



FINANCIAL SERVICES
COMMISSION

RON DESANTIS
GOVERNOR

JIMMY PATRONIS
CHIEF FINANCIAL OFFICER

ASHLEY MOODY
ATTORNEY GENERAL

NICOLE "NIKKI" FRIED
COMMISSIONER OF
AGRICULTURE

OFFICE OF INSURANCE REGULATION

DAVID ALTMAIER
COMMISSIONER

September 21, 2022

The Honorable Jimmy Patronis
The Chief Financial Officer
Department of Financial Services
The Capitol, PL-11
Tallahassee, FL 32399

Re: FedNat Insurance Company

Dear Chief Financial Officer Patronis:

Pursuant to Chapter 631, Florida Statutes, the Office of Insurance Regulation ("OIR") has determined that one or more grounds exist for the Department of Financial Services, Division of Rehabilitation and Liquidation ("Department"), to initiate delinquency proceedings against FedNat Insurance Company ("Company"). Attached to this letter, please find an affidavit setting forth the grounds specified including the date the Company was deemed impaired or insolvent as those terms are defined in Section 631.011, a concise statement of the circumstances that led to the delinquency, and a summary of the actions taken by the Company and the OIR to avoid delinquency, along with a consent to order of receivership signed by the Company so that the Department can promptly initiate those proceedings.

As always, the OIR stands ready to provide any additional information or assistance the Department needs in order for this matter to proceed as expeditiously as possible. OIR currently has an examiner onsite at the Company who can be made available to the Department in any way you need. Thank you for your attention to this matter.

Sincerely,

David Altmaier, Commissioner
Office of Insurance Regulation

Enclosure

cc:

Michael Dobson, General Counsel, Department of Financial Services

• • •

DAVID ALTMAIER • COMMISSIONER
200 EAST GAINES STREET • TALLAHASSEE, FLORIDA 32399-0305 • (850) 413-5914 • FAX (850) 488-3334
WEBSITE: WWW.FLOIR.COM • EMAIL: DAVID.ALTMAIER@FLOIR.COM

Affirmative Action / Equal Opportunity Employer

AFFIDAVIT OF VIRGINIA A. CHRISTY

STATE OF FLORIDA

COUNTY OF Leon

BEFORE ME, the undersigned authority, personally appeared Virginia A. Christy, who after being duly sworn, deposes and says:

1. I, Virginia A. Christy, am over the age of eighteen (18), sui juris, and I am competent to testify to and have personal knowledge of the facts contained herein.

2. I have been employed by the Florida Office of Insurance Regulation (hereinafter referred to as "Office") since July 2012. From July 2012 to August 2014, I served as Assistant General Counsel. From September 2014 to August 2017, I served as Chief Assistant General Counsel for the Office. In that position, I supervised the Legal Division's Regulatory Section, which provided legal representation to several business units in the Office, including Property & Casualty Financial Oversight.

3. Since September 2017, I have held the position of Director of the Property & Casualty Financial Oversight business unit. In this position, I supervise a team of over fifty employees, including twenty persons specifically assigned to financial analysis of insurance companies licensed to do business in Florida.

4. I have a Bachelor of Science degree in Business Administration with a major in Accounting from Missouri Southern State College and a Juris Doctor from Florida Coastal School of Law. I am a member of the Florida Bar.

5. FedNat Insurance Company (hereinafter referred to as "FedNat") holds a license as a state of Florida domestic property and casualty insurer and is authorized to write in the lines of

(010) Fire, (020) Allied Lines, (040) Homeowners Multi-Peril, (170) Other Liability, (192) Private Passenger Auto Liability, and (211) Boiler and Private Passenger Auto Physical Damage pursuant to Part III of Chapter 624, Florida Statutes.

6. As a licensed insurer, FedNat is subject to the regulation of the Office pursuant to the Florida Insurance Code.

BACKGROUND

7. FedNat received an active Certificate of Authority in Florida on August 30, 2001 in the name of American Vehicle Insurance Company. Through a series of transactions subsequent to receiving its license, including name changes, the Certificate of Authority is now in the name of FedNat.

8. FedNat is 100% owned by FedNat Holding Company (hereinafter referred as “FedNat Holdings”) which is a Florida Corporation whose common stock is publicly traded on the NASDAQ stock exchange.

CIRCUMSTANCES THAT LED TO THE DELINQUENCY OF FEDNAT AND ACTIONS TAKEN BY THE INSURER AND THE OFFICE TO AVOID DELINQUENCY

9. As a result of the review of FedNat’s December 31, 2019 financial statement, filed with the Office on March 1, 2020, which reflected a significant drop in net income and surplus since prior year end and negative underwriting results totaling (\$38,816,155) along with continued adverse reserve development due to numerous catastrophic weather events in Florida, Texas, Louisiana, and other states, the Office required FedNat to file monthly financial statements beginning with its March 2020 period-end. Each monthly financial statement was due on the 21st day of the month following the prior period month end. In addition, the Office, starting on October 22, 2020, began to have bi-weekly calls with FedNat’s management to address and monitor its

trends and commence discussions regarding its declining financial results. FedNat's financial position continued to deteriorate; the Company reported underwriting losses of (\$96,636,868) as of December 31, 2020, and (\$109,709,531) as of December 31, 2021. Additionally, the Company's surplus as regards policyholders continued to decline despite significant capital infusions. In 2020, the Company received \$25 million in capital support, yet its surplus declined from \$141,783,438 as of December 31, 2019 to \$105,920,204 as of December 31, 2020. In 2021, the Company received \$83 million in capital support, yet its surplus declined to \$99,369,123 as of December 31, 2021.

10. On April 21, 2022, in light of FedNat's continued surplus decline, poor operational results, limited access to additional capital, and its jeopardized financial stability rating, the Office issued Consent Order 294507-22-CO, attached as Exhibit A, which imposed remedial measures and required the company to file a strategic plan (hereinafter referred to as "the plan") as outlined in the Consent Order (See, paragraph 6, Exhibit A).

11. On May 13, 2022, after careful consideration of FedNat's strategic plan, and in light of the fact that the plan did not include additional funding into FedNat, the Office issued Consent Order 295625-22-CO, attached as Exhibit B. The Consent Order included the extraordinary remedy of the early cancellation of approximately 56,500 of the approximately 140,000 personal residential policies in-force in Florida. The remaining policies, approximately 83,000, were to be assumed by Monarch National Insurance Company (hereinafter referred to as "Monarch"). This Consent Order imposed additional remedial measures on FedNat regarding its continued operations, the purpose of which was to effectuate a solvent runoff.

12. On May 23, 2022, in furtherance of the plan, the Office approved by Consent Order 295638-22-CO, attached as Exhibit C, the direct acquisition of more than 50% of the outstanding

voting securities of Monarch. The terms of the Consent Order 295638-22-CO required that the transaction close by no later than June 1, 2022 (See paragraph 20, Exhibit C) and was amended by Consent Order 297724-22-CO, attached as Exhibit D, to extend that date to June 30, 2022 along with approval of additional documents not provided in the original application. The transaction closed on June 30, 2022.

13. On August 9, 2022, the Office received proforma cash flow projections in support of FedNat's plan for a solvent runoff of its remaining liabilities.

14. On August 11, 2022, the Office approved by Consent Order 297127-22-CO, attached as Exhibit E, the remainder of the plan which included the approval of the merger of Maison Insurance Company with and into FedNat. The merger provided additional surplus to facilitate the solvent runoff of FedNat.

15. On September 13, 2022, the Office was notified by a representative of FedNat that, despite all the filings, proformas, and documentation provided to the Office to support the plan, the reliance upon which supported a solvent runoff of the remaining liabilities of FedNat, its proforma cashflow projections both grossly underestimated cash outflows and overestimated reinsurance recoveries, thereby overstating projected cash balances. As a result, the cash flow projections provided to the Office to support the solvent runoff were materially incorrect. FedNat reported that it had inadequate resources to fund a solvent runoff.

16. On September 14, 2022, the Office sent an examiner to be onsite at FedNat to protect the assets of FedNat and to determine the true financial position of FedNat.

17. On September 14, 2022, the Office held a conference call with the management of FedNat who admitted it is insolvent because it is unable to pay its debts as they come due in the normal course of business.

18. On September 19, 2022, FedNat provided to the Office an executed Consent to Order of Receivership, hereinafter referred to as “Consent”. A true and correct copy of the Consent is attached hereto as Exhibit F and hereby incorporated by reference. The Consent admits that grounds exist for the appointment of a Receiver of FedNat for Rehabilitation or Liquidation pursuant to Sections 631.051 and 631.061, Florida Statutes, and specifically admits that it is insolvent as that term is defined in Section 631.011(14), Florida Statutes (See Exhibit F)

19. The Office has determined that grounds exist for the Department of Financial Services, Division of Rehabilitation and Liquidation (hereinafter referred to as “Department”) to petition for an order, under Section 631.051 or 631.061, Florida Statutes, directing the Department to rehabilitate FedNat or appointing the Department as receiver for purposes of liquidating the business of FedNat. The three bases for this determination are summarized as follows:

BASIS ONE: FEDNAT IS INSOLVENT OR ABOUT TO BECOME INSOLVENT

Authority: §§ 631.051(1) and 631.061(2) Fla. Stat.

20. Section 631.011(14), Florida Statutes, defines “insolvency” as a condition in which all of the assets of the insurer, if made immediately available, would be insufficient to discharge all of the liabilities of the insurer or the insurer is unable to pay its debts as they become due in the normal course of business.

21. FedNat was deemed insolvent on September 14, 2022, because it is unable to pay its debts as they become due in the normal course of business.

**BASIS TWO: FURTHER TRANSACTION OF INSURANCE BY FEDNAT IS
HAZARDOUS TO POLICYHOLDERS, CREDITORS, STOCKHOLDERS,
OR THE PUBLIC**

Authority: §631.051(3), Fla. Stat.

22. Based on the above, the Office has determined that FedNat is operating in an unsound condition that is hazardous to policyholders, creditors, stockholders, and the public.

BASIS THREE: CONSENT TO REHABILITATION OR LIQUIDATION

Authority: §631.051(11), Fla. Stat.

23. On September 19, 2022, FedNat executed a Consent to Order of Receivership for the appointment of the Department as Receiver. (See, Exhibit F). In the Consent, FedNat specifically admits that it is insolvent as that term is defined in Section 631.011(14), Florida Statutes (See, Exhibit F, paragraph 3).

