

JUN 04 2020

INSURANCE REGULATION  
Docketed by: JS



**OFFICE OF INSURANCE REGULATION**

**DAVID ALTMAIER**  
COMMISSIONER

IN THE MATTER OF:

CASE NO.: 263295-20-CO

CENTAURI SPECIALTY INSURANCE COMPANY  
\_\_\_\_\_ /

**CONFIDENTIAL**  
Pursuant to Section  
624.82, Florida Statutes

**CONSENT ORDER EXTENDING PERIOD OF ADMINISTRATIVE SUPERVISION**

THIS CAUSE came on for consideration as a result of discussions by the FLORIDA OFFICE OF INSURANCE REGULATION (“OFFICE”) with CENTAURI SPECIALTY INSURANCE COMPANY (“CENTAURI SPECIALTY”) subsequent to entering into a Consent Order placing it in confidential administrative supervision in Case No. 260502-20-CO (“Supervision Order”), which was filed on March 4, 2020, and which is attached hereto as Exhibit A and incorporated herein by reference. After a complete review of the entire record, and upon consideration thereof, and otherwise being fully advised in the premises, the OFFICE hereby finds as follows:

1. The OFFICE has jurisdiction over the parties and subject matter herein.
2. CENTAURI SPECIALTY is a domestic property and casualty insurer authorized to transact insurance business in the state of Florida pursuant to a Certificate of Authority issued by the OFFICE, pursuant to Chapter 624, Part III, Florida Statutes.
3. On January 31, 2020, Avatar Partners, LP, filed an acquisition application with the OFFICE to acquire 100% ownership of Centauri Specialty Insurance Holdings, Inc. (“Centauri Holdings”), which owns 100% of CENTAURI SPECIALTY, with the intent of

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merging CENTAURI SPECIALTY with and into Avatar Property and Casualty Insurance Company. On January 15, 2020, a rating agency that had previously assigned a financial stability rating of "A" to CENTAURI SPECIALTY sustained the "A" rating due to the pending acquisition of CENTAURI SPECIALTY.

4. The closing date was anticipated to be on or before April 15, 2020; however, CENTAURI SPECIALTY informed the OFFICE that it terminated the transaction with Avatar, effective March 18, 2020.

5. On March 31, 2020, Centauri Holdings sold 100% of its ownership interest in Centauri Specialty Managers, Inc. ("Centauri Managers") to Centauri Acquisition Corporation, LLC for a total purchase price of \$19,000,000. \$9,000,000 of the proceeds from the sale of Centauri Managers were used to satisfy an affiliated Note Payable shortly post-closing with Centauri Managers. The remaining \$10,000,000 of the proceeds were contributed to CENTAURI SPECIALTY. As a result of this transaction, CENTAURI SPECIALTY reported a surplus of \$31,150,300 in its March 31, 2020 financial statement filed with the OFFICE on May 15, 2020. CENTAURI SPECIALTY provided an updated calculation of its risk-based capital as of March 31, 2020 which showed an RBC level of 407.32%.

6. On April 9, 2020, the OFFICE received an acquisition application by Ricardo A. Espino and Lora S. Rees to jointly acquire 100% ownership of Centauri Holdings, and thereby indirectly acquire 100% of CENTAURI SPECIALTY. Pursuant to this transaction, in addition to selling their ownership interests in Centauri Holdings to Mr. Espino and Ms. Rees, the institutional shareholders that currently own a majority interest in Centauri Holdings will forgive approximately \$14,500,000 in debt that is currently owed to the institutional shareholders by Centauri Holdings, subject to the approval of the OFFICE. The application is currently under

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review by the OFFICE.

7. Paragraph 7 of the Supervision Order is deleted in its entirety is replaced with the following:

CENTAURI SPECIALTY has been cooperative with the OFFICE and agrees to be placed under administrative supervision until August 31, 2020, and to be subject to the provisions of Sections 624.80-.87, Florida Statutes, as if an order were issued by the OFFICE. Such administrative supervision may be extended in 120-day increments.

