

FILED

APR 29 2020

INSURANCE REGULATION

Docketed by: 



OFFICE OF INSURANCE REGULATION

DAVID ALTMAIER
COMMISSIONER

IN THE MATTER OF:

CASE NO.: 261630-20-CO

Application for the Indirect Acquisition of
SAFEPORT INSURANCE COMPANY

CONSENT ORDER

THIS CAUSE came on for consideration upon the filing by CHARLES K. KELLOGG (“APPLICANT”) with the FLORIDA OFFICE OF INSURANCE REGULATION (“OFFICE”) of an application for the approval of the indirect acquisition of 100% of the issued and outstanding voting securities of SAFEPORT INSURANCE COMPANY (“SAFEPORT”), 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, an individual, has applied for and, subject to present and continuing satisfaction of the requirements, terms, and conditions established herein, has satisfactorily met all of the conditions precedent to the granting of approval by the OFFICE of the proposed indirect acquisition of 100% of the outstanding voting securities of SAFEPORT, pursuant to the requirements of the Florida Insurance Code.

3. SAFEPORT 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.

4. SAFEPORT is owned 100% by BAY AREA INSURANCE SERVICES, INC. ("BAY AREA SERVICES"), a Florida corporation, which is owned 100% by IAT Insurance Group, Inc., a North Carolina corporation, which is owned 100% by IAT Reinsurance Company, Ltd., a Cayman Islands company, which is owned 100% by Goose Creek Capital, Inc., a Wyoming corporation, which is owned 100% by Peter Kellogg, an individual.

5. The Application represents that SAFEPORT's current ownership structure was the result of previous acquisitions, all which occurred prior to the proposed acquisition that is the subject of this Application:

a. Equity American Financial Services, Inc., which owned 88.79% of BAY AREA SERVICES, acquired the remaining 11.21% of the outstanding shares in BAY AREA SERVICES in a series of transactions between December 2, 2009, and October 1, 2017, bringing its ownership percentage to 100%.

b. On October 1, 2017, Equity American Financial Services, Inc., transferred 100% of its ownership of BAY AREA SERVICES to IAT Insurance Group, Inc., its sole shareholder.

c. Also in 2017, Goose Creek Capital, Inc., was formed and became the sole shareholder of IAT Reinsurance Company Ltd. PETER KELLOGG is the sole shareholder of Goose Creek Capital, Inc.

6. The OFFICE has determined that the transactions referenced in paragraph 5 above were not properly filed with the OFFICE as changes of control, pursuant to Section 628.461, Florida Statutes. However, upon consideration of the record, the OFFICE hereby finds that the

transactions referenced in paragraph 5 above were not willful violations of Section 628.461, Florida Statutes.

7. APPLICANT, SAFEPORT, and BAY AREA SERVICES acknowledge and agree that any future violations of the provisions of Section 628.461, Florida Statutes, will be considered willful and subject to action by the OFFICE pursuant to all administrative remedies provided by the Florida Insurance Code, and Chapter 120, Florida Statutes.

8. The Application represents that on December 2, 2019, APPLICANT entered into a Stock Purchase Agreement (“Agreement”) with PETER KELLOGG to acquire 100% of the issued and outstanding shares of voting preferred stock of Goose Creek Capital, Inc., for a purchase consideration of \$670,000 United States Dollars (“USD”) (“Transaction”). Pursuant to the Agreement, the Transaction will close on the last day of the fiscal quarter for Goose Creek Capital, Inc., following receipt of all required regulatory approvals. Upon closing of the Transaction, APPLICANT will own 100% of the issued and outstanding voting securities of Goose Creek Capital, Inc., and indirectly, SAFEPORT.

9. APPLICANT and SAFEPORT have made material representations that, except as disclosed in the Application, neither APPLICANT, nor any of the post-acquisition officers and directors of SAFEPORT have been found guilty of, or have pleaded guilty or nolo contendere to, a felony or a misdemeanor, other than a civil traffic offense.

10. APPLICANT and SAFEPORT have further represented that they have submitted complete background information on all of the individuals referenced in paragraph 9 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 9 above are inaccurate, any such individual shall be removed as an officer or director of said entity within 30 days of receipt of notification from the OFFICE and replaced with a person or persons acceptable to the OFFICE.

11. If, upon receipt of such notification from the OFFICE pursuant to paragraph 10 above, APPLICANT or SAFEPORT does not timely take the required corrective action, APPLICANT and SAFEPORT 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 Certificate of Authority of SAFEPORT, without further proceedings, pursuant to Sections 120.569(2)(n) and 120.60(6), Florida Statutes.

12. APPLICANT represents that there are no present plans or proposals to make any material changes to SAFEPORT, including liquidating it, selling any of its 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 the business operations of SAFEPORT.

13. SAFEPORT shall, no later than 15 days after the month in which the Transaction contemplated in the Application is completed, file an update to its Holding Company Registration Statement, as required by Section 628.801, Florida Statutes, and Rule 690-143.046, Florida Administrative Code.

14. All parties to the Consent Order agree that this Consent Order shall be deemed null and void if the Transaction contemplated in the Application is not completed, or any other required regulatory approvals are not obtained, within 60 days of execution of this Consent Order.

15. Within 10 business days after the Transaction contemplated in the Application is completed, APPLICANT or SAFEPORT shall submit, or cause to be submitted, to the OFFICE all documentation evidencing completion of the Transaction not previously provided to the OFFICE. APPLICANT, SAFEPORT, or PETER KELLOGG shall notify the OFFICE within 3 business days of determining that the Transaction contemplated in the Application will not occur.