24. The Consent admits “that grounds exist for the appointment of a Receiver for Rehabilitation or Liquidation pursuant to Sections 631.051 and 631.061, Florida Statutes” (See Exhibit F, paragraph 2).

25. The Consent states as follows:

Pursuant to Sections 631.051 and 631.061 (on grounds of consent), Florida Statutes, Respondent consents through a majority of its directors, to the entry of an Order of Liquidation, appointing the Florida Department of Financial Services [hereinafter, the “Department”] as the Receiver for Respondent, for purposes of liquidation, with the determination of the type of order to be sought and entered to be made at the sole discretion of the Department, and consents to any injunctions the receivership court, as defined by Section 631.021, deems necessary and appropriate, without the necessity of any hearing by the court.

Exhibit F, paragraph 4.

26. Further, the Consent states:

Respondent further waives any right to appeal the order entered by the receivership court as to the appointment of the Department as Receiver pursuant to Chapter 631, Part I, Florida Statutes, and agrees that said order shall be a final order.

Id.

CONCLUSION

As set forth above, FedNat Insurance Company is insolvent or about to become insolvent; is in such condition or is using or has been subject to such methods or practices in the conduct of its business, as to render its further transaction of insurance presently or prospectively hazardous to its policyholders, creditors, stockholders, or the public; and has consented to rehabilitation or liquidation. Thus, grounds for issuing an Order for entry into receivership exist under Sections 631.051(1), 631.051(3), 631.051(11), and 631.061(2), Florida Statutes.

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FURTHER AFFIANT SAYETH NOT.

Virginia Christy
Virginia A. Christy, Director
Property & Casualty Financial Oversight
Office of Insurance Regulation

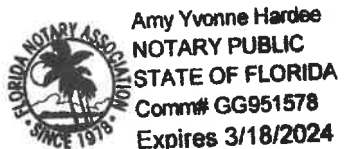
STATE OF Florida

COUNTY OF Leon

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

or online notarization, this 21st day of September 2022, by Virginia Christy
(name of person)

as Director, Property & Casualty Financial Oversight for Florida Office of Insurance Regulation
(type of authority; e.g., officer, trustee, attorney in fact) (company name)



Amy Yvonne Hardee
(Signature of the Notary)

Amy Yvonne Hardee
(Print, Type or Stamp Commissioned Name of Notary)

Personally Known OR Produced Identification _____

Type of Identification Produced _____

My Commission Expires 3/18/2024

FILED

APR 21 2022

INSURANCE REGULATION
Docketed by: *AGS*



OFFICE OF INSURANCE REGULATION

DAVID ALTMAIER
COMMISSIONER

IN THE MATTER OF:

CASE NO.: 294507-22-CO

FEDNAT INSURANCE COMPANY,
MAISON INSURANCE COMPANY, and
MONARCH NATIONAL INSURANCE COMPANY.

CONSENT ORDER

THIS CAUSE came on for consideration upon the FLORIDA OFFICE OF INSURANCE REGULATION (“OFFICE”) being notified by FEDNAT INSURANCE COMPANY (“FEDNAT”), MAISON INSURANCE COMPANY (“MAISON”) and MONARCH NATIONAL INSURANCE COMPANY (“MONARCH”) (collectively “the Companies”) that FEDNAT had its financial stability rating from Demotech downgraded to “S” from “A” effective April 15, 2022. After a complete review of the entire record and upon consideration thereof, and otherwise being fully advised in the premises, the OFFICE hereby finds as follows:

INTRODUCTION

1. The OFFICE has jurisdiction over the parties and the subject matter of this proceeding.
2. FEDNAT is a domestic property and casualty insurer authorized to transact

insurance business in the state of Florida pursuant to a Certificate of Authority issued by the OFFICE pursuant to Chapter 624, Part III, Florida Statutes. MAISON is a foreign property and casualty insurer authorized to transact insurance business in the state of Florida pursuant to a Certificate of Authority issued by the OFFICE pursuant to Chapter 624, Part III, Florida Statutes. MONARCH is a domestic property and casualty insurer authorized to transact insurance business in the state of Florida pursuant to a Certificate of Authority issued by the OFFICE pursuant to Chapter 624, Part III, Florida Statutes. FEDNAT, MAISON, and MONARCH are part of the same holding company system, FEDNAT HOLDING COMPANY.

3. On April 14, 2022, FEDNAT notified the OFFICE that its Demotech financial stability rating would be downgraded from an “A” to an “S” effective April 15, 2022. MONARCH’s “A” rating from Demotech was affirmed on March 29, 2022. MAISON is not rated by Demotech. Demotech’s “S” rating is not recognized by housing lenders Fannie Mae and Freddie Mac. If FEDNAT’s policies are no longer acceptable to the secondary mortgage market, at renewal, policyholders may be required by the lender to obtain replacement insurance coverage.

4. The Companies have approximately 152,000 policies in force in Florida and approximately 96,000 policies in force in Alabama, Louisiana, South Carolina, Texas, and Mississippi as of March 31, 2022, which primarily provide personal residential insurance coverage.

5. The Companies and FEDNAT HOLDING COMPANY have represented that they are in active negotiations with multiple parties regarding potential agreements for additional capital and the implementation of a strategic reorganization plan designed to provide for long term stability.

REMEDIAL MEASURES FOR CONTINUED OPERATIONS

6. In light of its recent operational results and the downgrade of FEDNAT's financial strength rating, the Companies must file a strategic plan with the OFFICE by 5:00 p.m. (EDT), April 29, 2022. The plan must demonstrate FEDNAT's ability to acquire additional capital, secure and maintain a financial strength rating acceptable to the secondary mortgage market, acquire sufficient reinsurance as of its July 1, 2022 renewal, and address its non-Florida losses and policies. The plan must include pro forma projections for the period of May 1, 2022 through December 31, 2024 and reflect all assumptions utilized in its preparation, complete with a cash flow analysis and a catastrophe reinsurance program acceptable to the OFFICE.

GENERAL TERMS

7. 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.

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

9. The Companies 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 to which the Companies may be entitled, either by law or by rules of the OFFICE. The Companies hereby knowingly and voluntarily waive all rights to challenge or to contest this Consent Order, in any forum now or in the future available to them, including the right to any administrative proceeding, state or federal court action, or any appeal.

10. The Companies agree 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 Companies, or their authorized representatives, under the seal of a notary public, notwithstanding

the fact that the copy may have been transmitted to the OFFICE electronically.

WHEREFORE, the agreement between FEDNAT INSURANCE COMPANY, MAISON INSURANCE COMPANY, MONARCH NATIONAL INSURANCE COMPANY 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 21st day of April 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 of the above terms and conditions, and shall be bound by all provisions herein. The undersigned represents that he/she has the authority to bind FEDNAT INSURANCE COMPANY to the terms and conditions of this Consent Order. The undersigned also certifies that he/she has provided the signature below voluntarily and without coercion, based upon the assistance of legal counsel for FEDNAT INSURANCE COMPANY.

FEDNAT INSURANCE COMPANY

By: [Signature]

Print Name: Michael Braun

Title: President

Date: April 21, 2022

STATE OF Florida

COUNTY OF Broward

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

or online notarization, this 21st day of April 2022, by Michael Braun

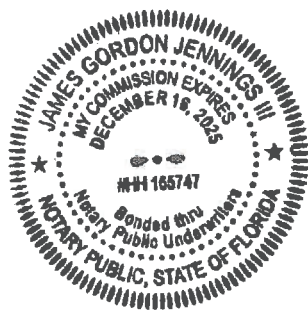
(name of person)

as President and CEO for

FedNat Insurance Company.

(type of authority; e.g., officer, trustee, attorney in fact)

(company name)



[Signature]
(Signature of the Notary)

(Print, Type or Stamp Commissioned Name of Notary)

Personally Known OR Produced Identification _____

Type of Identification Produced _____

My Commission Expires: December 16, 2025

By execution hereof, MAISON 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/she has the authority to bind MAISON INSURANCE COMPANY to the terms and conditions of this Consent Order. The undersigned also certifies that he/she has provided the signature below voluntarily and without coercion, based upon the assistance of legal counsel for MAISON INSURANCE COMPANY.

MAISON INSURANCE COMPANY

By: [Signature]

Print Name: Erick Fernandez

Title: Treasurer

Date: April 21, 2022

STATE OF Florida

COUNTY OF Broward

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

or X online notarization, this 21st day of April 2022, by Erick Fernandez
(name of person)

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



[Signature]
(Signature of the Notary)

(Print, Type or Stamp Commissioned Name of Notary)

Personally Known X OR Produced Identification _____

Type of Identification Produced _____

My Commission Expires: December 16, 2025 _____

By execution hereof, MONARCH NATIONAL 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/she has the authority to bind MONARCH NATIONAL INSURANCE COMPANY to the terms and conditions of this Consent Order. The undersigned also certifies that he/she has provided the signature below voluntarily and without coercion, based upon the assistance of legal counsel for MONARCH NATIONAL INSURANCE COMPANY.

MONARCH NATIONAL INSURANCE COMPANY

By: 

Print Name: Michael Braun

Title: President

Date: April 21, 2022

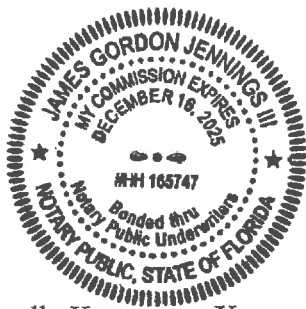
STATE OF Florida


COUNTY OF Broward

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

or online notarization, this 21st day of April 2022, by Michael
(name of person)

as Braun for _____
(type of authority; c.g., officer, trustee, attorney in fact) (company name)




(Signature of the Notary)

(Print, Type or Stamp Commissioned Name of Notary)

Personally Known OR Produced Identification _____

Type of Identification Produced _____

My Commission Expires: December 16, 2025 _____

COPIES FURNISHED TO:

WES STRICKLAND, ESQ.

