



FILED

APR 02 2021

INSURANCE REGULATION
Docketed by: 

OFFICE OF INSURANCE REGULATION

DAVID ALTMAIER
COMMISSIONER

IN THE MATTER OF:

CASE NO.: 278782-21-CO

Application for Redomestication of
FAMILY SECURITY INSURANCE COMPANY

CONSENT ORDER

THIS CAUSE came on for consideration upon the filing of an application with the FLORIDA OFFICE OF INSURANCE REGULATION ("OFFICE") by FAMILY SECURITY INSURANCE COMPANY ("APPLICANT") of an application for approval of the transfer of APPLICANT's domicile to the state of Florida ("Application"), pursuant to Section 628.520, 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 condition's precedent to the transfer of its domicile from the state of Hawaii to the state of Florida, pursuant to the applicable provisions of the Florida Insurance Code.
3. APPLICANT is currently a Hawaii domiciled insurer, holding a subsisting Certificate of Authority issued by the OFFICE as a foreign insurer in this state. APPLICANT is authorized to write the (0040) Homeowners Multi-Peril and (0090) Inland Marine lines of insurance in this state on a direct basis and the (R010) Fire, (R020) Allied Lines, (R050)

Commercial Multi-Peril, (R120) Earthquake, and (R170) Other Liability lines of insurance in this state on a reinsurance only basis.

4. Effective upon the date of transfer of its domicile to the state of Florida, APPLICANT will be authorized to write the (0010) Fire, (0020) Allied Lines, (0040) Homeowners Multi-Peril, and (0090) Inland Marine lines of insurance in this state on a direct basis and the (R050) Commercial Multi-Peril, (R120) Earthquake, and (R170) Other Liability lines of insurance in this state on a reinsurance only basis in this state, subject to the terms and conditions established herein.

5. APPLICANT is 100% owned by FAMILY SECURITY HOLDINGS, LLC (“FSH”), a Delaware limited liability company whose membership interest is 100% owned by UNITED INSURANCE HOLDINGS CORP., a Delaware holding company that is owned 27.6% by Peed FLP1, Ltd. LLP, with no other 10% or greater shareholders. The General Partner of Peed FLP1, Ltd. LLP, is PEED MANAGEMENT, LLC (“PEED”), whose membership interest is 100% owned by Robert Daniel Peed.

6. 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, FSH, or PEED shall cause the removal of 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 and the OFFICE may take administrative action as it deems appropriate upon the Certificate of Authority of APPLICANT without further proceedings, pursuant to Sections 120.569(2)(n) and 120.60(6), Florida Statutes.

7. APPLICANT has filed, and 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. Any agreements that APPLICANT enters into for services to be provided to the APPLICANT, directly or indirectly, by any affiliated person, entity, or related party, as defined in Statement of Statutory Accounting Principles No. 25 of the National Association of Insurance Commissioners' ("NAIC") Accounting Practices and Procedures Manual, shall be in writing and submitted to the OFFICE for the OFFICE's review and prior written approval. "Affiliate" and "affiliated person" shall have the same meaning as in Section 624.10, Florida Statutes.

9. APPLICANT shall comply with the provisions of Sections 626.7451 and 626.7491, Florida Statutes.

10. APPLICANT, FSH, and PEED shall notify the OFFICE within 10 business days of any breach, non-performance of, or default under, any servicing agreement with affiliates or third-party vendors providing services, directly or indirectly, to APPLICANT that could result in or cause, a material adverse change in the financial condition, business performance, operations or property of APPLICANT.

11. APPLICANT shall maintain sufficient and adequate internal controls and supervision of any external contractor providing services in connection with the insurance transactions of APPLICANT, and shall further assume responsibility for the actions of said contractor as they relate to any performance under the service agreements;

12. APPLICANT shall ensure that any agent it utilizes in Florida shall be properly appointed, pursuant to Section 626.8419, Florida Statutes.

