identification _____

Type of Identification Produced _____

My Commission Expires February 18, 2023

By execution hereof, THE PROGRESSIVE CORPORATION 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 THE PROGRESSIVE CORPORATION to the terms and conditions of this Consent Order.

THE PROGRESSIVE CORPORATION

By: *Daniel P. Mascaro*

Print Name: DANIEL P. MASCARO

Title: SECRETARY

Date: 4/8/2020

[Corporate Seal]

STATE OF OHIO

COUNTY OF CUYAHOGA

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

or online notarization, this 8th day of APRIL 2020, by DANIEL P. MASCARO

as SECRETARY for THE PROGRESSIVE CORPORATION,
(type of authority; e.g., officer, trustee, attorney in fact) (name of person) (company name)



KAREN A. KOSUDA
Notary Public - State of Ohio
My Commission Expires
January 22, 2024
Commission #: 2019-RE-765180

Karen A. Kosuda
(Signature of the Notary)

KAREN A. KOSUDA
(Print, Type or Stamp Commissioned Name of Notary)

Personally Known OR Produced Identification _____

Type of Identification Produced _____

My Commission Expires JANUARY 22, 2024

COPIES FURNISHED TO:

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