Colodny Fass

119 East Park Avenue

Tallahassee, FL 32301

E-Mail: wstrickland@colodnyfass.com

Telephone: (850)577-0398

MIKE BRAUN., PRESIDENT

FedNat Insurance Company

14050 N.W. 14th Street, Suite 180

Sunrise, FL 33323

E-mail: mbraun@fednat.com

VIRGINIA CHRISTY, DIRECTOR

Property & Casualty Financial Oversight

Florida Office of Insurance Regulation

200 East Gaines Street

Tallahassee, FL 32399

E-Mail: virginia.christy@floi.com

ROBERT RIDENOUR, FINANCIAL ADMINISTRATOR

Florida Office of Insurance Regulation

200 East Gaines Street

Tallahassee, Florida 32399

E-Mail: robert.ridenour@floi.com

JANE NELSON, FINANCIAL ADMINISTRATOR

Florida Office of Insurance Regulation

200 East Gaines Street

Tallahassee, Florida 32399

E-Mail: jane.nelson@floi.com

SHALICE RIVERS, FINANCIAL EXAMINER/ANALYST SUPERVISOR

Florida Office of Insurance Regulation

200 East Gaines Street

Tallahassee, Florida 32399

E-Mail: shalice.rivers@floi.com

ELIOT PARDEE, FINANCIAL CONTROL ANALYST
Florida Office of Insurance Regulation
200 East Gaines Street
Tallahassee, Florida 32399
E-Mail: eliot.pardee@flor.com

ANOUSH ARAKALIAN BRANGACCIO, GENERAL COUNSEL
Florida Office of Insurance Regulation
200 East Gaines Street
Tallahassee, FL 32399
Telephone: (850) 413-4116
Facsimile: (850) 922-2543
E-Mail: Anoush.Brangaccio@flor.com

FILED

MAY 13 2022

INSURANCE REGULATION
Docketed by: AD



OFFICE OF INSURANCE REGULATION

DAVID ALTMAIER
COMMISSIONER

IN THE MATTER OF:

CASE NO.: 295625-22-CO

FEDNAT INSURANCE COMPANY,
MAISON INSURANCE COMPANY, and
MONARCH NATIONAL INSURANCE COMPANY.

CONSENT ORDER

THIS CAUSE came on for consideration upon a request filed with the FLORIDA OFFICE OF INSURANCE REGULATION (“OFFICE”) by FEDNAT INSURANCE COMPANY (“FEDNAT”), MAISON INSURANCE COMPANY (“MAISON”), and MONARCH NATIONAL INSURANCE COMPANY (“MONARCH”) (collectively “the Companies”) for approval to cancel approximately 56,500 of FEDNAT’s Florida in-force personal residential policies, approximately 8,400 of MONARCH’s Florida in-force personal residential policies, and all of MAISON’s Florida in-force personal residential policies, approximately 3,300 policies, with 45 days’ notice. Approval of such a request requires a finding by the OFFICE that the early cancellation of some or all of the insurer’s policies is necessary to protect the best interests of the public or policyholders and the OFFICE approves the insurer’s plan for early cancellation of some or all of its policies. The early cancellation of policies permitted by Section 627.4133(2)(b)6., Florida Statutes is an extraordinary statutory remedy

reserved to address insurers which are or may be in hazardous financial condition without the cancellation of some or all of its policies. After a complete review of the entire record and upon consideration thereof, and otherwise being fully advised in the premises, the OFFICE hereby finds as follows:

INTRODUCTION

1. The OFFICE has jurisdiction over the parties and the subject matter of this proceeding.

2. FEDNAT is a domestic property and casualty insurer authorized to transact insurance business in the state of Florida pursuant to a Certificate of Authority issued by the OFFICE pursuant to Chapter 624, Part III, Florida Statutes. MAISON is a foreign property and casualty insurer authorized to transact insurance business in the state of Florida pursuant to a Certificate of Authority issued by the OFFICE pursuant to Chapter 624, Part III, Florida Statutes. MONARCH is a domestic property and casualty insurer authorized to transact insurance business in the state of Florida pursuant to a Certificate of Authority issued by the OFFICE pursuant to Chapter 624, Part III, Florida Statutes. FEDNAT, MAISON, and MONARCH are part of the same holding company system, FEDNAT HOLDING COMPANY.

3. FEDNAT has approximately 140,000 in force policies in Florida as of May 12, 2022, which primarily provide personal residential insurance coverage. Given both catastrophe and non-catastrophe loss experience, FEDNAT has identified approximately 56,500 personal residential policies for early cancellation that would provide an immediate positive impact to its financial position ("Cancelled Block") and facilitate the completion of a financial strategic plan which protects its policyholders and the public.

4. FEDNAT, MAISON and MONARCH entered into Consent Order 294507-22-CO

on April 21, 2022, requiring the Companies to provide a strategic plan to the OFFICE due to recent operational results and FEDNAT's downgrade of its financial strength rating. The filed strategic plan includes additional capital coming into MONARCH through an acquisition, the assumption by MONARCH of approximately 83,000 of FEDNAT's policies, and documentation to support FEDNAT's ability to run off its liabilities and wind down the operation of FEDNAT. In addition, the plan also contemplates the cancellation of approximately 8,400 MONARCH in-force personal residential policies, and all of MAISON's approximately 3,300 Florida in-force personal residential policies.

5. MONARCH has entered into an agreement with a new investor that would provide capital to MONARCH. A Form A, filed with the OFFICE on May 9, 2022 and currently under review, stipulates that cancellation of the Cancelled Block for the Companies must be effectuated as a condition of its investment and as part of its plan for reinsurance.

ANALYSIS OF POLICIES FOR EARLY CANCELLATION

6. Section 627.4133(2)(b)6, Florida Statutes, provides the following regarding the early cancellation of a property insurance policy:

"Notwithstanding any other provision of law, an insurer may cancel or nonrenew a property insurance policy after at least 45 days' notice if the office finds that the early cancellation of some or all of the insurer's policies is necessary to protect the best interests of the public or policyholders and the office approves the insurer's plan for early cancellation or nonrenewal of some or all of its policies. The office may base such finding upon the financial condition of the insurer, lack of adequate reinsurance coverage for hurricane risk, or other relevant factors. The office may condition its finding on the consent of the insurer to be placed under administrative supervision pursuant to s. 624.81 or to the appointment of a receiver under chapter 631."

7. FEDNAT has identified approximately 56,500 personal residential policies for early cancellation with 45 days' notice to policyholders. In conjunction with the early

cancellation request, FEDNAT provided financial projections which demonstrated that absent such action, it will not be able secure adequate reinsurance coverage for hurricane risk for the 2022-2023 season and maintain surplus as to policyholders sufficient to meet the requirements of Section 624.408, Florida Statutes.

8. MONARCH has identified approximately 8,400 personal residential policies for early cancellation with 45 days' notice to policyholders. MONARCH provided financial projections which demonstrated that absent such action, it will not be able secure adequate reinsurance coverage for hurricane risk for the 2022-2023 season and maintain surplus as to policyholders sufficient to meet the requirements of Section 624.408, Florida Statutes.

9. MAISON has identified approximately 3,300 personal residential policies for early cancellation with 45 days' notice to policyholders. MAISON has represented that absent such action, it will not be able secure adequate reinsurance coverage for hurricane risk for the 2022-2023 season and maintain surplus as to policyholders sufficient to meet the requirements of Section 624.408, Florida Statutes.

10. The Companies provided the OFFICE with a number of additional pro forma financial projections to allow the OFFICE to evaluate both the potential impacts to the Companies' financial condition as well as its impact on policyholders.

11. The approximately 56,500 personal residential policies that FEDNAT requested to cancel consists primarily of a block of approximately 35,800 homeowners' (HO-3) policies but also includes approximately 850 renters' (HO-4) policies and 12,200 condominium unit owner (HO-6) policies and approximately 7,500 dwelling fire (DP-1 and DP-3) policies.

12. The approximately 8,400 personal residential policies that MONARCH requested to cancel consists primarily of a block of approximately 7,100 homeowners' (HO-3) policies but

also includes approximately 1,300 condominium unit owner (HO-6) policies.

13. The approximately 3,300 personal residential policies that MAISON requested to cancel consists primarily of a block of approximately 2,560 homeowners' (HW-2) policies but also includes approximately 770 condominium unit owner (HW-6) policies and approximately 10 mobile home (MH-3) policies.

COMPANY REQUIREMENTS FOR EARLY CANCELLATION

14. After review of the information filed in support of this request, and considering all of the attendant facts and circumstances, the OFFICE finds that approval of the early cancellation plan filed by the Companies is necessary to protect the best interests of its policyholders and the public. The Companies' compliance with the corrective measures listed in paragraphs 15 through 20 below is material to the OFFICE's approval of this early cancellation. This approval is specific to the early policy cancellations and is not an approval of the strategic plan as filed and referenced above in paragraph 4 or the Form A referenced above in paragraph 5.

15. The Companies must issue cancellation notices, to be approved in advance by the OFFICE, for the cancellation of the approximately 56,500 FEDNAT policies, 8,400 MONARCH policies and the 3,300 MAISON policies, providing at least 45 days' notice of cancellation to the policyholders. In addition, notices to the agents must be provided to the OFFICE for approval.

16. The Companies must have qualified and trained staff available to respond to policyholder inquiries about the cancellation and must provide to the OFFICE its customer service script for review and approval.

17. The Companies must adhere to the representations made to the OFFICE in its plan for early cancellation.

18. The Companies must mail unearned premium refunds to affected policyholders by no later than July 1, 2022.

19. FEDNAT and MONARCH must continue to file monthly financial statements with the OFFICE until further notice. Those financial statements will be in the NAIC monthly statement format and submitted no later than the 21st of the following month. In addition, MONARCH will include in the monthly filing a listing of all policies in force by county and total insured value by county.

20. FEDNAT has voluntarily ceased writing new business. Should FEDNAT desire to resume writing new business, it must do so consistent with a revised business plan filed with and approved by the OFFICE. No policies from the Cancelled Block of policies may be rewritten on a different FEDNAT policy form or by an affiliated insurer for a period of three years from the date such policies are cancelled.

REMEDIAL MEASURES FOR CONTINUED OPERATIONS

21. Upon execution of this consent order and through December 31, 2022, FEDNAT may not, without the prior approval of the OFFICE:

- a. Dispose of, convey, or encumber any of its assets;
- b. Lend any of its funds;
- c. Invest any of its funds except in accordance with its established investment policies in the ordinary course of business;
- d. Transfer any of its property other than in the ordinary course of business;
- e. Incur any debt, obligation, or liability other than in the ordinary course of business;
- f. Merge or consolidate with another company;

- g. Terminate, surrender, forfeit, convert, or lapse any insurance policy, certificate, or contract of insurance, except as permitted in accordance with its approved underwriting guidelines and rules in the ordinary course of business;
- h. Release, pay, or refund premium deposits, accrued cash or loan values, unearned premiums, or other reserves on any insurance policy or certificate, except as permitted in accordance with its approved underwriting guidelines and rules in the ordinary course of business;
- i. Make any material change in management or provide bonus or severance packages to any employee;
- j. Pay any dividends; or
- k. Enter into any new or amend any existing agreements with affiliates.

