



FILED

MAR 25 2022

INSURANCE REGULATION
Docketed by: 

OFFICE OF INSURANCE REGULATION

DAVID ALTMAIER
COMMISSIONER

IN THE MATTER OF:

CASE NO.: 291923-22-CO

SUNZ INSURANCE COMPANY
_____ /

CONSENT ORDER

THIS CAUSE came on for consideration upon the request by SUNZ INSURANCE COMPANY (“SUNZ INSURANCE”) to the FLORIDA OFFICE OF INSURANCE REGULATION (“OFFICE”) for approval to amend its Business Plan to utilize policyholder captive cells that would collateralize first dollar of claims, retained by the policyholder and initially paid by SUNZ INSURANCE, up to a stated Excess of Loss limit of policyholder retention (“Request”). 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. SUNZ INSURANCE is a Florida-domiciled property and casualty insurer licensed and authorized to transact property and casualty insurance in the state of Florida through a subsisting Certificate of Authority issued by the OFFICE and subject to regulation by the OFFICE pursuant to the Florida Insurance Code.
3. SUNZ INSURANCE is owned 100% by SUNZ HOLDINGS, LLC (“SUNZ HOLDINGS”), a Florida limited liability company, which is owned 0.35% by Accelevant Holdings, LLC, a Florida limited liability company, and 99.65% by Prominence Holdings, LLC, a Florida limited liability company, both of which are owned 100% by Steven Herrig.

4. On July 11, 2017, SUNZ INSURANCE, SUNZ HOLDINGS, and the OFFICE executed Consent Order 197470-16-CO, which consolidated and superseded all prior Consent Orders SUNZ INSURANCE had entered into with the OFFICE. This Consent Order incorporates the remaining operative provisions of Consent Order 197470-16-CO.

PROVISIONS OF CONSENT ORDER 197470-16-CO RESTATED AND
INCORPORATED HEREIN

5. SUNZ INSURANCE shall submit to the OFFICE on a quarterly basis a report that details the following information with regard to all policies issued by SUNZ INSURANCE:

- a. Gross reserves prior to the application of any deductible credit;
- b. The portion of gross reserves reported under subparagraph (a) of this paragraph that is within the deductible layer;
- c. The amount of collateral held by SUNZ INSURANCE;
- d. The amount of reserve credit taken by SUNZ INSURANCE; and
- e. Any amount that has been billed and is recoverable, and an aging schedule that shows how much of these billed recoverables are up to 30 days old, 30-59 days old, 60 to 89 days old, and 90 days old or greater.

Said report shall be filed via the OFFICE's Regulatory Electronic Filing System ("REFS") and is due on the same date as annual and quarterly financial statements.

6. SUNZ INSURANCE agrees to maintain sufficient collateral on large deductible policies issued after October 21, 2013, in accordance with the requirements described below. Sufficient collateral is defined as 200% of open reserves for each policy period plus 6 months. Once a policy terminates, reserves will be maintained at 150% of open reserves for the 18 months after 6 months after the policy terminates. When the 18 months have concluded, reserves will be

maintained at 120% of open reserves until all claims are closed out. If SUNZ INSURANCE is unable to secure collateral from its insureds compliant with the levels established in this paragraph, then upon notification from the OFFICE:

a. As required under principles of statutory accounting, SUNZ INSURANCE will non-admit any receivable related to uncollateralized large deductible recoverables; or

b. As required under principles of statutory accounting, SUNZ INSURANCE will not reduce loss and loss adjustment expense reserves for uncollateralized large deductible reserves.

12. In addition to the actuarial requirements of Section 624.424(1)(b), Florida Statutes, SUNZ INSURANCE will continue to submit the full actuarial report on an annual basis to the OFFICE on or before May 1st for the prior calendar year. SUNZ INSURANCE agrees that at all times reserves will be set no lower than the mid-point of the reserves established by the opening actuary.

13. SUNZ INSURANCE shall continue to maintain a deposit with the Division of Treasury, Bureau of Collateral Management, in the amount of at least \$2,000,000 USD.

14. SUNZ INSURANCE shall comply with its last approved Plan of Operation. Written approval must be secured from the OFFICE prior to any material deviation from said Plan of Operation or substantive change to its reinsurance program.

15. SUNZ INSURANCE may not expand its operations into any state in which it is not currently approved to do business without prior written approval of the OFFICE. SUNZ INSURANCE shall submit a new Plan of Operation to, and obtain approval of the same from, the OFFICE prior to any such expansion.