8. The OFFICE and CENTAURI SPECIALTY agree that the only modifications to the Supervision Order are as set forth in paragraph 7 immediately above. All other terms and conditions of the Supervision Order issued on March 4, 20220 remain unchanged and in full force and effect.

9. Any prior orders, consent orders, or corrective action plans that CENTAURI SPECIALTY 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 SPECIALTY, 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.

10. CENTAURI SPECIALTY affirms that all requirements set forth herein are material to the issuance of this Consent Order.

11. CENTAURI SPECIALTY agrees that it has entered into this Consent Order voluntarily, without coercion from the OFFICE, or any agent, employee, or designee of the

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OFFICE and that CENTAURI SPECIALTY has obtained legal counsel from its attorney prior to entering into this Consent Order.

12. 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 representative of CENTAURI SPECIALTY, notwithstanding the fact that the copy may have been transmitted to the OFFICE electronically. Further, CENTAURI SPECIALTY agrees that its signature of its authorized representative as affixed to this Consent Order shall be under the seal of a Notary Public.

WHEREFORE, the agreement between CENTAURI SPECIALTY INSURANCE COMPANY and the FLORIDA OFFICE OF INSURANCE REGULATION, the terms and conditions of which are set forth above, is APPROVED. FURTHER, all terms and conditions contained herein to place CENTAURI SPECIALTY INSURANCE COMPANY in administrative supervision are hereby ORDERED.

DONE and ORDERED this 4<sup>th</sup> day of June, 2020.



*David Altmaier*

David Altmaier, Commissioner  
Office of Insurance Regulation



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Pursuant to Section 624.82, Florida Statutes

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# EXHIBIT A



**FILED**

**MAR 04 2020**

**INSURANCE REGULATION**  
Docketed by: *PPS*

## OFFICE OF INSURANCE REGULATION

**DAVID ALTMAIER**  
COMMISSIONER

IN THE MATTER OF:

CASE NO.: 260502-20-CO

CENTAURI SPECIALTY INSURANCE COMPANY /

**CONFIDENTIAL**  
Pursuant to Section  
624.82, Florida Statutes

### CONSENT ORDER FOR ADMINISTRATIVE SUPERVISION

THIS CAUSE came on for consideration upon review of the financial condition of CENTAURI SPECIALTY INSURANCE COMPANY ("CENTAURI SPECIALTY") by the FLORIDA OFFICE OF INSURANCE REGULATION ("OFFICE"). After a complete review of the entire record, and upon consideration thereof, and otherwise being fully advised in the premises, the OFFICE hereby finds as follows:

1. The OFFICE has jurisdiction over the parties and subject matter herein.
2. CENTAURI SPECIALTY is a domestic property and casualty insurer authorized to transact insurance business in the state of Florida pursuant to a Certificate of Authority issued by the OFFICE, pursuant to Chapter 624, Part III, Florida Statutes.
3. On January 31, 2020, Avatar Partners, LP, filed an acquisition application with the OFFICE to acquire 100% ownership of Centauri Specialty Insurance Holdings, Inc. ("Centauri Holdings), which owns 100% of CENTAURI SPECIALTY, with the intent of merging CENTAURI SPECIALTY with and into Avatar Property and Casualty Insurance Company. The closing date is anticipated to be on or before April 15, 2020.
4. On January 15, 2020, the rating agency that had previously assigned a financial

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stability rating of "A" to CENTAURI SPECIALTY sustained the "A" rating due to the pending acquisition of CENTAURI SPECIALTY.

5. The OFFICE has determined that grounds exist for CENTAURI SPECIALTY to be placed in administrative supervision for the purpose of facilitating the sale of Centauri Holdings, safeguarding the assets of CENTAURI SPECIALTY, and protecting the interests of policyholders and the public.

6. Administrative supervision is confidential, as provided in Section 624.82, Florida Statutes, unless otherwise specified within that Section. The OFFICE reserves the right to make this Administrative Supervision, including this Consent Order, public pursuant to Section 624.82(4), Florida Statutes.