22. The OFFICE reserves the right to retain an individual or entity at the expense of FEDNAT to review all of the its direct and indirect expenses of its affiliates to determine if those expenses are fair and reasonable.

GENERAL TERMS

23. The Companies acknowledge and agree that failure to comply with any of the terms of this Consent Order would constitute an immediate 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 the Companies in this state, in accordance with Sections 120.569(2)(n) and 120.60(6), Florida Statutes.

24. Any prior orders, consent orders, or corrective action plans that the Companies have entered into with the OFFICE prior to the execution of this Consent Order shall apply and remain in full force and effect for the Companies, 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.

25. 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.

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

27. The Companies expressly waives its 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 to which the Companies may be entitled, either by law or by rules of the OFFICE. The Companies hereby knowingly and voluntarily waive all rights to challenge or to contest this Consent Order, in any forum now or in the future available to them, including the right to any administrative proceeding, state or federal court action, or any appeal.

28. The Companies agree 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 Companies, or its authorized representatives, under the seal of a notary public, notwithstanding the fact that the copy may have been transmitted to the OFFICE electronically.

WHEREFORE, the agreement between FEDNAT INSURANCE COMPANY, MAISON INSURANCE COMPANY, and MONARCH NATIONAL INSURANCE COMPANY 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 13th day of May 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 of the above terms and conditions, and shall be bound by all provisions herein. The undersigned represents that he/she has the authority to bind FEDNAT INSURANCE COMPANY to the terms and conditions of this Consent Order. The undersigned also certifies that he/she has provided the signature below voluntarily and without coercion, based upon the assistance of legal counsel for FEDNAT INSURANCE COMPANY.

FEDNAT INSURANCE COMPANY

By: [Signature]

Print Name: Michael Braun

Title: President

Date: 5/13/22

STATE OF FLORIDA

COUNTY OF BROWARD

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

or online notarization, this 13th day of May 2022, by MICHAEL BRAUN

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

[Signature]
(Signature of the Notary)

CHRISTIAN ALEXANDER RODRIGUEZ
(Print, Type or Stamp Commissioned Name of Notary)

Personally Known _____ OR Produced Identification ✓

Type of Identification Produced FLORIDA DRIVERS LICENSE

My Commission Expires: MAY 4, 2024



CHRISTIAN ALEXANDER RODRIGUEZ
Commission # HH 219658
Expires May 4, 2024

By execution hereof, MAISON 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/she has the authority to bind MAISON INSURANCE COMPANY to the terms and conditions of this Consent Order. The undersigned also certifies that he/she has provided the signature below voluntarily and without coercion, based upon the assistance of legal counsel for MAISON INSURANCE COMPANY.

MAISON INSURANCE COMPANY

By: [Signature]

Print Name: J.G. JENNINGS ET

Title: SECRETARY

Date: 5/13/2022

STATE OF FLORIDA

COUNTY OF BROWARD

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

or online notarization, this 13TH day of MAY 2022, by J.G. JENNINGS

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

[Signature]

(Signature of the Notary)

CHRISTIAN ALEXANDER RODRIGUEZ

(Print, Type or Stamp Commissioned Name of Notary)

Personally Known _____ OR Produced Identification ✓

Type of Identification Produced FLORIDA DRIVERS LICENSE

My Commission Expires: MAY 4, 2024



CHRISTIAN ALEXANDER RODRIGUEZ
Commission # HH 213658
Expires May 4, 2024

By execution hereof, MONARCH NATIONAL 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/she has the authority to bind MONARCH NATIONAL INSURANCE COMPANY to the terms and conditions of this Consent Order. The undersigned also certifies that he/she has provided the signature below voluntarily and without coercion, based upon the assistance of legal counsel for MONARCH NATIONAL INSURANCE COMPANY.

MONARCH NATIONAL INSURANCE COMPANY

By: [Signature]

Print Name: Michael Braun

Title: President

Date: 5/13/22

STATE OF FLORIDA

COUNTY OF BROWARD

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

or online notarization, this 13TH day of MAY 2022, by MICHAEL BRAUN

as PRESIDENT for MONARCH NATIONAL INSURANCE COMPANY
(type of authority; e.g., officer, trustee, attorney in fact) (company name)

[Signature]
(Signature of the Notary)

CHRISTIAN ALEXANDER RODRIGUEZ
(Print, Type or Stamp Commissioned Name of Notary)

Personally Known _____ OR Produced Identification

Type of Identification Produced FLORIDA DRIVERS LICENSE

My Commission Expires: MAY 4, 2024



CHRISTIAN ALEXANDER RODRIGUEZ
Commission # HH 213658
Expires May 4, 2024

COPIES FURNISHED TO:

WES STRICKLAND, ESQ.
Colodny Fass
119 East Park Avenue
Tallahassee, FL 32301
E-Mail: wstrickland@colodnyfass.com
Telephone: (850)577-0398

MIKE BRAUN., PRESIDENT
FedNat Insurance Company
14050 N.W. 14th Street, Suite 180
Sunrise, FL 33323
E-mail: mbraun@fednat.com

DOUGLAS RAUCY, PRESIDENT
Maison Insurance Company 9100 Bluebonnet Centre Blvd.
Suite 101
Baton Rouge, Louisiana 70809
E-mail: draucy@fednat.com

VIRGINIA CHRISTY, DIRECTOR
Property & Casualty Financial Oversight
Florida Office of Insurance Regulation
200 East Gaines Street
Tallahassee, FL 32399
E-Mail: virginia.christy@floir.com

ROBERT RIDENOUR, FINANCIAL ADMINISTRATOR
Florida Office of Insurance Regulation
200 East Gaines Street
Tallahassee, Florida 32399

JANE NELSON, FINANCIAL ADMINISTRATOR
Florida Office of Insurance Regulation
200 East Gaines Street
Tallahassee, Florida 32399
E-Mail: jane.nelson@floir.com

SHALICE RIVERS, FINANCIAL EXAMINER/ANALYST SUPERVISOR
Florida Office of Insurance Regulation
200 East Gaines Street
Tallahassee, Florida 32399
E-Mail: shalice.rivers@flor.com

ELIOT PARDEE, FINANCIAL CONTROL ANALYST
Florida Office of Insurance Regulation
200 East Gaines Street
Tallahassee, Florida 32399
E-Mail: eliot.pardee@flor.com

ANOUSH ARAKALIAN BRANGACCIO, GENERAL COUNSEL
Florida Office of Insurance Regulation
200 East Gaines Street
Tallahassee, FL 32399
Telephone: (850) 413-4116
Facsimile: (850) 922-2543
E-Mail: Anoush.Brangaccio@flor.com



FILED

MAY 23 2022

INSURANCE REGULATION
Docketed by: AL

OFFICE OF INSURANCE REGULATION

DAVID ALTMAIER
COMMISSIONER

IN THE MATTER OF:

CASE NO.: 295638-22-CO

FEDNAT INSURANCE COMPANY,
MAISON INSURANCE COMPANY, and
MONARCH NATIONAL INSURANCE COMPANY's
strategic plan and the consequent

Application for the Direct Acquisition of
MONARCH NATIONAL INSURANCE COMPANY by
Certain Investors Controlled by
HALE PARTNERSHIP CAPITAL MANAGEMENT, LLC
and FEDNAT HOLDING COMPANY

CONSENT ORDER

THIS CAUSE came on for consideration upon the filing of a Strategic Plan ("Plan") filed with the FLORIDA OFFICE OF INSURANCE REGULATION ("OFFICE") as required by Consent Order 294507-22-CO by FEDNAT INSURANCE COMPANY ("FEDNAT"), MONARCH NATIONAL INSURANCE COMPANY ("MONARCH") and MAISON INSURANCE COMPANY ("MAISON"). The Plan included the early cancellation of approximately 56,000 FEDNAT Florida policies, 8,400 MONARCH Florida policies, and 3,300 MAISON Florida policies, with this portion of the Plan approved by Consent Order 295625-22-CO on May 13, 2022. The remainder of the Plan includes the capitalization and application for the approval of the 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 (such investors, collectively “HALE”), and FEDNAT HOLDING COMPANY (“FEDNAT HOLDING”) (HALE and FEDNAT HOLDING, collectively “APPLICANTS”), filed with the OFFICE pursuant to Section 628.461, 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 Certificates of Authority issued by the OFFICE in accordance with Chapter 624, Part III, Florida Statutes. MAISON is a foreign property and casualty insurer 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. On April 21, 2022, FEDNAT, MONARCH, and MAISON (collectively “the Companies”) entered into Consent Order 294507-22-CO, (referred to as “Remedial Consent Order” and attached hereto and incorporated herein by reference) which required the Companies to provide a strategic plan that would address, among other things, access to additional capital, the financial strength ratings of the Companies, the 2022-2023 reinsurance program for the Companies, and improvement of the operational results of the Companies.

THE PLAN

4. On April 29, 2022, the Companies filed a Plan that among other things required the early cancellation of a total of approximately 67,000 of the Florida policies of the Companies, the infusion of capital through the direct acquisition of 10% or more of the issued and outstanding voting securities of MONARCH, the assumption of FEDNAT's remaining Florida policies by MONARCH, the assumptions of most of FEDNAT's non-Florida policies by an authorized insurer in each respective state, subject to all regulatory approvals, and the cancellation of all remaining MAISON non-Florida policies. In addition, FEDNAT and MAISON are considering a potential future merger of MAISON with and into FEDNAT, with FEDNAT as the surviving insurer, subject to certain conditions, including obtaining applicable regulatory approvals.

5. On May 13, 2022, the OFFICE through, Consent Order 295625-22-CO, (referred to as "Policy Cancellation Order" and attached hereto and incorporated herein by reference), approved the early cancellation of approximately 56,000 FEDNAT Florida policies, 8,400 MONARCH Florida policies, and 3,300 MAISON Florida policies, as contemplated in the Plan.

6. The OFFICE reviewed among other things, proforma financial statements provided for FEDNAT and MONARCH, MONARCH's plan for catastrophe reinsurance coverage, MAISON's runoff plan and documentation demonstrating the ability of FEDNAT to runoff of its remaining liabilities. On May 9, 2022 the OFFICE received an acquisition filing for the acquisition of 10% or more of the stock of MONARCH. In addition, the Companies provided documentation regarding the assumption and cancellation of all remaining non-Florida policies that will require additional state specific regulatory approvals.

