

FILED

APR 06 2021

INSURANCE REGULATION
Docketed by: *JS*



OFFICE OF INSURANCE REGULATION

DAVID ALTMAIER
COMMISSIONER

IN THE MATTER OF:

CASE NO.: 278783-21-CO

OBSIDIAN SPECIALTY 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 OBSIDIAN SPECIALTY INSURANCE COMPANY ("APPLICANT") for approval as an Accredited Reinsurer in this state, pursuant to Section 624.610(3)(b), 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 of the conditions precedent to being approved as an Accredited Reinsurer in Florida, pursuant to the requirements set forth by the Florida Insurance Code.
3. APPLICANT is a stock property and casualty insurer, domiciled in the state of Delaware, and is 100% owned by OBSIDIAN INSURANCE HOLDINGS, INC. ("OBSIDIAN HOLDINGS"), a Delaware corporation that is 100% owned by OBS Intermediate II, Inc., a Delaware corporation that is 100% owned by OBS Intermediate I, Inc., a Delaware corporation

that is 100% owned by OBS Holdings, LP, a Delaware limited partnership, whose General Partner is OBS Holdings, LLC, a Delaware limited liability company, whose membership interest is 100% owned by Genstar OBS Holdings, LP, a Delaware limited partnership, whose General Partner is GENSTAR IX GP, LLC (“GENSTAR”), a Delaware limited liability company with no 10% or greater membership interest holders.

4. APPLICANT, OBSIDIAN HOLDINGS, and GENSTAR have made material representations that, except as disclosed in the Application, no officers or directors of either APPLICANT or OBSIDIAN HOLDINGS, and no managing directors of GENSTAR have been found guilty of, or have pleaded guilty or nolo contendere to, a felony or a misdemeanor, other than a civil traffic offense.

5. 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, OBSIDIAN HOLDINGS, or GENSTAR 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 approval of APPLICANT as an Accredited Reinsurer in this state without further proceedings, pursuant to Sections 120.569(2)(n) and 120.60(6), Florida Statutes.

6. 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.

7. APPLICANT has represented that the primary purpose for its Application is to allow its affiliate, Obsidian Insurance Company, to take full credit for its reinsurance, pursuant to Sections 624.404(4)(a) and (b), Florida Statutes. APPLICANT has met the criteria established for an Accredited Reinsurer, pursuant to Section 624.610(3)(b), Florida Statutes, which include the following:

a. APPLICANT is currently authorized to transact insurance in its state of domicile and has submitted documentation to the OFFICE evidencing the same;

b. APPLICANT has provided to the OFFICE a copy of the latest annual and quarterly statements, as filed with the National Association of Insurance Commissioners (“NAIC”), certified by its state of domicile, and a copy of its most recent audited financial statement;

c. APPLICANT has, as evidenced in its latest financial statements, no less than \$20,000,000 United States Dollars (“USD”) in surplus as regards policyholders;

d. APPLICANT has filed with the OFFICE evidence of its submission to the State of Florida’s jurisdiction; and

e. APPLICANT has submitted a statement that its books and records shall be subject to examination by the OFFICE.

8. APPLICANT shall only transact those kinds or lines of business for which APPLICANT is licensed, authorized, or otherwise permitted to write or assume in its state of domicile, in accordance with Section 624.610(2), Florida Statutes.

9. APPLICANT shall at all times maintain a surplus as regards policyholders in an amount not less than \$20,000,000 USD, as required by Section 624.610(3)(b), Florida Statutes.

10. APPLICANT shall comply with Section 624.610(3)(b), Florida Statutes, and Rule 690-144.005(2), Florida Administrative Code, by submitting to the OFFICE, via the NAIC's electronic filing system, the following: a complete copy of its annual and quarterly statements, including supporting exhibits and schedules, on the NAIC's statement blank and a copy of its most recent audited financial statement on a statutory basis in USD. The reports shall be due as follows:

a. On or before March 1 of each year, an annual statement shall be furnished to the OFFICE via the NAIC's electronic filing system as of the end of the immediately preceding calendar year and shall include an actuarial opinion on the loss and loss adjustment expense reserves;

b. On or before May 15, August 15, and November 15 of each year, a quarterly statement shall be furnished to the OFFICE via the NAIC's electronic filing system as of the end of the immediately preceding calendar quarter; and

c. On or before June 1 of each year, an audited financial statement on a statutory basis and in USD shall be furnished to the OFFICE via the NAIC's electronic filing system as of the end of the immediately preceding calendar year.

11. In determining the financial condition of APPLICANT, the OFFICE shall apply Parts I and II of Chapter 625, Florida Statutes, to its review of financial statements submitted by APPLICANT, including any limitations imposed by such statutes. Non-qualifying assets or investments in excess of limitations shall be non-admitted by the OFFICE and the surplus as regards policyholders adjusted accordingly.

12. APPLICANT acknowledges that its books and records shall be subject to examination by the OFFICE at any time the OFFICE may deem necessary.

13. APPLICANT, OBSIDIAN HOLDINGS, and GENSTAR affirm that all information, explanations, representations, statements, and documents provided to the OFFICE in connection with the 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, OBSIDIAN HOLDINGS, and GENSTAR 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.