13. APPLICANT shall file with the OFFICE, via the NAIC's electronic filing system, full and true statements of its financial condition, transactions, and affairs as required by Section 624.424, Florida Statutes, in a complete and timely manner. APPLICANT shall be subject to the requirements of Parts I and II of Chapter 625, Florida Statutes. Non-qualifying assets or investments in excess of limitations shall be non-admitted by the OFFICE and the surplus as to policyholders adjusted accordingly.

14. During the 3 years following entry of this Consent Order, APPLICANT shall pay only those dividends that have been approved in advance and in writing by the OFFICE.

15. APPLICANT shall comply with Section 628.261, Florida Statutes, regarding changes of personnel among the directors or principal officers.

16. APPLICANT has provided with its Application copies of affiliated agreements. APPLICANT shall provide amended intercompany and affiliated agreements incorporating changes necessitated by APPLICANT's change in domicile from the state of Hawaii to the state of Florida to the OFFICE within 10 days of the Hawaii Department of Insurance's approval of the redomestication. Any changes related to matters other than change of domicile and governing law shall comply with the Florida Insurance Code and all requirements set forth herein.

17. Within 10 days after the execution of this Consent Order, APPLICANT shall submit to the OFFICE the following:

- a) 3 executed originals of its draft Articles of Incorporation;
- b) A copy of its Articles of Incorporation certified by the Florida Secretary of State.
- c) An executed copy of the Amended and Restated Bylaws certified by the Secretary as a true and accurate copy;

d) An executed Service of Process form if there have been any changes; and
e) A Certificate of Status issued by the Florida Secretary of State evidencing that the APPLICANT has been registered as a domestic insurer.

18. APPLICANT shall not enter into any reinsurance or brokerage agreement, whether or not affiliated, that requires approval from the reinsurer or broker regarding any potential sale of APPLICANT.

19. APPLICANT shall maintain its principal place of business in Florida and shall make available to the OFFICE complete records of its affairs. APPLICANT shall also maintain its office, records, and assets in Florida pursuant to Section 628.271, Florida Statutes. The physical form, if any, of the assets shall also be maintained in Florida, or in compliance with Section 628.511, Florida Statutes.

20. APPLICANT shall maintain a deposit with the Bureau of Collateral Management, in the amount of at least \$300,000 United States Dollars, as required by Section 624.411, Florida Statutes.

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

22. APPLICANT shall continue to prepare a claims reserve analysis, utilizing two-year actual versus expected claims loss data, that is separate and independent of any affiliate. Said claims reserve analysis shall be submitted annually with APPLICANT's Annual Statement filing.

23. APPLICANT acknowledges that the OFFICE's approval of APPLICANT's redomestication to the state of Florida is subject to the Hawaii Department of Insurance's approval. APPLICANT shall within 3 business days of receiving them, submit to the OFFICE a

copy of all documents evidencing approval of APPLICANT's request to transfer domicile from the state of Hawaii to the state of Florida, including any conditions imposed on APPLICANT. Should the Hawaii Department of Insurance not approve APPLICANT's redomestication to the state of Florida, this Consent Order shall be null and void.

24. APPLICANT shall, no later than 15 days after the end of the month in which the redomestication occurs, 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.

25. APPLICANT's 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 APPLICANT and APPLICANT's affiliates.

26. APPLICANT, FSH, and PEED 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 current and future operations of APPLICANT. APPLICANT, FSH, and PEED 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.

27. 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.

28. Any prior orders, consent orders, or corrective action plans that APPLICANT has entered into 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.

29. APPLICANT, FSH, and PEED 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 they may be entitled by law or rules of the OFFICE. APPLICANT, FSH, and PEED hereby knowingly and voluntarily waives 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.

30. APPLICANT, FSH, and PEED affirm that all requirements set forth herein are material to the issuance of this Consent Order.

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

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

33. 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, FSH, and PEED, notwithstanding the fact that the copy may have been transmitted to the OFFICE electronically. Further, APPLICANT, FSH, and PEED agree that the signatures of its authorized representative as affixed to this Consent Order shall be under the seal of a Notary Public.