7. After review of the information filed in support of the Plan, and considering all of the attendant facts and circumstances, the OFFICE approves the Plan as filed. The Companies

must adhere to the representations made in the Plan. The Companies agree to provide all executed copies of agreements associated with the Plan within 15 days of the closing of the transaction contemplated in the Plan and to provide proof of any regulatory approvals needed to effectuate the Plan in other states by June 1, 2022. In addition, the OFFICE hereby approves MONARCH's rates, rules and forms as necessary for the purpose of facilitating MONARCH's planned assumption and subsequent renewal of FEDNAT'S remaining Florida policies. The OFFICE further approves MONARCH's request to add Fire and Allied Lines to its Certificate of Authority. MONARCH shall file with the OFFICE updated forms, rates and rules prior to June 1, 2022.

8. Any prior orders, consent orders, or corrective action plans that the Companies have entered into with the OFFICE prior to the execution of this Consent Order shall apply and remain in full force and effect for the Companies, 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.

ACQUISITION APPLICATION

9. APPLICANTS have applied for and, subject to present and continuing satisfaction of the requirements, terms, and conditions established herein, have satisfactorily met all of the conditions precedent to the granting of approval by the OFFICE of the proposed direct acquisition of MONARCH, pursuant to the requirements of the Florida Insurance Code.

10. MONARCH is 100% owned by FEDNAT, which is 100% owned by FEDNAT HOLDING, a Florida corporation whose common stock is publicly traded and which the Application represents has no 10% or greater shareholders that exercise control over FEDNAT HOLDING.

11. HALE consists of several entities whose ownership structure is as detailed in the Application.

12. The Application represents that on or about May 13, 2022, APPLICANTS, MONARCH, and FEDNAT executed an agreement regarding certain cash considerations provided by APPLICANTS to MONARCH. A separate executed agreement effectuates a cancellation of MONARCH's current stock owned by FEDNAT in exchange for a Surplus Note. As a result of these two agreements, after closing MONARCH's outstanding voting securities as reissued will be directly owned 60% by HALE and 40% by FEDNAT HOLDING COMPANY, as described in the Application ("Transaction").

13. If the OFFICE determines that any individual for whom APPLICANTS are required to submit background information as part of this Application is unacceptable under the Florida Insurance Code, APPLICANTS, MONARCH, and FEDNAT shall remove or 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 MONARCH without further proceedings, pursuant to Sections 120.569(2)(n) and 120.60(6), Florida Statutes.

14. APPLICANTS and FEDNAT represent that there are no present plans or proposals to make any substantive changes to MONARCH, 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 person or persons, or making any other major change in its business operations, management, or corporate structure, other than as detailed in the Application.

15. APPLICANTS, MONARCH, and FEDNAT represent that there are no agreements, written or oral, related to the Application and Transaction that have not been provided to the OFFICE.

16. MONARCH shall, no later than 15 days after the month in which the Transaction is completed, file an update to its Holding Company Registration Statement, as required by Section 628.801, Florida Statutes, and Rule 69O-143.046, Florida Administrative Code.

17. MONARCH shall submit to the OFFICE, within 15 days of completion of the Transaction, any newly assigned National Association of Insurance Commissioners company group code.

18. MONARCH shall submit to the OFFICE, within 15 days of the completion of the Transaction, an executed copy of its revised Bylaws certified by its corporate secretary.

19. 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. APPLICANTS, MONARCH, 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 MONARCH, the OFFICE may rescind its approval as granted in this Consent Order by written notice to APPLICANTS, MONARCH, or FEDNAT.

20. The closing of this Transaction must occur by no later than June 1, 2022. As a condition of the closing of the Transaction, MONARCH must provide proof of adequate reinsurance coverage for the 2022-2023 Hurricane Season and demonstrate compliance with all other conditions precedent to closing of the Transaction contained in the agreements filed with the OFFICE.

21. Within 10 business days after the Transaction is completed, APPLICANT shall submit, or cause to be submitted, to the OFFICE all documents evidencing completion of the

Transaction not already provided to the OFFICE. Further, APPLICANTS, MONARCH, or FEDNAT shall notify the OFFICE immediately upon a final determination that the Transaction will not occur.

22. All parties to this Consent Order acknowledge that completion of the Transaction is subject to obtaining any other requisite regulatory or governmental approvals and that this Consent Order may be deemed null and void if the Transaction is not completed by June 1, 2022.

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

24. APPLICANTS, MONARCH, and FEDNAT 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 acquisition and future operations of MONARCH. APPLICANTS, MONARCH, and FEDNAT 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.

25. 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.

26. APPLICANTS, MONARCH, and FEDNAT affirm that all requirements set forth herein are material to the issuance of this Consent Order.

27. APPLICANTS, MONARCH, and FEDNAT 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. APPLICANTS, MONARCH, and FEDNAT 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.

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

29. APPLICANTS, MONARCH, 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 MONARCH's Certificate of Authority in this state, in accordance with Sections 120.569(2)(n) and 120.60(6), Florida Statutes.

30. 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 APPLICANTS, MONARCH, and FEDNAT.

WHEREFORE, subject to the terms and conditions set forth above, the Strategic Plan filed by FEDNAT INSURANCE COMPANY, MAISON INSURANCE COMPANY, and MONARCH NATIONAL INSURANCE COMPANY, and the Application for the direct acquisition of MONARCH NATIONAL INSURANCE COMPANY by certain investors controlled by HALE PARTNERSHIP CAPITAL MANAGEMENT, LLC, and FEDNAT HOLDING COMPANY pursuant to Section 628.461, Florida Statutes, is APPROVED.

All terms and conditions contained herein are hereby ORDERED.

DONE and ORDERED this 23 day of May, 2022.



David Altmaier
David Altmaier, Commissioner
Office of Insurance Regulation

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

MONARCH NATIONAL INSURANCE COMPANY

By: [Signature]

Print Name: Michael Braun

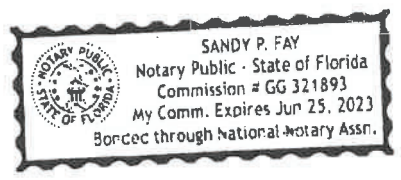
Title: President

Date: 5/20/22

STATE OF Florida

COUNTY OF Broward

The foregoing instrument was acknowledged before me by means of physical presence or online notarization, this 20th day of May 2022, by Michael Braun (name of person) as President (type of authority; e.g., officer, trustee, attorney in fact) for Monarch National Ins Co. (company name)



[Signature]
(Signature of the Notary)

Sandy P Fay
(Print, Type of Stamp Commissioned Name of Notary)

Personally Known OR Produced Identification

Type of Identification Produced _____

My Commission Expires: 6-25-2023

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: SECRETARY

Date: 5/20/2022

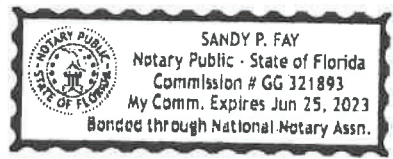
STATE OF Florida

COUNTY OF Broward

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

or online notarization, this 20th day of May 2022, by J.G. Jennings
(name of person)

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



[Signature]
(Signature of the Notary)

Sandy P. Fay
(Print, Type or Stamp Commissioned Name of Notary)

Personally Known OR Produced Identification

Type of Identification Produced _____

My Commission Expires: 6-25-2023

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

HALE PARTNERSHIP CAPITAL MANAGEMENT, LLC

By: [Signature]

Print Name: STEVEN A. HALE II

Title: MANAGERIAL OFFICER

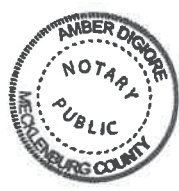
Date: 5-20-2022

STATE OF NC
COUNTY OF MECKLENBURG

The foregoing instrument was acknowledged before me by means of physical presence or online notarization, this 20 day of May 2022, by Steve Hale (name of person) as CEO (type of authority; e.g., officer, trustee, attorney in fact) for Hale Partnership (company name)

[Signature]
(Signature of the Notary)
Amber Digore
(Print, Type or Stamp Commissioned Name of Notary)

Personally Known _____ OR Produced Identification
Type of Identification Produced License
My Commission Expires: 8/22/26



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]

Print Name: Michael Braun

Title: President

Date: 5/20/22

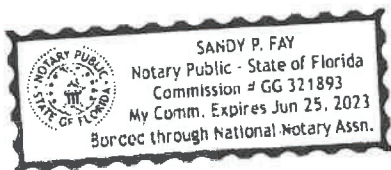
STATE OF Florida

COUNTY OF Polk

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

or online notarization, this 20th day of May 2022, by Michael Braun
(name of person)

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



[Signature]
(Signature of the Notary)

Sandy P. Fay
(Print, Type or Stamp Commissioned Name of Notary)

Personally Known OR Produced Identification

Type of Identification Produced _____

My Commission Expires: 6-25-2023

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: Michael Braun

Title: CEO

Date: 5/20/22

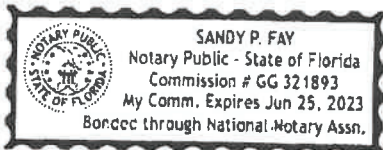
STATE OF Florida

COUNTY OF Broward

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

or online notarization, this 20th day of May 2022, by Michael Braun
(name of person)

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



[Signature]
(Signature of the Notary)

Sandy P. Fay
(Print, Type or Stamp Commissioned Name of Notary)

Personally Known OR Produced Identification

Type of Identification Produced _____

My Commission Expires: 6-25-2023

COPIES FURNISHED TO:

WES STRICKLAND, ATTORNEY
Colodny Fass
119 East Park
Tallahassee, Florida 32301
Telephone: (850)577-0398
Email: wstrickland@colodnyfass.com

VIRGINIA A. CHRISTY, DIRECTOR
Property & Casualty Financial Oversight
Florida Office of Insurance Regulation
200 East Gaines Street
Tallahassee, Florida 32399

STEVE HALE, CHAIRMAN
Hale Partnership Capital Management, LLC
3675 Marine Drive
Greenville, North Carolina 27834
Email: steve@halepartnership.com

MICHAEL BRAUN, PRESIDENT
Monarch National Insurance Company
FedNat Insurance Company
FedNat Holding Company
14050 NW 14th Street, Suite 180
Sunrise, Florida 33323
Telephone: (954) 308-1322
Email: mbraun@fednat.com

