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OFFICE OF
INSURANCE REGULATION

Docketed by: _____



OFFICE OF INSURANCE REGULATION

DAVID ALTMAIER
COMMISSIONER

IN THE MATTER OF:

CASE NO.: 253620-19-CO

Application to Add Lines of Business to the
Certificate of Authority of
SPINNAKER INSURANCE COMPANY

CONSENT ORDER

THIS CAUSE came on for consideration upon the filing of an application by SPINNAKER INSURANCE COMPANY (“APPLICANT”) with the FLORIDA OFFICE OF INSURANCE REGULATION (“OFFICE”) to add the (0010) Fire and (0620) Miscellaneous Casualty lines of business to its Florida Certificate of Authority (“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 of the conditions precedent to adding the (0010) Fire and (0620) Miscellaneous Casualty lines of business to its Certificate of Authority, pursuant to the requirements set forth for such licensure in the Florida Insurance Code.

3. APPLICANT is an Illinois-domiciled stock property and casualty insurer. APPLICANT is owned 100% by Sojourner Holding Company, LLC, a Delaware limited liability company.

4. APPLICANT has represented that it is a party to a 100% Quota Share Reinsurance Agreement (“Agreement”) with ERV Europäische Reiseversicherung AG (“ERV Re”), whereby all business produced by Roanoke Insurance Group, Inc., in Florida and written by the APPLICANT, will be ceded to ERV Re. The OFFICE finds the Agreement does not comply with Sections 624.404(4)(a) and (b), Florida Statutes, in that more than 50% of the risk of loss of APPLICANT’s business to be written in one or more lines of business, is to be ceded to an unauthorized insurer, as defined in Section 624.09, Florida Statutes. APPLICANT has requested that the OFFICE approve such a transfer of risk in excess of the limits imposed by said Statute.

5. Pursuant to Section 624.404(4)(c), Florida Statutes, the OFFICE is granted the authority to approve such a transfer of risk if it determines that the transfer of risk would be in the best interests of the financial condition of the insurer as well as in the best interests of the policyholders. Upon consideration of the facts and other relevant information, the OFFICE hereby approves the transfer of risk in excess of 50%, as described in paragraph 4 above, for a period of 12 months from the date of issuance of APPLICANT’s first policy. APPLICANT agrees that any such risk transfer not in compliance with Sections 624.404(4)(a) and (b), Florida Statutes, beyond said time period shall constitute a willful violation of the Florida Insurance Code and this Consent Order on the part of APPLICANT.

6. APPLICANT acknowledges that, following the time limit placed upon the conditional approval of the transfer of risk as per paragraph 5 above, ERV Re, or any such reinsurer to whom APPLICANT intends to cede greater than 50% of the entire risk of loss on all of the

insurance written by it in this state, or on one or more lines of insurance, on all of the business produced through one or more agents or agencies, or on all of the business from a designated geographical territory, without obtaining the prior approval of the OFFICE, shall meet the requirements of Sections 624.610(3)(a), (b), or (c), Florida Statutes.

7. APPLICANT shall otherwise comply with the requirements of Sections 624.610 and 624.404(4), Florida Statutes, regarding all of its reinsurance contracts pertaining to Florida business, unless otherwise stated herein or approved in writing in advance by the OFFICE.

8. Any managing general agent, as defined by Sections 626.015(16)(a) and (b), Florida Statutes, utilized by APPLICANT in Florida shall be properly appointed as a managing general agent in Florida.

9. Any managing general agent or related contracts entered into by APPLICANT shall meet the requirements of Sections 626.015(16) and 626.7451, Florida Statutes.

10. APPLICANT shall maintain an anti-fraud plan that complies with Section 626.9891, Florida Statutes, and Chapter 69D-2, Florida Administrative Code.

11. 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.

12. APPLICANT shall take necessary steps to effectuate membership in associations or funds as required by the following statutes and to comply with the conditions contained in such entities' Plans of Operation. Further, APPLICANT agrees to pay any and all assessments levied by such entities and applicable laws. APPLICANT acknowledges full responsibility for determining the associations or funds it is required to join pursuant to Sections 215.555, 627.311(4), 627.351(1), 627.351(4), 627.351(6), 627.3515, 631.55, 631.715, and 631.911, Florida

Statutes. APPLICANT further acknowledges its statutory obligations pursuant to the aforementioned statutes and will continually monitor the various associations or funds that it is required to join as determined by the lines of business on its Certificate of Authority. Further, APPLICANT shall, based upon the lines of business on its Certificate of Authority, continually monitor and comply with statutory requirements regarding its membership in the associations and funds that are identified herein or that may be established in the future.

13. APPLICANT shall not transact business in Florida for the lines of business applied for until its forms and rates have been filed with the OFFICE, if so required, and such filings have been approved in writing by the OFFICE.

14. APPLICANT shall file with the OFFICE all premium growth reports as required by Section 624.4243, Florida Statutes, in a complete and timely manner.

15. APPLICANT affirms and represents 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 current and future operations of APPLICANT. APPLICANT further agrees and affirms 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.

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

17. 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 that 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.

18. Executive Order 13224 prohibits any transactions by U.S. persons involving the blocked assets and interests of terrorists and 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>.

19. 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 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.

20. 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.

21. Any prior orders, consent orders, or corrective action plans that APPLICANT has entered with the OFFICE prior to the execution of this Consent Order shall apply and remain in full

force and effect for APPLICANT, 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.

22. APPLICANT expressly waives 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. APPLICANT hereby knowingly and voluntarily waives all rights to challenge or to 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.

23. APPLICANT affirms that all requirements set forth herein are material to the issuance of this Consent Order.

24. APPLICANT agrees 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 Certificate of Authority in this state in accordance with Sections 120.569(2)(n) and 120.60(6), Florida Statutes.

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

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

WHEREFORE, the agreement between SPINNAKER INSURANCE COMPANY and the FLORIDA OFFICE OF INSURANCE REGULATION, the terms and conditions of which are set forth above, is APPROVED, and the Application for the addition of the (0010) Fire and (0620) Miscellaneous Casualty lines of business to the Certificate of Authority of SPINNAKER INSURANCE COMPANY, pursuant to Sections 624.401, 624.404, and 624.413, Florida Statutes, is APPROVED.

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

DONE and ORDERED this 30 day of December, 2019.



David Altmaier
David Altmaier, Commissioner
Office of Insurance Regulation

By execution hereof, SPINNAKER 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 he or she has the authority to bind SPINNAKER INSURANCE COMPANY to the terms and conditions of this Consent Order.



SPINNAKER INSURANCE COMPANY

By: [Signature]

Print Name: Nicholas Scott

Title: Secretary & General Counsel

Date: December 23, 2019

STATE OF NEW JERSEY

COUNTY OF SOMERSET

The foregoing instrument was acknowledged before me this 23 day of December 2019,

by NICHOLAS SCOTT as SECRETARY & GENERAL COUNSEL
(name of person) (type of authority; e.g., officer, trustee, attorney in fact)

for SPINNAKER INSURANCE COMPANY
(company name)



[Signature]
(Signature of the Notary)

PHILIP G SCOWCROFT

NOTARY PUBLIC

STATE OF NEW JERSEY

ID # 50039929

MY COMMISSION EXPIRES JUNE 13, 2021

(Print, Type, or Stamp Commissioned Name of Notary)

Personally Known to me. OR Produced Identification _____

Type of Identification Produced _____

My Commission Expires JUNE 13, 2021

COPIES FURNISHED TO:

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