

FILED

DEC 22 2020

INSURANCE REGULATION
Docketed by: 



OFFICE OF INSURANCE REGULATION

DAVID ALTMAIER
COMMISSIONER

IN THE MATTER OF:

CASE NO.: 273166-20-CO

Application for the Indirect Acquisition of
FD INSURANCE COMPANY by
PRA PROFESSIONAL LIABILITY GROUP, INC.

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 FD INSURANCE COMPANY (“FD INSURANCE”) by PRA PROFESSIONAL LIABILITY GROUP, INC. (“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 the present and continuing satisfaction of the requirements, terms, and conditions established herein, has satisfactorily met all 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 FD INSURANCE by APPLICANT, pursuant to the requirements of the Florida Insurance Code.

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

4. FD INSURANCE is 100% owned by FLORIDA DOCTORS HOLDING COMPANY, LLC (“FLORIDA DOCTORS”), a Florida limited liability company whose membership interest is 100% owned by NORCAL MUTUAL INSURANCE COMPANY (“NORCAL”), a California-domiciled property and casualty mutual insurer.

5. APPLICANT is a Delaware corporation that is 100% owned by PROASSURANCE CORPORATION (“PROASSURANCE”), a Delaware holding corporation whose stock is registered with the United States Securities and Exchange Commission (“SEC”) and traded on the New York Stock Exchange under the symbol “PRA”. Pursuant to the Schedule 13-G filing by BlackRock, Inc., to the SEC, its ownership of 14.54% of the outstanding common stock of PROASSURANCE was acquired in the ordinary course of business and not for the purpose of influencing control of the issuer. PROASSURANCE has no other 10% or greater shareholders.

6. The Application represents that on or about February 20, 2020, APPLICANT and PROASSURANCE entered into an Agreement and Plan of Acquisition (“Agreement”) with NORCAL, whereby APPLICANT agreed to purchase 100% of the issued and outstanding shares of stock of NORCAL and its subsidiaries, upon receipt of all requisite regulatory approvals and other conditions pursuant to a Plan of Conversion, at an agreed-upon amount of consideration (“Transaction”). Upon completion of the Transaction the voting securities of FD INSURANCE will be indirectly 100% owned by APPLICANT.

7. APPLICANT, PROASSURANCE, FLORIDA DOCTORS, and FD INSURANCE have made material representations that, except as disclosed in the Application, none of the

individuals who will exercise control, directly or indirectly, over FD INSURANCE subsequent to the Transaction have been found guilty of, or have pleaded guilty or nolo contendere to, a felony or misdemeanor, other than a civil traffic offense.

8. 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, PROASSURANCE, FLORIDA DOCTORS, and FD INSURANCE 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 FD INSURANCE without further proceedings, pursuant to Sections 120.569(2)(n) and 120.60(6), Florida Statutes.

9. APPLICANT, PROASSURANCE, FLORIDA DOCTORS, and FD INSURANCE represent that, except as disclosed in the Application, there are no present plans or proposals to make any substantive changes to the Plan of Operation of FD INSURANCE, including liquidating it, selling any of their assets (except for transactions such as investment portfolio transactions in the ordinary course of business), merging or consolidating it with any person or persons, or making any other major change in its business operations.

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

11. Within 10 business days after the Transaction 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, PROASSURANCE, NORCAL, FLORIDA DOCTORS, or FD INSURANCE shall notify the OFFICE within 3 business days of the final determination that the Transaction will not occur.

12. FD INSURANCE shall, no later than 15 days after the month in which the Transaction is completed, file an update to its Holding Company Registration Statement, as required by Section 628.801, Florida Statutes, and Rule 69O-142.046, Florida Administrative Code.

13. Any material changes to the information submitted in the Application filing shall be reported to the OFFICE for its review prior to the closing date. APPLICANT, PROASSURANCE, NORCAL, FLORIDA DOCTORS, and FD INSURANCE acknowledge that if the OFFICE determines that any of these reported changes would have a material negative impact to the financial condition or operation of FD INSURANCE, the OFFICE may rescind its approval as granted in this Consent Order by written notice to APPLICANT or FD INSURANCE.

14. Pursuant to Sections 628.461(3)(f)-(g), Florida Statutes, FLORIDA DOCTORS, APPLICANT, or PROASSURANCE, 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 FD INSURANCE and its affiliates.

15. Pursuant to Section 624.10(3), Florida Statutes, and upon completion of the Transaction, APPLICANT, PROASSURANCE, or FLORIDA DOCTORS will be controlling

entities and, as such, shall comply with Section 628.461(12)(b), Florida Statutes, should APPLICANT, PROASSURANCE, or FLORIDA DOCTORS choose to divest their controlling interest in FD INSURANCE.

16. Any prior orders, consent orders, or corrective action plans that FD INSURANCE has entered into with the OFFICE prior to the issuance of this Consent Order shall apply and remain in full force and effect for FD INSURANCE, 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.

17. APPLICANT, PROASSURANCE, NORCAL, FLORIDA DOCTORS, and FD INSURANCE 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 FD INSURANCE. APPLICANT, PROASSURANCE, NORCAL, FLORIDA DOCTORS, and FD INSURANCE 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.

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

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

20. Executive Order 13224 prohibits any transactions by U.S. persons involving the blocked assets and interests of terrorists and terrorist support organizations. FD INSURANCE 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>.