DOUG RAUCY, PRESIDENT
Maison Insurance Company
9100 Bluebonnet Centre Boulevard, Suite 101
Baton Rouge, Louisiana, 70809
Email: draucy@fednat.com

ALISON STERETT, FINANCIAL ADMINISTRATOR
Property & Casualty Financial Oversight
Florida Office of Insurance Regulation
200 East Gaines Street
Tallahassee, Florida 32399

SHANNON MICHELLE HARP-ALEXANDER, ESQ,
ASSISTANT GENERAL COUNSEL
Florida Office of Insurance Regulation
200 East Gaines Street
Tallahassee, Florida 32399
Telephone: (850) 413-4123
Email: michelle.harp-alexander@floiir.com

FILED

JUN 30 2022

INSURANCE REGULATION
Docketed by: *ngj*



OFFICE OF INSURANCE REGULATION

DAVID ALTMAIER
COMMISSIONER

IN THE MATTER OF:

CASE NO.: 297724-22-CO

Application for the Direct Acquisition of
MONARCH NATIONAL INSURANCE COMPANY by
Certain Investors Controlled by
HALE PARTNERSHIP CAPITAL MANAGEMENT, LLC
and FEDNAT HOLDING COMPANY

AMENDMENT TO CONSENT ORDER 295638-22-CO

THIS CAUSE came on for consideration upon the request of HALE PARTNERSHIP CAPITAL MANAGEMENT, LLC (such investors, collectively "HALE"), and FEDNAT HOLDING COMPANY ("FEDNAT HOLDING") (HALE and FEDNAT HOLDING, collectively "APPLICANTS"), to the FLORIDA OFFICE OF INSURANCE REGULATION ("OFFICE") to amend Consent Order 295638-22-CO docketed on May 23, 2022 ("Acquisition Consent Order" attached hereto as Exhibit A and incorporated herein by reference), by modifying the provisions of Paragraphs 20 and 22, as well as approving documents filed pursuant to the requirements of Paragraph 19. 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. Paragraph 19 of the Acquisition Consent Order required that APPLICANTS, MONARCH NATIONAL INSURANCE COMPANY ("MONARCH"), and FEDNAT INSURANCE COMPANY ("FEDNAT") report to the OFFICE any material changes to the information filed in as part of the underlying Application for review prior to the closing date of the

transaction the Application contemplates (“Transaction”). APPLICANTS, MONARCH, and FEDNAT have filed certain updates to the Application in compliance with this requirement, including a Cost Reimbursement Agreement between MONARCH and FedNat Underwriters, Inc. (“FNU”); Addendum No. 4 to the Amended and Restated Managing General Agency Agreement between MONARCH and FNU; Management Advisory Services Agreement between FNU and HG Managing Agency, LLC; Notice of Termination of the Amended and Restated Reinsurance Allocation Agreement between FEDNAT, Maison Insurance Company and MONARCH; termination of the Income Tax Allocation Agreement between MONARCH, FEDNAT HOLDING, FEDNAT and Maison Insurance Company; and termination of the Cost Sharing Agreement between MONARCH and FNU (collectively, the “Related Party Agreements”). FEDNAT and MONARCH further provided the OFFICE with an updated Assumption Agreement and policy list, including the Assignment Endorsement and related agent and policyholder communications, pursuant to which all of FEDNAT’s remaining Florida policies will be assumed by and assigned to MONARCH, effective as of June 1, 2022 (the “Monarch Assumption”). The OFFICE has reviewed and hereby approves the Related Party Agreements and terms of the Monarch Assumption, subject to closing of the Transaction by June 30, 2022, as required by the terms of this Consent Order.

3. Paragraphs 20 and 22 of the Acquisition Consent Order required the Transaction to close no later than June 1, 2022. APPLICANTS have represented that all conditions precedent to the closing of the Transaction have been satisfied or waived by agreement of the parties such that the Transaction may be closed as of June 30, 2022, instead and have requested that the Acquisition Consent Order be modified to reflect this new date. Accordingly, the June 1, 2022, date as referenced in Paragraphs 20 and 22 of the Acquisition Consent Order is now June 30, 2022.

4. APPLICANTS, MONARCH, and FEDNAT agree that the only modification to the Acquisition Consent Order is as set forth in paragraph 3 above. All other previous terms and conditions of the Acquisition Consent Order not otherwise modified are unchanged and remain in full force and effect.

5. APPLICANTS, MONARCH, and FEDNAT 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 acquisition and future operations of MONARCH. APPLICANTS, MONARCH, and FEDNAT 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.

6. 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.

7. APPLICANTS, MONARCH, MAISON INSURANCE COMPANY (“MAISON”), and FEDNAT affirm that all requirements set forth herein are material to the issuance of this Consent Order.

8. APPLICANTS, MONARCH, MAISON, and FEDNAT 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.

APPLICANTS, MONARCH, MAISON, and FEDNAT 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.

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

10. APPLICANTS, MONARCH, 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 MONARCH's Certificate of Authority in this state, in accordance with Sections 120.569(2)(n) and 120.60(6), Florida Statutes.

11. 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 APPLICANTS, MONARCH, MAISON, and FEDNAT.

WHEREFORE, subject to the terms and conditions set forth above, the request to amend Consent Order 295638-22-CO is APPROVED.

All terms and conditions contained herein are hereby ORDERED.

DONE and ORDERED this 30 day of June, 2022.



David Altmaier
David Altmaier, Commissioner
Office of Insurance Regulation

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

MONARCH NATIONAL INSURANCE COMPANY

By: [Signature]

Print Name: J.G. JENNINGS III

Title: SECRETARY

Date: 6/30/2022

STATE OF FLORIDA
COUNTY OF BROWARD

The foregoing instrument was acknowledged before me by means of physical presence
or online notarization, this 30TH day of JUNE 2022, by JAMES GORDON JENNINGS III
(name of person)
as SECRETARY for MONARCH NATIONAL INSURANCE COMPANY
(type of authority; e.g., officer, trustee, attorney in fact) (company name)

[Signature]
(Signature of the Notary)

CHRISTIAN ALEXANDER RODRIGUEZ
(Print, Type or Stamp Commissioned Name of Notary)

Personally Known _____ OR Produced Identification
Type of Identification Produced FLORIDA DRIVER LICENSE
My Commission Expires: 5-4-2024



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

HALE PARTNERSHIP CAPITAL MANAGEMENT, LLC

By: [Signature]

Print Name: STEVEN A. HALE II

Title: CHAIRMAN & CEO

Date: 6-30-2022

STATE OF NC

COUNTY OF MECKLENBURG

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

or online notarization, this 30th day of June 2022, by STEVEN A. HALE II
(name of person)

as CHAIRMAN & CEO for HALE PARTNERSHIP CAPITAL MANAGEMENT, LLC
(type of authority; e.g., officer, trustee, attorney in fact) (company name)



[Signature]
(Signature of the Notary)

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

Personally Known OR Produced Identification

Type of Identification Produced NC drivers license

My Commission Expires: 04-17-2027

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]

Print Name: J. G. JENNINGS III

Title: SECRETARY

Date: 6/30/2022

STATE OF FLORIDA
COUNTY OF BROWARD

The foregoing instrument was acknowledged before me by means of physical presence
or online notarization, this 30TH day of JUNE 2022, by JAMES GORDON JENNINGS III
(name of person)
as SECRETARY for FEDNAT INSURANCE COMPANY
(type of authority; e.g., officer, trustee, attorney in fact) (company name)

[Signature]
(Signature of the Notary)

CHRISTIAN ALEXANDER RODRIGUEZ
(Print, Type or Stamp Commissioned Name of Notary)

Personally Known _____ OR Produced Identification
Type of Identification Produced FLORIDA DRIVERS LICENSE
My Commission Expires: 5-4-2026



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: SECRETARY

Date: 6/30/2022

STATE OF FLORIDA
COUNTY OF BROWARD

The foregoing instrument was acknowledged before me by means of physical presence
or online notarization, this 30TH day of JUNE 2022, by JAMES GORDON JENNINGS III
(name of person)
as SECRETARY for FEDNAT HOLDING COMPANY
(type of authority; e.g., officer, trustee, attorney in fact) (company name)

[Signature]
(Signature of the Notary)

CHRISTIAN ALEXANDER RODRIGUEZ
(Print, Type or Stamp Commissioned Name of Notary)

Personally Known _____ OR Produced Identification
Type of Identification Produced FLORIDA DRIVER LICENSE
My Commission Expires: 5-4-2024



CHRISTIAN ALEXANDER RODRIGUEZ
Commission # HH 213658
Expires May 4, 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]

[Corporate Seal]

Print Name: J.G. JENNINGS

Title: SECRETARY

Date: 6/30/2022

STATE OF FLORIDA

COUNTY OF BROWARD

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

online notarization, this 30TH day of JUNE 2022, by JAMES GORDON JENNINGS III
as SECRETARY for MAISON INSURANCE COMPANY
(type of authority; e.g., officer, trustee, attorney in fact) (company name)

[Signature]

(Signature of the Notary)

CHRISTIAN ALEXANDER RODRIGUEZ

(Print, Type or Stamp Commissioned Name of Notary)

Personally Known _____ OR Produced Identification

Type of Identification Produced FLORIDA DRIVER LICENSE

My Commission Expires 5-5-2024



CHRISTIAN ALEXANDER RODRIGUEZ
Commission # HH 213858
Expires May 4, 2026

COPIES FURNISHED TO:

WES STRICKLAND, ATTORNEY

Colodny Fass
119 East Park
Tallahassee, Florida 32301
Telephone: (850)577-0398
Email: wstrickland@colodnyfass.com

STEVE HALE, CHAIRMAN

Hale Partnership Capital Management, LLC
3675 Marine Drive
Greenville, North Carolina 27834
Email: steve@halepartnership.com

MICHAEL BRAUN, PRESIDENT

Monarch National Insurance Company
FedNat Insurance Company
FedNat Holding Company
14050 NW 14th Street, Suite 180
Sunrise, Florida 33323
Telephone: (954) 308-1322
Email: mbraun@fednat.com

DOUGLAS RAUCY, PRESIDENT

Maison Insurance Company
9100 Blue Bonnet Centre Boulevard,
Suite 101
Baton Rouge, Louisiana 70809
Telephone: (225) 361-8700
Email: draucy@maisonins.com

