



**FILED**

**AUG 11 2022**

**INSURANCE REGULATION**  
Docketed by: ke

**OFFICE OF INSURANCE REGULATION**

**DAVID ALTMAIER**  
COMMISSIONER

IN THE MATTER OF:

CASE NO.: 297127-22-CO

FEDNAT INSURANCE COMPANY,  
MAISON INSURANCE COMPANY, and  
Monarch National Insurance Company's  
strategic plan and the consequent

Application for Approval of the Merger of  
MAISON INSURANCE COMPANY with and into  
FEDNAT INSURANCE COMPANY

CONSENT ORDER

THIS CAUSE came on for consideration upon the filing of a Strategic Plan ("Plan") with the FLORIDA OFFICE OF INSURANCE REGULATION ("OFFICE") as required by Consent Order 294507-22-CO, docketed on April 21, 2022, by FEDNAT INSURANCE COMPANY ("FEDNAT"), Monarch National Insurance Company ("Monarch"), and MAISON INSURANCE COMPANY ("MAISON"). The Plan includes the early cancellation of approximately 56,000 FEDNAT Florida policies, 8,400 Monarch Florida policies, and 3,300 MAISON Florida policies which was approved by Consent Order 295625-22-CO on May 13, 2022, and the capitalization and direct acquisition of 10% or more of the issued and outstanding voting securities of Monarch by certain investors controlled by Hale Partnership Capital Management, LLC ("Hale"), and FEDNAT HOLDING COMPANY ("FEDNAT HOLDING"), approved by Consent Order 295638-22-CO on May 23, 2022, and amended by Consent Order 297724-22-CO on June 30, 2022. The remainder of the Plan includes the application for the approval of the Merger of MAISON with and into FEDNAT, pursuant to

Section 628.451, 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:

#### INTRODUCTION

1. The OFFICE has jurisdiction over the subject matter and the parties herein.
2. FEDNAT and Monarch are domestic property and casualty insurers authorized to transact insurance business in the state of Florida pursuant to a Certificate of Authority issued by the OFFICE in accordance with Chapter 624, Part III, Florida Statutes.
3. MASON is a foreign property and casualty insurer domiciled in Louisiana and authorized to transact insurance business in the state of Florida pursuant to a Certificate of Authority issued by the OFFICE in accordance with Chapter 624, Part III, Florida Statutes.
4. On April 21, 2022, the OFFICE issued Consent Order 294507-22-CO, which required FEDNAT, MAISON, and Monarch, each entity a part of the same holding company controlled by FEDNAT HOLDING, to submit a Plan to address its operational results and the downgrade of FEDNAT’s financial strength rating. On May 13, 2022, the OFFICE issued Consent Order 295625-22-CO that approved a portion of the Plan that included the early cancellation of approximately 56,000 FEDNAT Florida policies, 8,400 Monarch Florida policies, and 3,300 MAISON Florida policies. On May 23, 2022, the OFFICE issued Consent Order 295638-22-CO, which was amended by Consent Order 297724-22-CO on June 30, 2022, that approved another portion of the Plan that included the capitalization and application for the direct acquisition of 10% or more of the issued and outstanding voting securities of Monarch. FEDNAT was further required to submit proforma financial statements that would support an orderly wind-down of the remaining liabilities, including

the liabilities of MAISON which has been in runoff for some time, for the purpose of assessing a proposed merger of the two companies.

#### MERGER APPLICATION

5. FEDNAT HOLDING has applied for and, subject to the 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 merger of MAISON with and into FEDNAT, pursuant to the requirements of the Florida Insurance Code.

6. FEDNAT HOLDING is a Florida corporation whose common stock is publicly traded on the NASDAQ Stock Exchange and is owned 11.27% by Hale with no other 10% or greater shareholders.

7. MAISON is a stock property and casualty insurer domiciled in the state of Louisiana, which is 100% owned by FEDNAT HOLDING.

8. FEDNAT is a stock property and casualty insurer domiciled in the state of Florida, which is 100% owned by FEDNAT HOLDING. MAISON and FEDNAT are both operating under subsisting Certificates of Authority issued by the OFFICE.

9. As disclosed in the Application, MAISON will be merged with and into FEDNAT, with FEDNAT as the surviving entity ("Merger").

10. FEDNAT shall comply with the post-Merger Plan of Operation and supporting documents as submitted with this Application. Prior written approval must be secured from the OFFICE before any material deviation from said post-Merger Plan of Operation.

11. FEDNAT HOLDING represents that, except as described in the Application, there are no present plans or proposals to make any substantive changes to FEDNAT, 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 other person or persons, or making any other major change in the business operations, management, or corporate structure of FEDNAT.

12. FEDNAT HOLDING, or FEDNAT, shall submit the following documents to the OFFICE:

a. Within 10 days of completion of the Merger, a copy of the fully executed Articles of Merger, as filed with the Florida Secretary of State's Office;

b. Within 10 days of completion of the Merger, a copy of the fully executed Articles of Merger, as filed with the Louisiana Secretary of State's Office;

c. Within 10 days of completion of the Merger, a copy of all documents evidencing completion of the Merger transaction;

d. Within 10 days of filing the Articles of Merger with the latter of either the Florida Secretary of State's Office or the Louisiana Secretary of State's Office, the original Certificate of Authority of MAISON shall be surrendered to the OFFICE.

13. FEDNAT HOLDING and FEDNAT represent that all existing policyholders of MAISON will be sent a notice advising them of the Merger. Such notice is subject to a separate, prior approval by the OFFICE. Further, said notice shall include information that FEDNAT will be assuming all duties and obligations that were originally those of MAISON.