14. 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 approval must be requested in writing prior to any proposed deviation from the terms of this Consent Order.

15. APPLICANT, OBSIDIAN HOLDINGS, and GENSTAR 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, OBSIDIAN HOLDINGS, and GENSTAR 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.

16. APPLICANT, OBSIDIAN HOLDINGS, and GENSTAR affirm that all requirements set forth herein are material to the issuance of this Consent Order.

17. APPLICANT, OBSIDIAN HOLDINGS, and GENSTAR 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 approval as an Accredited Reinsurer in this state, in accordance with Sections 120.569(2)(n) and 120.60(6), Florida Statutes.

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

19. 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, OBSIDIAN HOLDINGS, and GENSTAR.

WHEREFORE, the agreement between OBSIDIAN SPECIALTY INSURANCE COMPANY; OBSIDIAN INSURANCE HOLDINGS, INC.; GENSTAR IX GP, LLC; and the FLORIDA OFFICE OF INSURANCE REGULATION, the terms and conditions of which are set forth above, is APPROVED, and OBSIDIAN SPECIALTY INSURANCE COMPANY's status as an Accredited Reinsurer in this state, pursuant to Section, 624.610(3)(b), Florida Statutes, is APPROVED.

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

DONE and ORDERED this 6th day of April, 2021.



David Altmaier

David Altmaier, Commissioner
Office of Insurance Regulation

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

OBSIDIAN SPECIALTY INSURANCE COMPANY

[Corporate Seal]

By: *[Signature]*

Print Name: Craig Rappaport

Title: Chief Financial Officer

Date: 3/30/2021

STATE OF Connecticut
COUNTY OF Hartford

The foregoing instrument was acknowledged before me by means of physical presence or online notarization, this 30th day of March 2021, by Craig Rappaport (name of person) as CFO for Obsidian Specialty Insurance Company (type of authority; e.g., officer, trustee, attorney in fact) (company name)

[Signature]
(Signature of the Notary)

Andrea H Quattrocchi
(Print, Type or Stamp Commissioned Name of Notary)

Personally Known OR Produced Identification _____

Type of Identification Produced _____

My Commission Expires _____



By execution hereof, OBSIDIAN INSURANCE HOLDINGS, 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 OBSIDIAN INSURANCE HOLDINGS, INC., to the terms and conditions of this Consent Order.

OBSIDIAN INSURANCE HOLDINGS, INC.

By: [Signature]

[Corporate Seal]

Print Name: Craig Rappaport

Title: Chief Financial Officer

Date: 3/30/2021

STATE OF Connecticut

COUNTY OF Hartford

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

or online notarization, this 30th day of March 2021, by Craig Rappaport
(name of person)
as CFO for Obsidian Insurance Holdings, Inc
(type of authority; e.g., officer, trustee, attorney in fact) (company name)

[Signature]
(Signature of the Notary)

Andrea H Quattrocchi
(Print, Type or Stamp Commissioned Name of Notary)

Personally Known OR Produced Identification _____

Type of Identification Produced _____

My Commission Expires _____



By execution hereof, GENSTAR IX GP, 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 GENSTAR IX GP, LLC, to the terms and conditions of this Consent Order.

GENSTAR IX GP, LLC

By: [Signature]

Print Name: J. Ryan Clark

Title: Managing Director

Date: 3/31/2021

[Corporate Seal]

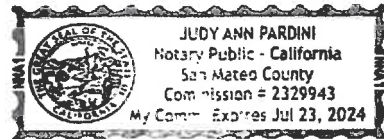
STATE OF California
COUNTY OF San Mateo

The foregoing instrument was acknowledged before me by means of physical presence
or online notarization, this 31st day of March 2021, by James Ryan Clark
as Managing Director for Genstar IX GP, LLC
(type of authority, e.g., officer, trustee, attorney in fact) (company name)

[Signature]
(Signature of the Notary)

Judy Ann Pardini
(Print, Type or Stamp Commissioned Name of Notary)

Personally Known _____ OR Produced Identification X
Type of Identification Produced California Driver License
My Commission Expires 07-23-2024



CALIFORNIA ACKNOWLEDGMENT

CIVIL CODE § 1189

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

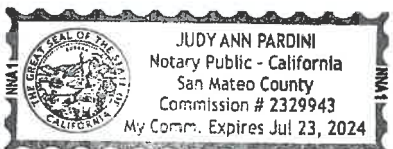
State of California

County of San Mateo }

On 03-31-2021 before me, Judy Ann Pardini, Notary Public
Date Here Insert Name and Title of the Officer

personally appeared James Ryan Clark
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



Place Notary Seal and/or Stamp Above

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature Judy Ann Pardini
Signature of Notary Public

OPTIONAL

Completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

- Corporate Officer – Title(s): _____
- Partner – Limited General
- Individual Attorney in Fact
- Trustee Guardian or Conservator
- Other: _____

Signer is Representing: _____

Signer's Name: _____

- Corporate Officer – Title(s): _____
- Partner – Limited General
- Individual Attorney in Fact
- Trustee Guardian or Conservator
- Other: _____

Signer is Representing: _____

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