16. SUNZ INSURANCE shall maintain its principal place of business in Florida and shall make available to the OFFICE complete records of its affairs. SUNZ INSURANCE shall also maintain its office, records, and assets in Florida as required by 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.

17. SUNZ INSURANCE agrees it will not write any worker's compensation insurance or coverage for any affiliated professional employer organization ("PEO"), affiliated staffing company, or affiliated standalone company or organization without prior written approval from the OFFICE. SUNZ INSURANCE further agrees that any individual who is an officer, director, or owner of any PEO shall not be an officer, director, or owner of SUNZ INSURANCE without the prior written approval of the OFFICE.

18. SUNZ INSURANCE shall hold annual shareholder and Board of Director meetings and shall maintain adequate records of actions taken at those meetings, pursuant to Chapter 607, Florida Statutes.

19. SUNZ INSURANCE shall maintain procedures to ensure that its insureds comply with all applicable statutes and rules relating to insurance policies issued by SUNZ INSURANCE.

20. SUNZ INSURANCE and SUNZ HOLDINGS represent that, except as disclosed to the OFFICE, none of the officers, directors, shareholders, or owners who own 10% or more of SUNZ INSURANCE or SUNZ HOLDINGS have been found guilty of, or have pleaded guilty or nolo contendere to, a felony or a misdemeanor other than a minor traffic violation, without regard to whether a judgment of conviction was entered by the Court.

21. SUNZ INSURANCE and SUNZ HOLDINGS have submitted complete information for each of the individuals referenced in paragraph 20 above. If said information has

not been provided, or if the sources utilized by the OFFICE in its investigation process reveal that the representations made in paragraph 20 above are inaccurate, any individual involved shall be removed as officer, director, shareholder, or owner who owns 10% or more within 30 days of receipt of notification from the OFFICE and replaced with a person or persons acceptable to the OFFICE.

22. If, upon receipt of notification from the OFFICE, pursuant to paragraph 21 above, SUNZ INSURANCE and SUNZ HOLDINGS does not timely take the required corrective action, SUNZ INSURANCE and SUNZ HOLDINGS 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 SUNZ INSURANCE without further proceedings, pursuant to Sections 120.569(2)(n) and 120.60(6), Florida Statutes.

23. SUNZ INSURANCE, in conformity with statutory accounting principles, agrees that any arrangement or agreement SUNZ INSURANCE enters into with an affiliated party for the provisions of administrative services shall further comply with the following requirements:

- a. SUNZ INSURANCE must have the right to terminate the contract for cause;
- b. The contract shall contain a provision with respect to the underwriting or other standards pertaining to the business underwritten by SUNZ INSURANCE;
- c. The contract shall be retained as part of the official records of both the affiliate and SUNZ INSURANCE for the term of the contract and 5 years afterward;
- d. Payment to the affiliate of any premiums or charges for insurance by or on behalf of the insured shall be deemed to have been received by SUNZ INSURANCE, and return premiums or claims payments forwarded by SUNZ INSURANCE to the affiliate shall not be

deemed to have been paid to the insured or claimant until such payments are received by the insured or claimant;

e. The affiliate shall hold all funds collected on behalf of or for SUNZ INSURANCE as well as all return premiums received from SUNZ INSURANCE in a fiduciary capacity in trust accounts;

f. The affiliate shall adhere to underwriting standards, rules, procedures, and manuals setting forth the rates to be charged and the conditions for the acceptance or rejection of risks as determined by SUNZ INSURANCE;

g. All fees and charges must be specified in the contract and they must be comparable to fees charged to any other insurer for which similar contracted services are provided by the affiliate. If the affiliate does not perform such services for other insurers, the fees charged must be reasonable in relation to the services provided;

h. All claims paid by the affiliate from funds collected on behalf of SUNZ INSURANCE shall be paid only on drafts of and as authorized by SUNZ INSURANCE;

i. SUNZ INSURANCE shall retain the right of continuing access to books and records maintained by the affiliate sufficient to permit SUNZ INSURANCE to fulfill all of its contractual obligations to insured persons, subject to any restrictions in the written agreement between SUNZ INSURANCE and the affiliate on the proprietary rights of the parties in such books and records;

j. The affiliate shall provide written notice approved by SUNZ INSURANCE to insured individuals advising them of the identity of and relationship among the affiliate, the policyholder, and SUNZ INSURANCE; and

k. Any policies, certificates, booklets, termination notices, or other written communications delivered by SUNZ INSURANCE to the affiliate for delivery to its policyholders shall be delivered by the affiliate promptly after receipt of instructions from SUNZ INSURANCE to deliver them.