VIRGINIA A. CHRISTY, DIRECTOR

Property & Casualty Financial Oversight
Florida Office of Insurance Regulation
200 East Gaines Street
Tallahassee, Florida 32399

ALISON STERETT, FINANCIAL
ADMINISTRATOR

Property & Casualty Financial Oversight
Florida Office of Insurance Regulation
200 East Gaines Street
Tallahassee, Florida 32399

JENNIFER A. MILAM

ASSISTANT GENERAL COUNSEL
Florida Office of Insurance Regulation
200 East Gaines Street
Tallahassee, Florida 32399
Telephone: (850) 413-4123
Email: Jennifer.milam@florir.com



FILED

MAY 23 2022

INSURANCE REGULATION
Docketed by: AG

OFFICE OF INSURANCE REGULATION

DAVID ALTMAIER
COMMISSIONER

IN THE MATTER OF:

CASE NO.: 295638-22-CO

FEDNAT INSURANCE COMPANY,
MAISON INSURANCE COMPANY, and
MONARCH NATIONAL INSURANCE COMPANY's
strategic plan and the consequent

Application for the Direct Acquisition of
MONARCH NATIONAL INSURANCE COMPANY by
Certain Investors Controlled by
HALE PARTNERSHIP CAPITAL MANAGEMENT, LLC
and FEDNAT HOLDING COMPANY

CONSENT ORDER

THIS CAUSE came on for consideration upon the filing of a Strategic Plan ("Plan") filed with the FLORIDA OFFICE OF INSURANCE REGULATION ("OFFICE") as required by Consent Order 294507-22-CO by FEDNAT INSURANCE COMPANY ("FEDNAT"), MONARCH NATIONAL INSURANCE COMPANY ("MONARCH") and MAISON INSURANCE COMPANY ("MAISON"). The Plan included the early cancellation of approximately 56,000 FEDNAT Florida policies, 8,400 MONARCH Florida policies, and 3,300 MAISON Florida policies, with this portion of the Plan approved by Consent Order 295625-22-CO on May 13, 2022. The remainder of the Plan includes the capitalization and application for the approval of the 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 (such investors, collectively “HALE”), and FEDNAT HOLDING COMPANY (“FEDNAT HOLDING”) (HALE and FEDNAT HOLDING, collectively “APPLICANTS”), filed with the OFFICE pursuant to Section 628.461, 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 Certificates of Authority issued by the OFFICE in accordance with Chapter 624, Part III, Florida Statutes. MAISON is a foreign property and casualty insurer 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. On April 21, 2022, FEDNAT, MONARCH, and MAISON (collectively “the Companies”) entered into Consent Order 294507-22-CO, (referred to as “Remedial Consent Order” and attached hereto and incorporated herein by reference) which required the Companies to provide a strategic plan that would address, among other things, access to additional capital, the financial strength ratings of the Companies, the 2022-2023 reinsurance program for the Companies, and improvement of the operational results of the Companies.

THE PLAN

4. On April 29, 2022, the Companies filed a Plan that among other things required the early cancellation of a total of approximately 67,000 of the Florida policies of the Companies, the infusion of capital through the direct acquisition of 10% or more of the issued and outstanding voting securities of MONARCH, the assumption of FEDNAT's remaining Florida policies by MONARCH, the assumptions of most of FEDNAT's non-Florida policies by an authorized insurer in each respective state, subject to all regulatory approvals, and the cancellation of all remaining MAISON non-Florida policies. In addition, FEDNAT and MAISON are considering a potential future merger of MAISON with and into FEDNAT, with FEDNAT as the surviving insurer, subject to certain conditions, including obtaining applicable regulatory approvals.

5. On May 13, 2022, the OFFICE through, Consent Order 295625-22-CO, (referred to as "Policy Cancellation Order" and attached hereto and incorporated herein by reference), approved the early cancellation of approximately 56,000 FEDNAT Florida policies, 8,400 MONARCH Florida policies, and 3,300 MAISON Florida policies, as contemplated in the Plan.

6. The OFFICE reviewed among other things, proforma financial statements provided for FEDNAT and MONARCH, MONARCH's plan for catastrophe reinsurance coverage, MAISON's runoff plan and documentation demonstrating the ability of FEDNAT to runoff of its remaining liabilities. On May 9, 2022 the OFFICE received an acquisition filing for the acquisition of 10% or more of the stock of MONARCH. In addition, the Companies provided documentation regarding the assumption and cancellation of all remaining non-Florida policies that will require additional state specific regulatory approvals.

7. After review of the information filed in support of the Plan, and considering all of the attendant facts and circumstances, the OFFICE approves the Plan as filed. The Companies

must adhere to the representations made in the Plan. The Companies agree to provide all executed copies of agreements associated with the Plan within 15 days of the closing of the transaction contemplated in the Plan and to provide proof of any regulatory approvals needed to effectuate the Plan in other states by June 1, 2022. In addition, the OFFICE hereby approves MONARCH's rates, rules and forms as necessary for the purpose of facilitating MONARCH's planned assumption and subsequent renewal of FEDNAT'S remaining Florida policies. The OFFICE further approves MONARCH's request to add Fire and Allied Lines to its Certificate of Authority. MONARCH shall file with the OFFICE updated forms, rates and rules prior to June 1, 2022.

8. Any prior orders, consent orders, or corrective action plans that the Companies have entered into with the OFFICE prior to the execution of this Consent Order shall apply and remain in full force and effect for the Companies, 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.

ACQUISITION APPLICATION

9. APPLICANTS have applied for and, subject to present and continuing satisfaction of the requirements, terms, and conditions established herein, have satisfactorily met all of the conditions precedent to the granting of approval by the OFFICE of the proposed direct acquisition of MONARCH, pursuant to the requirements of the Florida Insurance Code.

10. MONARCH is 100% owned by FEDNAT, which is 100% owned by FEDNAT HOLDING, a Florida corporation whose common stock is publicly traded and which the Application represents has no 10% or greater shareholders that exercise control over FEDNAT HOLDING.

11. HALE consists of several entities whose ownership structure is as detailed in the Application.

12. The Application represents that on or about May 13, 2022, APPLICANTS, MONARCH, and FEDNAT executed an agreement regarding certain cash considerations provided by APPLICANTS to MONARCH. A separate executed agreement effectuates a cancellation of MONARCH's current stock owned by FEDNAT in exchange for a Surplus Note. As a result of these two agreements, after closing MONARCH's outstanding voting securities as reissued will be directly owned 60% by HALE and 40% by FEDNAT HOLDING COMPANY, as described in the Application ("Transaction").

13. If the OFFICE determines that any individual for whom APPLICANTS are required to submit background information as part of this Application is unacceptable under the Florida Insurance Code, APPLICANTS, MONARCH, and FEDNAT shall remove or 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 MONARCH without further proceedings, pursuant to Sections 120.569(2)(n) and 120.60(6), Florida Statutes.

14. APPLICANTS and FEDNAT represent that there are no present plans or proposals to make any substantive changes to MONARCH, 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 person or persons, or making any other major change in its business operations, management, or corporate structure, other than as detailed in the Application.

15. APPLICANTS, MONARCH, and FEDNAT represent that there are no agreements, written or oral, related to the Application and Transaction that have not been provided to the OFFICE.

16. MONARCH shall, no later than 15 days after the month in which the Transaction is completed, 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.

17. MONARCH shall submit to the OFFICE, within 15 days of completion of the Transaction, any newly assigned National Association of Insurance Commissioners company group code.

18. MONARCH shall submit to the OFFICE, within 15 days of the completion of the Transaction, an executed copy of its revised Bylaws certified by its corporate secretary.

19. 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. APPLICANTS, MONARCH, 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 MONARCH, the OFFICE may rescind its approval as granted in this Consent Order by written notice to APPLICANTS, MONARCH, or FEDNAT.

20. The closing of this Transaction must occur by no later than June 1, 2022. As a condition of the closing of the Transaction, MONARCH must provide proof of adequate reinsurance coverage for the 2022-2023 Hurricane Season and demonstrate compliance with all other conditions precedent to closing of the Transaction contained in the agreements filed with the OFFICE.

21. Within 10 business days after the Transaction is completed, APPLICANT shall submit, or cause to be submitted, to the OFFICE all documents evidencing completion of the

Transaction not already provided to the OFFICE. Further, APPLICANTS, MONARCH, or FEDNAT shall notify the OFFICE immediately upon a final determination that the Transaction will not occur.

22. All parties to this Consent Order acknowledge that completion of the Transaction is subject to obtaining any other requisite regulatory or governmental approvals and that this Consent Order may be deemed null and void if the Transaction is not completed by June 1, 2022.

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

24. APPLICANTS, MONARCH, and FEDNAT 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 acquisition and future operations of MONARCH. APPLICANTS, MONARCH, and FEDNAT 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.

25. 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.

26. APPLICANTS, MONARCH, and FEDNAT affirm that all requirements set forth herein are material to the issuance of this Consent Order.

27. APPLICANTS, MONARCH, and FEDNAT 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. APPLICANTS, MONARCH, and FEDNAT 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.

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

29. APPLICANTS, MONARCH, 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 MONARCH's Certificate of Authority in this state, in accordance with Sections 120.569(2)(n) and 120.60(6), Florida Statutes.

30. 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 APPLICANTS, MONARCH, and FEDNAT.

WHEREFORE, subject to the terms and conditions set forth above, the Strategic Plan filed by FEDNAT INSURANCE COMPANY, MAISON INSURANCE COMPANY, and MONARCH NATIONAL INSURANCE COMPANY, and the Application for the direct acquisition of MONARCH NATIONAL INSURANCE COMPANY by certain investors controlled by HALE PARTNERSHIP CAPITAL MANAGEMENT, LLC, and FEDNAT HOLDING COMPANY pursuant to Section 628.461, Florida Statutes, is APPROVED.

All terms and conditions contained herein are hereby ORDERED.

DONE and ORDERED this 23 day of May, 2022.