7. CENTAURI SPECIALTY has been cooperative with the OFFICE and agrees to be placed under administrative supervision for a period of 60 days from the date of execution of this Consent Order and to be subject to the provisions of Sections 624.80-.87, Florida Statutes, as if an order were issued by the OFFICE. Such administrative supervision may be extended in 60-day increments at the OFFICE's sole discretion for as long as is necessary for the company to effectuate the sale of Centauri Holdings or such other actions to resolve issues with its financial condition.

8. CENTAURI SPECIALTY may not conduct the following activities during the period of supervision, without prior approval by the OFFICE, as set forth in Section 624.83, Florida Statutes:

- a. Dispose of, convey, or encumber any of its assets or its business in force;
- b. Withdraw any of its bank accounts;
- c. Lend any of its funds;



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- d. Invest any of its funds;
- e. Transfer any of its property;
- f. Incur any debt, obligation, or liability;
- g. Merge or consolidate with another company;
- h. Enter into any new reinsurance contract or treaty;
- i. Terminate, surrender, forfeit, convert, or lapse any insurance policy, certificate, or contract of insurance, except for nonpayment of premiums due;
- j. Release, pay, or refund premium deposits, accrued cash or loan values, or other reserves on any insurance policy or certificate; or
- k. Make any material change in management.

9. CENTAURI SPECIALTY hereby knowingly and voluntarily waives the requirement of written notice, pursuant to Section 624.81(1), Florida Statutes, and agrees that any timelines outlined in this Consent Order will be binding, notwithstanding any timelines provided for in Section 624.81, Florida Statutes.

10. CENTAURI SPECIALTY shall cease writing new or renewal business if directed by the OFFICE.

11. CENTAURI SPECIALTY shall not enter into any new, or amend any existing, agreements with any affiliate, as defined in Section 631.011(1), Florida Statutes, without prior written consent of the OFFICE. CENTAURI SPECIALTY shall not waste assets or expend funds in excess of \$10,000, other than in the ordinary course of business, without the prior written consent of the OFFICE. If, after approval of a transaction requiring the expenditure of funds in excess of \$10,000 has been granted by the OFFICE, the OFFICE becomes aware of additional facts or circumstances that materially affect the OFFICE's prior approval, the OFFICE

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reserves the right to require such corrective action as it may deem necessary or advisable. Transactions in the ordinary course of business shall include, but not be limited to, payment of claims and settlement of disputed or litigated claims. CENTAURI SPECIALTY need not obtain prior written approval for payment of claims or settlement of disputed or litigated claims over the amount of \$10,000; however, the OFFICE may retrospectively review such payments pursuant to its reservation of rights above.

12. Within 5 business days of execution of this Consent Order, CENTAURI SPECIALTY shall provide a list of any known pending litigation in which CENTAURI SPECIALTY is named as a party. CENTAURI SPECIALTY agrees to provide the OFFICE with an updated list on a monthly basis.

13. The OFFICE may appoint a Deputy Supervisor, pursuant to Section 624.87, Florida Statutes. Such Deputy Supervisor shall represent the OFFICE and shall be under the control of the OFFICE.

14. CENTAURI SPECIALTY shall be responsible for administrative supervision expenses, pursuant to Section 624.87, Florida Statutes, unless CENTAURI SPECIALTY shows that payment of administrative supervision expenses will have an adverse material impact on its financial condition and jeopardize its rehabilitation. Otherwise, CENTAURI SPECIALTY shall reimburse the OFFICE for any reasonable expenses of supervision and will pay directly all contractors, including any Deputy Supervisor retained by the OFFICE, for assistance with the administrative supervision.

15. CENTAURI SPECIALTY agrees that the OFFICE and the Department of Financial Services ("Department") may have examiners or other designees present at the offices of CENTAURI SPECIALTY to obtain independent information. Further, the OFFICE may have

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examiners or other designees to supervise activities, verify transactions, verify the condition and status of CENTAURI SPECIALTY and its progress in developing and complying with its plan, pursuant to Section 624.81, Florida Statutes, and to perform any other duty as designated by the OFFICE. CENTAURI SPECIALTY shall cooperate with and facilitate the presence and work of such examiners or designees.