14. 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. FEDNAT HOLDING, MAISON, and FEDNAT 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 FEDNAT, the OFFICE may rescind its approval as granted in the Consent Order by written notice to FEDNAT HOLDING, MAISON, or FEDNAT.

15. All parties to this Consent Order acknowledge that completion of the Merger is subject to obtaining any other requisite regulatory or governmental approvals and that this Consent Order shall be deemed null and void if the Merger is not completed within 60 days of the execution of this Consent Order. Accordingly, if FEDNAT fails to receive any other requisite approvals or the Merger is not completed timely, the provisions of this Consent Order shall terminate automatically and have no effect.

#### GENERAL TERMS

16. FEDNAT HOLDING, MAISON, and FEDNAT 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 merger and future operations of FEDNAT. FEDNAT HOLDING, MAISON, and FEDNAT further agree and affirm 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.

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

19. FEDNAT HOLDING, MAISON, and FEDNAT affirm that all requirements set forth herein are material to the issuance of this Consent Order.

20. FEDNAT HOLDING, MAISON, and FEDNAT expressly waive their rights to 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. FEDNAT HOLDING, MAISON, and FEDNAT hereby knowingly and voluntarily waive all rights to challenge or contest this Consent Order in any forum available to them, now or in the future, including the rights to any administrative proceeding, state or federal court action, or any appeal.

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

22. FEDNAT HOLDING, MAISON, and FEDNAT acknowledges that the execution of this Consent Order does not prohibit other administrative action upon the Certificate of Authority of FEDNAT deemed appropriate by the OFFICE in accordance with the Florida Insurance Code or with Sections 120.569(2)(n), 120.60(6), and 631.031, Florida Statutes.

23. FEDNAT HOLDING, MAISON, and FEDNAT 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 FEDNAT's Certificate of Authority in this state in accordance with Sections 120.569(2)(n) and 120.60(6), Florida Statutes.

24. 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 notarized signatures of the authorized representatives of FEDNAT HOLDING, MAISON, and FEDNAT.

WHEREFORE, subject to the terms and conditions of which are set forth above, the Application for the Merger of MAISON INSURANCE COMPANY with and into FEDNAT INSURANCE COMPANY, pursuant to Section 628.451, Florida Statutes, is APPROVED.

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

DONE and ORDERED this 11<sup>th</sup> day of August 2022.



*David Altmaier*

David Altmaier, Commissioner  
Office of Insurance Regulation

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

FEDNAT INSURANCE COMPANY

By: [Signature]

[Corporate Seal]

Name: J. G. JENNINGS III  
(Please type or print)

Title: CORPORATE SECRETARY

Date: 8/10/2022

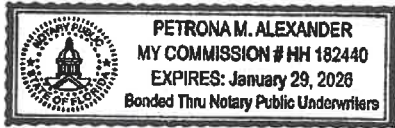
STATE OF FLORIDA

COUNTY OF BROWARD

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

or  online notarization, this 10<sup>th</sup> day of AUGUST 2022, by J. G. JENNINGS III  
(name of person)

as CORPORATE SECRETARY for FEDNAT INSURANCE COMPANY  
(type of authority; e.g., officer, trustee, attorney in fact) (company name)



[Signature]  
(Signature of the Notary)

Petrona M. Alexander  
(Print, Type or Stamp Commissioned Name of Notary)

Personally Known  OR Produced Identification \_\_\_\_\_

Type of identification produced \_\_\_\_\_

My Commission Expires 01-29-2026



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

MAISON INSURANCE COMPANY

By: [Signature]

Print Name: J.G. JENNINGS

Title: Corporate Secretary

Date: 8/10/2022

[Corporate Seal]

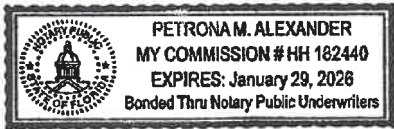
STATE OF FLORIDA

COUNTY OF BROWARD

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

online notarization, this 10<sup>th</sup> day of August 2022, by J.G. JENNINGS

as Corporate Secretary for MAISON INSURANCE COMPANY  
(type of authority; e.g., officer, trustee, attorney in fact) (company name)



[Signature]  
(Signature of the Notary)

Petrona M. Alexander  
(Print, Type or Stamp Commissioned Name of Notary)

Personally Known  OR Produced Identification \_\_\_\_\_

Type of Identification Produced \_\_\_\_\_

My Commission Expires 01-29-2026

By execution hereof, FEDNAT HOLDING 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 FEDNAT HOLDING COMPANY to the terms and conditions of this Consent Order.

FEDNAT HOLDING COMPANY

By: [Signature]

Print Name: J.G. JENNINGS III

Title: Corporate Secretary

Date: 8/10/2022

[Corporate Seal]

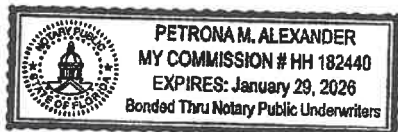
STATE OF FLORIDA

COUNTY OF BROWARD

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

online notarization, this 10<sup>th</sup> day of August 2022, by J.G. JENNINGS III

as Corporate Secretary for FEDNAT HOLDING COMPANY  
(type of authority; e.g., officer, trustee, attorney in fact) (company name)



[Signature]  
(Signature of the Notary)

Petrona M. Alexander  
(Print, Type or Stamp Commissioned Name of Notary)

Personally Known  OR Produced Identification \_\_\_\_\_

Type of Identification Produced \_\_\_\_\_

My Commission Expires 01-29-2026

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