WHEREFORE, the agreement between FAMILY SECURITY INSURANCE COMPANY, INC., FAMILY SECURITY HOLDINGS, LLC, PEED MANAGEMENT, LLC, and the FLORIDA OFFICE OF INSURANCE REGULATION, the terms and conditions of which are set forth above, is APPROVED, and the Application for approval of the transfer of FAMILY SECURITY INSURANCE COMPANY, INC.'s domicile to the state of Florida, pursuant to Section 628.520, Florida Statutes, is hereby APPROVED.

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

DONE and ORDERED this 2nd day of April, 2021.



David Altmaier

David Altmaier, Commissioner
Office of Insurance Regulation

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

FAMILY SECURITY INSURANCE COMPANY, INC.

By: [Signature]

Print Name: Brad Martz

Title: President & CEO

Date: 4-1-2021

[Corporate Seal]

STATE OF Florida
COUNTY OF Pinellas

The foregoing instrument was acknowledged before me by means of physical presence or online notarization, this 1 day of April 2021, by Brad Martz as officer for Family Security Ins. Co. Inc
(type of authority; e.g., officer, trustee, attorney in fact) (name of person) (company name)



[Signature]
(Signature of the Notary)
Brooke Adler
(Print, Type or Stamp Commissioned Name of Notary)

Personally Known OR Produced Identification _____

Type of Identification Produced _____

My Commission Expires 6-7-24

By execution hereof, FAMILY SECURITY HOLDINGS, LLC, 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 FAMILY SECURITY HOLDINGS, LLC, to the terms and conditions of this Consent Order.

FAMILY SECURITY HOLDINGS, LLC

By: [Signature]

[Corporate Seal]

Print Name: Brad Martz

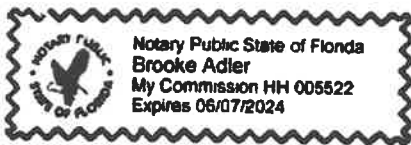
Title: Pres. Int. o CEO

Date: 4-1-2021

STATE OF Florida
COUNTY OF Pinellas

The foregoing instrument was acknowledged before me by means of physical presence or online notarization, this 1 day of April 2021, by Brad Martz

as officer for Family Security Holdings LLC
(type of authority; e.g., officer, trustee, attorney in fact) (name of person) (company name)



[Signature]
(Signature of the Notary)

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

Personally Known OR Produced Identification _____

Type of Identification Produced _____

My Commission Expires 6-7-24

By execution hereof, PEED MANAGEMENT, LLC, 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 PEED MANAGEMENT, LLC, to the terms and conditions of this Consent Order.

PEED MANAGEMENT, LLC

By: *R. Daniel Peed*

[Corporate Seal]

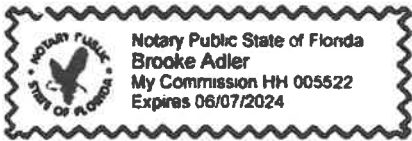
Print Name: R. DANIEL PEED

Title: Manager

Date: 4-1-21

STATE OF Florida
COUNTY OF Pinellas

The foregoing instrument was acknowledged before me by means of physical presence or online notarization, this 1 day of April 2021, by R. Daniel Peed as Manager for Peed Management LLC
(type of authority; e.g., officer, trustee, attorney in fact) (name of person) (company name)



Brooke Adler
(Signature of the Notary)

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

Personally Known X OR Produced Identification _____

Type of Identification Produced _____

My Commission Expires 6-7-24

COPIES FURNISHED TO:

DAN PEED, PRESIDENT & CHIEF EXECUTIVE OFFICER

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E-Mail: dpeed@upcinsurance.com

BENNETT BRADFORD MARTZ

MANAGER, Family Security Holdings, LLC

CHIEF FINANCIAL OFFICER & PRESIDENT United Insurance Holdings Corp.

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St. Petersburg, Florida 33701

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