16. CENTAURI SPECIALTY agrees and affirms that all information, submissions, explanations, representations, statements, and documents provided to the OFFICE in connection with this matter, including all attachments and supplements thereto, are true and correct and 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.

17. CENTAURI SPECIALTY expressly waives its rights to 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 it may be entitled by law or rules of the OFFICE. CENTAURI SPECIALTY hereby knowingly and voluntarily waives all rights to challenge or contest this Consent Order in any forum available to it, now or in the future, including the right to any administrative proceeding, state or federal court action, or any appeal.

18. CENTAURI SPECIALTY acknowledges that the execution of this Consent Order does not prohibit any other administrative action to be taken upon the Certificate of Authority of CENTAURI SPECIALTY as deemed appropriate by the OFFICE in accordance with the Florida Insurance Code or with Sections 120.569(2)(n), 120.60(6), and 631.031, Florida Statutes.

19. CENTAURI SPECIALTY agrees that if the OFFICE expends staff time or funds because further proceedings are required to enforce the terms of this Consent Order, or if administrative proceedings are initiated by CENTAURI SPECIALTY regarding this

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administrative supervision and the OFFICE prevails in such proceedings, CENTAURI SPECIALTY shall reimburse the OFFICE for reasonable attorney fees and costs. Otherwise, each party to this Consent Order shall bear its own costs and attorney fees.

20. Any prior orders, consent orders, or corrective action plans that CENTAURI SPECIALTY 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 SPECIALTY, 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.

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

22. CENTAURI SPECIALTY affirms that all requirements set forth herein are material to the issuance of this Consent Order.

23. CENTAURI SPECIALTY agrees that it has entered into this Consent Order voluntarily, without coercion from the OFFICE, or any agent, employee, or designee of the OFFICE and that CENTAURI SPECIALTY has obtained legal counsel from its attorney prior to entering into this Consent Order.

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 representative of CENTAURI SPECIALTY, notwithstanding the fact that the copy may have been transmitted to the OFFICE electronically. Further, CENTAURI SPECIALTY

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agrees that its signature of its authorized representative as affixed to this Consent Order shall be under the seal of a Notary Public.

WHEREFORE, the agreement between CENTAURI SPECIALTY INSURANCE COMPANY and the FLORIDA OFFICE OF INSURANCE REGULATION, the terms and conditions of which are set forth above, is APPROVED. FURTHER, all terms and conditions contained herein to place CENTAURI SPECIALTY INSURANCE COMPANY in administrative supervision are hereby ORDERED.

DONE and ORDERED this 4 day of March, 2020.



David Altmaier  
David Altmaier, Commissioner  
Office of Insurance Regulation

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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. The undersigned also certifies that they have provided the signature below based upon the assistance of legal counsel for CENTAURI SPECIALTY INSURANCE COMPANY.



CENTAURI SPECIALTY INSURANCE COMPANY

By: [Signature]

Name: Ricardo A. Espino  
(Please type or print)

Title: President

Date: March 4, 2020

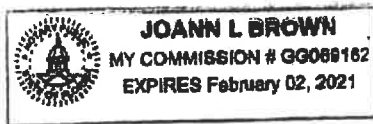
STATE OF FLORIDA

COUNTY OF SARASOTA

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

or  online notarization, this 4<sup>TH</sup> day of MARCH 2020,  
by RICARDO A ESPINO

as OFFICER for CENTAURI SPECIALTY INSURANCE COMPANY  
(type of authority; e.g., officer, trustee, attorney in fact) (company name)



[Signature]  
(Signature of the Notary)

EXPIRES 2/2/21  
(Print, Type or Stamp Commissioned Name of Notary)

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

Type of identification produced \_\_\_\_\_

My Commission Expires FEBRUARY 02, 2021

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Pursuant to Section 624.82, Florida Statutes

**COPIES FURNISHED TO:**

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