21. Within 60 days of the execution of this Consent Order, APPLICANT shall submit, or cause to be submitted, to the OFFICE a certification evidencing compliance with all 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 completed. 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.

22. 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.

23. APPLICANT, PROASSURANCE, NORCAL, FLORIDA DOCTORS, and FD INSURANCE 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, PROASSURANCE, NORCAL, FLORIDA DOCTORS, and FD INSURANCE also 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.

24. APPLICANT, PROASSURANCE, NORCAL, FLORIDA DOCTORS, and FD INSURANCE affirm that all requirements set forth herein are material to the issuance of this Consent Order.

25. APPLICANT, PROASSURANCE, NORCAL, FLORIDA DOCTORS, and FD INSURANCE 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 FD INSURANCE in this state in accordance with Sections 120.569(2)(n) and 120.60(6), Florida Statutes.

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

27. 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 the authorized representatives of APPLICANT, PROASSURANCE, NORCAL, FLORIDA DOCTORS, and FD INSURANCE, notwithstanding the fact that the copy may have been transmitted to the OFFICE electronically. Further, APPLICANT, PROASSURANCE, NORCAL, FLORIDA DOCTORS, and FD INSURANCE agree that the signatures 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 proposed indirect acquisition of 100% of the issued and outstanding voting securities of FD INSURANCE COMPANY by PRA PROFESSIONAL LIABILITY GROUP, INC., pursuant to Section 628.461, Florida Statutes, is APPROVED.

All terms and conditions contained herein are hereby ORDERED,

DONE and ORDERED this 22 day of December, 2020.



David Altmaier

David Altmaier, Commissioner
Office of Insurance Regulation

By execution hereof, FD 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 FD INSURANCE COMPANY to the terms and conditions of this Consent Order.

FD INSURANCE COMPANY

By: Kellie N. Sorenson

Print Name: Kellie N. Sorenson

Title: SVP & CLO/CCO/Corp. Secretary

Date: 12/21/20

[Corporate Seal]

STATE OF CT

COUNTY OF Hartford

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

or online notarization, this 21st day of December, 2020, by Kellie Sorenson

as Secretary for FD Insurance Company
(type of authority: e.g., officer, trustee, attorney in fact) (company name)

Yessika Giron
(Signature of the Notary)



Personally Known _____ OR Produced Identification

Type of Identification Produced License

My Commission Expires: 9-30-2025

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

FLORIDA DOCTORS HOLDING COMPANY, LLC

By: Kellie N Sorenson

Print Name: Kellie N Sorenson

Title: SVP & CLD/CCO/Corp. Secretary

Date: 12/21/20

STATE OF CT

COUNTY OF Hartford

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

or online notarization, this 21st day of December 2020, by Kellie Sorenson

as Secretary for Florida Doctors Holding Co LLC
(type of authority; e.g., officer, trustee, attorney in fact) (company name)

[Signature]
(Signature of the Notary)

(Print, Type or Stamp  Yessika Giron
Notary Public, State of Connecticut
Commission Expires 09/30/2025

Personally Known _____ OR Produced Identification

Type of Identification Produced License

My Commission Expires: 9-30-2025

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

NORCAL MUTUAL INSURANCE COMPANY

By: [Signature]

Print Name: Kellie N Sorenson

Title: SVP & CLD/CCO/LOPP Secretary

Date: 12/21/20

[Corporate Seal]

STATE OF CT

COUNTY OF Hartford

The foregoing instrument was acknowledged before me this 21st day of December, 2020

by Kellie N. Sorenson as Secretary
(name of person) (type of authority, e.g. officer, trustee, attorney in fact)

for NORCAL Mutual Insurance Company
(company name)

[Signature]
(Signature of the Notary)

(Print, Type or Stamp Commissioned Name of Notary)


Personally Known _____ OR Produced Identification _____

Type of Identification Produced License

My Commission Expires 9/30/2025

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

PRA PROFESSIONAL LIABILITY GROUP, INC.

By: Jeffrey P. Lisenby

Print Name: Jeffrey P. Lisenby

Title: Vice President

Date: 12/18/2020

[Corporate Seal]

STATE OF ALABAMA

COUNTY OF JEFFERSON

The foregoing instrument was acknowledged before me this 18th day of December, 2020

by Jeffrey P. Lisenby as Vice President
(name of person) (type of authority, e.g. officer, trustee, attorney in fact)

for PRA Professional Liability Group, Inc.
(company name)

Kathryn A. Neville
(Signature of the Notary)

Kathryn A. Neville
(Print, Type or Stamp Commissioned Name of Notary)

Personally Known X OR Produced Identification _____

Type of Identification Produced _____

My Commission Expires 2-14-2022

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

PROASSURANCE CORPORATION

By: [Signature]

Print Name: Edward L. Rand, Jr.

Title: President & CEO

[Corporate Seal]

Date: 12/18/2020

STATE OF ALABAMA

COUNTY OF JEFFERSON

The foregoing instrument was acknowledged before me this 18th day of December, 2020

by Edward L. Rand, Jr. as President + CEO
(name of person) (type of authority, e.g. officer, trustee, attorney in fact)

for Pro Assurance Corporation
(company name)

[Signature]
(Signature of the Notary)

Kathryn A. Neville
(Print, Type or Stamp Commissioned Name of Notary)

Personally Known X OR Produced Identification _____

Type of Identification Produced _____

My Commission Expires 2-14-2022

COPIES FURNISHED TO:

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