24. SUNZ INSURANCE acknowledges that any managerial, administrative, or employee-sharing arrangements involving SUNZ INSURANCE shall be in accordance with a formal written agreement and contain at a minimum, the following:

a. A requirement of monthly cash settlement of any expenses incurred for the month; and

b. A clear delineation of the financial boundaries of each operation.

Further, SUNZ INSURANCE shall not bear any occupancy expenses for space which is occupied by any other affiliate and, upon examination, shall be prepared to demonstrate how the occupancy cost and space is allocated among co-located entities.

25. SUNZ INSURANCE 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 SUNZ INSURANCE.

26. SUNZ INSURANCE shall submit to the OFFICE, no less than annually, all required filings pursuant to Section 627.0645, Florida Statutes, and Rule 69IO-170.007, Florida Administrative Code.

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

28. SUNZ INSURANCE shall maintain sufficient and adequate internal controls and supervision of any external contractors providing services in connection with the insurance

transactions of SUNZ INSURANCE and shall further assume responsibility for the actions of said contractors as they relate to any performance under the service agreements.

29. Any managing general agent and related contracts entered into by SUNZ INSURANCE shall meet the requirements of Sections 626.015(14) and 626.7451, Florida Statutes. Further SUNZ INSURANCE shall obtain the prior written approval of the OFFICE before amending, updating, or changing any managing general agent contracts entered into by SUNZ INSURANCE.

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

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

32. SUNZ INSURANCE and SUNZ HOLDINGS acknowledge that any agreements that SUNZ INSURANCE enters into with an affiliate shall qualify as material transactions pursuant to Rule 69O-143.047, Florida Administrative Code. SUNZ INSURANCE shall not enter into said transactions unless it has notified the OFFICE in writing of its intention to enter into such a transaction at least 30 days prior thereto, or such shorter period as the OFFICE in its discretion may permit, and the OFFICE has not disapproved the transaction within such period.

33. SUNZ INSURANCE shall continue to take necessary steps to effectuate membership of SUNZ INSURANCE in the associations and funds, as required by the following statutes, and to comply with the conditions contained in such entities' Plan of Operation. Further SUNZ INSURANCE agrees to pay any and all assessments levied by such entities and applicable laws. SUNZ INSURANCE acknowledges full responsibility for determining the associations and funds SUNZ INSURANCE is required to join pursuant to, but not limited to Sections 215.5555, 627.311(4), 627.351(1), 627.351(4), 627.351(6), 627.3515, 627.6488, 631.55, 631.715, and 631.911, Florida Statutes. SUNZ INSURANCE further acknowledges its statutory obligations pursuant to, but not limited to, the aforementioned statutes and will continually monitor the various associations and funds that it is required to join as determined by the lines of business on the Certificate of Authority of SUNZ INSURANCE. Further, SUNZ INSURANCE shall, based upon the lines of business on its Certificate of Authority, continually monitor and comply with statutory requirements regarding SUNZ INSURANCE's membership in the associations and funds that are identified herein or that may be established in the future.

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

AGREED UPON CONDITIONS FOR APPROVAL OF REQUEST

35. SUNZ INSURANCE provided proformas, documentation, explanations, and representations in support of its Request. The OFFICE has relied upon the proformas,

documentation, explanations and representations in the review of this request, all of which are material to the issuance of this Consent Order and the approval of the Request. The Request is approved subject to the following conditions:

a. SUNZ INSURANCE shall require all collateral for each of the policyholder captive cells to be fully funded, and consistent with Paragraph 6 herein, with cash or letters of credit held by a U.S. bank;

b. SUNZ INSURANCE shall provide reconciliation documentation regarding each policyholder captive cell to the OFFICE on a quarterly basis, to be filed with its required quarterly financial statement, which shows the amount required to be held in each cell and proof that the cells are fully funded, and consistent with Paragraph 6 herein, with cash or qualified letters of credit held in a U.S. bank;

c. SUNZ INSURANCE shall require all policyholder captive cells to be audited annually to determine the level and type of funds held and provide copies of the audits to the OFFICE within 5 days of receipt of the audits;

d. SUNZ INSURANCE shall file a report with the OFFICE containing financial information specific to reinsurance assumed by each policyholder captive cell. The report shall be filed as a separate schedule with its annual financial statement. The report must identify the portion of the product ceded by types identified in the Request and the amounts for each;

e. SUNZ INSURANCE shall continue to maintain at least one financial strength rating from independent rating agencies equivalent to or above its current A.M. Best rating. SUNZ INSURANCE shall immediately notify the OFFICE of any change to its use of rating agencies or if its financial strength rating with A.M. Best falls below its current A- rating. SUNZ INSURANCE agrees that if a downgrade occurs it will file a Corrective Action Plan within