16. Pursuant to Sections 628.461(3)(f)-(g), Florida Statutes, APPLICANT or any other parting 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 SAFEPORT and its affiliates.

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

18. APPLICANT, SAFEPORT, BAY AREA SERVICES, and PETER KELLOGG affirm 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 SAFEPORT. APPLICANT, SAFEPORT, BAY AREA SERVICES, and PETER KELLOGG 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.

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

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

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

22. 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.

23. 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.

24. APPLICANT, SAFEPORT, BAY AREA SERVICES, and PETER KELLOGG 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, SAFEPORT, BAY AREA SERVICES, and PETER KELLOGG hereby knowingly and voluntarily waive all rights to challenge or to contest this Consent Order in any forum now available to them, now or in the future, including the right to any administrative proceeding, state or federal court action, or any appeal.

25. APPLICANT, SAFEPORT, BAY AREA SERVICES, and PETER KELLOGG affirm that all requirements set forth herein are material to the issuance of this Consent Order.

26. APPLICANT, SAFEPORT, BAY AREA SERVICES, and PETER KELLOGG agree that, upon execution of this Consent Order by the OFFICE, 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 SAFEPORT's Certificate of Authority in this state, in accordance with Sections 120.569(2)(n) and 120.60(6), Florida Statutes.

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

28. 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, SAFEPORT, BAY AREA SERVICES, and PETER KELLOGG, notwithstanding the fact that the copy may have been transmitted to the OFFICE electronically. Further, APPLICANT, SAFEPORT, BAY AREA SERVICES, and PETER KELLOGG 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 indirect acquisition of 100% of the issued and outstanding voting securities of SAFEPORT INSURANCE COMPANY by CHARLES K. KELLOGG, pursuant to Section 628.461, Florida Statutes, is APPROVED.

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

DONE and ORDERED this 29 day of April, 2020.



David Altmaier

David Altmaier, Commissioner
Office of Insurance Regulation

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

SAFEPORT INSURANCE COMPANY

By: J-P

Print Name: David G. Pirrung

Title: President

Date: April 24, 2020

STATE OF NC

COUNTY OF Wake

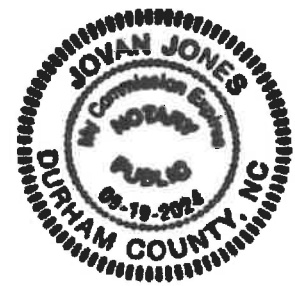
The foregoing instrument was acknowledged before me by means of physical presence or online notarization, this 24 day of April 2020, by David G. Pirrung (name of person) as President (type of authority; e.g., officer, trustee, attorney in fact) for Safe Port Insurance Company (company name)

Jovan Jones
(Signature of the Notary)
Jovan Jones
(Print, Type or Stamp Commissioned Name of Notary)

Personally Known OR Produced Identification

Type of Identification Produced self

My Commission Expires: 09-19-2024



By execution hereof, BAY AREA INSURANCE SERVICES, 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 BAY AREA INSURANCE SERVICES, INC., to the terms and conditions of this Consent Order.

BAY AREA INSURANCE SERVICES, INC.

By: J. P. [Signature]

Print Name: David G. Pirrung

Title: President

Date: April 24, 2020

STATE OF NC

COUNTY OF Wake

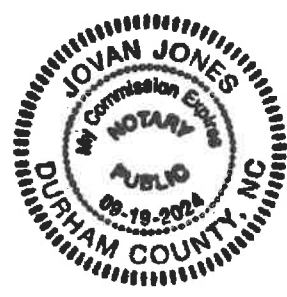
The foregoing instrument was acknowledged before me by means of physical presence or online notarization, this 24 day of April 2020, by David G. Pirrung (name of person) as President (type of authority; e.g., officer, trustee, attorney in fact) for Bay Area Insurance Services, Inc. (company name)

[Signature]
(Signature of the Notary)
Jovan Jones
(Print, Type or Stamp Commissioned Name of Notary)

Personally Known OR Produced Identification

Type of Identification Produced self

My Commission Expires: 09-19-2024



By execution hereof, PETER KELLOGG 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.

Peter Kellogg
PETER KELLOGG

Date: April 21, 2020

STATE OF NY
COUNTY OF Nassau

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

or online notarization, this 21 day of April 2020, by Peter B. Kellogg
(name of person)

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

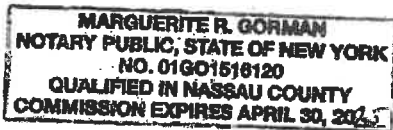
Marguerite R. Gorman
(Signature of the Notary)

Marguerite R. Gorman
(Print, Type or Stamp Commissioned Name of Notary)

Personally Known OR Produced Identification

Type of Identification Produced _____

My Commission Expires: April 30, 2025



By execution hereof, CHARLES K. KELLOGG 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.



CHARLES K. KELLOGG

Date: 4/24/20

STATE OF NY

COUNTY OF NY

The foregoing instrument was acknowledged before me by means of physical presence or online notarization, this 24 day of April 2020, by Charles K. Kellogg
(name of person)

~~as _____ for _____
(type of authority; e.g., officer, trustee, attorney-in-fact) (company name)~~



(Signature of the Notary)

Jennie Lossmann

(Print, Type or Stamp Commissioned Name of Notary)

Personally Known OR Produced Identification _____

Type of Identification Produced _____

My Commission Expires: 10 11 2021

JENNIE LOSSMANN
NOTARY PUBLIC - STATE OF NEW YORK
No. 01LO6134671
Qualified in New York County
My Commission Expires October 11, 2021

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