10 days of the downgrade that will state the reason for the downgrade and actions to be taken by SUNZ INSURANCE to restore its rating back to a rating of A-;

f. SUNZ INSURANCE shall utilize the services of an unaffiliated third-party captive manager and provide to the OFFICE the executed management agreement and contact information for the captive manager within 5 days of the execution of the management agreement;

g. SUNZ INSURANCE shall maintain meeting minutes for all meetings of its Collateral Committee as required by Section 607.1602(1)(e), Florida Statutes. Meeting minutes shall be provided to the OFFICE upon request; and

h. SUNZ INSURANCE provided proformas as part of its 2019 expansion request that reflected a greater decrease in assumed business than that shown in this Request. The OFFICE's approval of the expansion was in reliance on those proformas. With this Request SUNZ INSURANCE provided new proformas that reflect a decrease in assumed business as a percentage of total premium that is not as robust as the 2019 expansion proformas. SUNZ INSURANCE agrees that it will not assume business as a percentage of total premium above the percentages reflected in the detail provided to the OFFICE on March 8, 2022, without the prior written approval of the OFFICE.

GENERAL PROVISIONS

36. 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.

37. SUNZ INSURANCE and SUNZ HOLDINGS 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. SUNZ INSURANCE and SUNZ HOLDINGS 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.

38. SUNZ INSURANCE and SUNZ HOLDINGS affirm that all representations are true, and all requirements set forth herein are material to the issuance of this Consent Order.

39. SUNZ INSURANCE and SUNZ HOLDINGS agree that, upon execution of this Consent Order, failure to adhere to one or more of the terms and conditions of this Consent Order shall constitute a violation of a lawful order of the OFFICE.

40. SUNZ INSURANCE and SUNZ HOLDINGS 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 the Certificate of Authority of SUNZ INSURANCE in this state in accordance with Sections 120.569(2)(n) and 120.60(6), Florida Statutes.

41. This Consent Order supersedes all prior Orders and Consent Orders regarding SUNZ INSURANCE. •

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

43. 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 SUNZ INSURANCE and SUNZ HOLDINGS.

WHEREFORE, the agreement between SUNZ INSURANCE COMPANY, SUNZ HOLDINGS, LLC, and the FLORIDA OFFICE OF INSURANCE REGULATION, the terms and conditions of which are set forth above, is APPROVED.

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

DONE and ORDERED this 25th day of March, 2022.



David Altmaier

David Altmaier, Commissioner
Office of Insurance Regulation

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

SUNZ INSURANCE COMPANY

By: [Signature]

Print Name: Steven F. Herrig

Title: CEO

Date: March 23, 2022

STATE OF Florida

COUNTY OF Manatee

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

or online notarization, this 23rd day of March 2022, by Steve Herrig
(name of person)

as CEO for Sunz Insurance Company
(type of authority; e.g., officer, trustee, attorney in fact) (company name)


[Signature]
(Signature of the Notary)

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

Personally Known OR Produced Identification

Type of Identification Produced _____

My Commission Expires: _____

 JONATHAN WEIS
Commission # GG 906138
Expires October 5, 2023
Bonded Thru Budget Notary Services

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

SUNZ HOLDINGS, LLC
By: [Signature]
Print Name: Steven F. Herrig
Title: CEO
Date: March 23, 2022

STATE OF Florida
COUNTY OF Monroe

The foregoing instrument was acknowledged before me by means of physical presence
or online notarization, this 23rd day of March 2022, by Steve Herrig
(name of person)
as CEO for Sunz Holdings
(type of authority; e.g., officer, trustee, attorney in fact) (company name)

[Signature]
(Signature of the Notary)
Jonathan Weis
(Print, Type or Stamp Commissioned Name of Notary)

Personally Known X OR Produced Identification _____

Type of Identification Produced _____

My Commission Expires: _____



JONATHAN WEIS
Commission # GG 906138
Expires October 5, 2023
Bonded Thru Budget Notary Services

COPIES FURNISHED TO:

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