David Altmaier
David Altmaier, Commissioner
Office of Insurance Regulation

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

MONARCH NATIONAL INSURANCE COMPANY

By: [Signature]

Print Name: Michael Braun

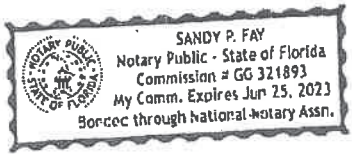
Title: President

Date: 5/20/22

STATE OF Florida

COUNTY OF Broward

The foregoing instrument was acknowledged before me by means of physical presence or online notarization, this 20th day of May 2022, by Michael Braun (name of person) as President (type of authority; e.g., officer, trustee, attorney in fact) for Monarch National Ins Co. (company name)



[Signature]
(Signature of the Notary)
Sandy P. Fay
(Print, Type of Stamp Commissioned Name of Notary)

Personally Known OR Produced Identification

Type of Identification Produced _____

My Commission Expires: 6-21-2023

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]

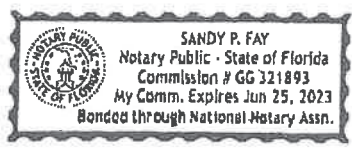
Print Name: J.G. JENNINGS

Title: SECRETARY

Date: 5/20/2022

STATE OF Florida
COUNTY OF Broward

The foregoing instrument was acknowledged before me by means of physical presence
or online notarization, this 20th day of May 2022, by J.G. Jennings
(name of person)
as Secretary for Maison Insurance Company
(type of authority; e.g., officer, trustee, attorney in fact) (company name)



[Signature]
(Signature of the Notary)
Sandy P. Fay
(Print, Type or Stamp Commissioned Name of Notary)

Personally Known OR Produced Identification

Type of Identification Produced _____

My Commission Expires: 6-25-2023

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

HALE PARTNERSHIP CAPITAL MANAGEMENT, LLC

By: [Signature]

Print Name: STEVEN A. HALE II

Title: CHIEF FINANCIAL OFFICER

Date: 5-20-2021

STATE OF NC
COUNTY OF MECKLENBURG

The foregoing instrument was acknowledged before me by means of physical presence
or online notarization, this 20 day of May, 2022, by Steve Hale
(name of person)
as CEO for Hale Partnership
(type of authority; e.g., officer, trustee, attorney in fact) (company name)

[Signature]
(Signature of the Notary)
Amber Digore
(Print, Type or Stamp Commission Name of Notary)

Personally Known _____ OR Produced Identification
Type of Identification Produced License
My Commission Expires: 8/22/21



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]

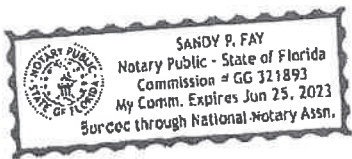
Print Name: Michael Braun

Title: President

Date: 5/20/22

STATE OF Florida
COUNTY OF Polk

The foregoing instrument was acknowledged before me by means of physical presence
or online notarization, this 20th day of May 2022, by Michael Braun
(name of person)
as President for Fednat Insurance Company
(type of authority; e.g., officer, trustee, attorney in fact) (company name)



[Signature]
(Signature of the Notary)
Sandy P. Fay
(Print, Type or Stamp Commissioned Name of Notary)

Personally Known OR Produced Identification
Type of Identification Produced _____
My Commission Expires: 6.25.2023

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]

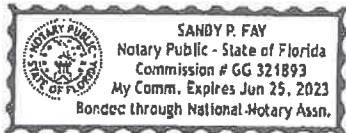
Print Name: Michael Braun

Title: CEO

Date: 5/20/22

STATE OF Florida
COUNTY OF Broward

The foregoing instrument was acknowledged before me by means of physical presence or online notarization, this 7th day of May 2022, by Michael Braun (name of person) as CEO (type of authority; e.g., officer, trustee, attorney in fact) for Fednat Holding Company (company name)



[Signature]
(Signature of the Notary)
Sandy P. Fay
(Print, Type or Stamp Commissioned Name of Notary)

Personally Known OR Produced Identification
Type of Identification Produced _____
My Commission Expires: 6-25-2023

COPIES FURNISHED TO:

WES STRICKLAND, ATTORNEY
Colodny Fass
119 East Park
Tallahassee, Florida 32301
Telephone: (850)577-0398
Email: wstrickland@colodnyfass.com

VIRGINIA A. CHRISTY, DIRECTOR
Property & Casualty Financial Oversight
Florida Office of Insurance Regulation
200 East Gaines Street
Tallahassee, Florida 32399

STEVE HALE, CHAIRMAN
Hale Partnership Capital Management, LLC
3675 Marine Drive
Greenville, North Carolina 27834
Email: steve@halepartnership.com

MICHAEL BRAUN, PRESIDENT
Monarch National Insurance Company
FedNat Insurance Company
FedNat Holding Company
14050 NW 14th Street, Suite 180
Sunrise, Florida 33323
Telephone: (954) 308-1322
Email: mbraun@fednat.com

DOUG RAUCY, PRESIDENT
Maison Insurance Company
9100 Bluebonnet Centre Boulevard, Suite 101
Baton Rouge, Louisiana, 70809
Email: draucy@fednat.com

ALISON STERETT, FINANCIAL ADMINISTRATOR
Property & Casualty Financial Oversight
Florida Office of Insurance Regulation
200 East Gaines Street
Tallahassee, Florida 32399

SHANNON MICHELLE HARP-ALEXANDER, ESQ,
ASSISTANT GENERAL COUNSEL
Florida Office of Insurance Regulation
200 East Gaines Street
Tallahassee, Florida 32399
Telephone: (850) 413-4123
Email: michelle.harp-alexander@florir.com



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 11th 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

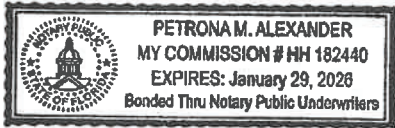
STATE OF FLORIDA

COUNTY OF BROWARD

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

or online notarization, this 10th 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]

[Corporate Seal]

Print Name: J.G. JENNINGS

Title: Corporate Secretary

Date: 8/10/2022

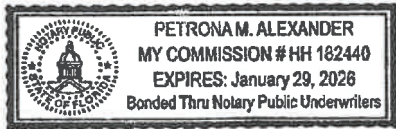
STATE OF FLORIDA

COUNTY OF BROWARD

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

online notarization, this 10th 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]

[Corporate Seal]

Print Name: J.G. JENNINGS III

Title: Corporate Secretary

Date: 8/10/2022

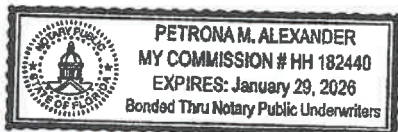
STATE OF FLORIDA

COUNTY OF BROWARD

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

online notarization, this 10th 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

COPIES FURNISHED TO:

WES STRICKLAND, ESQUIRE

Colodny Fass
119 East Park Avenue
Tallahassee, Florida 32301
Telephone: (850) 577-0398
E-Mail: wstrickland@colodnyfass.com

DAVID K. PATTERSON, INTERIM CEO, PRESIDENT

FedNat Insurance Company
FedNat Holding Company
14050 NW 14th Street, Suite 180
Sunrise, Florida 33323
Telephone: (954) 308-1322
E-Mail: dpatterson@fednat.com

DOUGLAS RAUCY, PRESIDENT

Maison Insurance Company
9100 Blue Bonnet Centre Boulevard, Suite 101
Baton Rouge, Louisiana 70809
Telephone: (225) 361-8700
E-Mail: draucy@maisonins.com

VIRGINIA A. CHRISTY

Property & Casualty Financial Oversight - Company Admissions
Florida Office of Insurance Regulation
200 East Gaines Street
Tallahassee, Florida 32399

ALISON STERETT, FINANCIAL ADMINISTRATOR

Property & Casualty Financial Oversight - Company Admissions
Florida Office of Insurance Regulation
200 East Gaines Street
Tallahassee, Florida 32399

SHANNON MICHELLE HARP-ALEXANDER, ESQ., Assistant General Counsel

Florida Office of Insurance Regulation
200 East Gaines Street
Tallahassee, Florida 32399
Telephone: (850) 413-4213
E-Mail: michelle.harp-alexander@flor.com

CONSENT TO ORDER OF RECEIVERSHIP

FEDNAT INSURANCE COMPANY

IT IS HEREBY AGREED TO AS FOLLOWS:

1. FedNat Insurance Company (hereinafter "Respondent") is a Florida corporation and is a domestic property and casualty insurer authorized to transact insurance business in Florida and regulated by the Florida Office of Insurance Regulation.
2. Respondent admits that grounds exist for the appointment of a Receiver of the company for Liquidation pursuant to Sections 631.051 and 631.061, Florida Statutes.
3. Respondent specifically admits that it is insolvent as that term is defined in Section 631.011(14), Florida Statutes.
4. Pursuant to Sections 631.051 and 631.061, Florida Statutes, Respondent consents through a majority of its directors, to the entry of an Order of Liquidation, appointing the Florida Department of Financial Services, [hereinafter "the Department"] as the Receiver for Respondent, for purposes of liquidation, with the determination of the type of order to be sought and entered to be made at the sole discretion of the Department, and consents to any injunctions the receivership court, as defined by Section 631.021, deems necessary and appropriate, without the necessity of any hearing by the court. Respondent further waives any right to appeal the order entered by the receivership court as to the appointment of the Department as Receiver

pursuant to Chapter 631, Part I, Florida Statutes, and agrees that said order shall be a final order. The Resolution of the Board of Directors is attached as Attachment A to this Consent.

By execution hereof, FEDNAT INSURANCE COMPANY consents to the appointment of the Department of Financial Services as receiver for purposes of liquidation, 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 FEDNAT INSURANCE COMPANY to the terms and conditions of this Consent to Order of Receivership.

FEDNAT INSURANCE COMPANY

By: [Handwritten Signature]

[Corporate Seal]

Print Name: Erick Fernandez _____

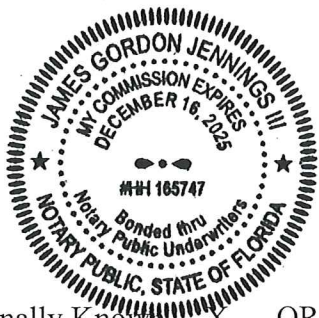
Title: Director _____

Date: _____

STATE OF Florida

COUNTY OF Broward

The foregoing instrument was acknowledged before me by means of physical presence or online notarization, this 15th day of September 2022, by Erick Fernandez _____ (name of person) as Director _____ for FedNat Insurance Company _____ (type of authority; e.g., officer, trustee, attorney in fact) (company name)



[Handwritten Signature]
(Signature of the Notary)

(Print, Type or Stamp Commissioned Name of Notary)

Personally Known OR Produced Identification _____
Type of Identification Produced _____
My Commission Expires _____

**RESOLUTION OF THE BOARD OF DIRECTORS OF
FedNat Insurance Company
ATTACHMENT A**

A telephonic meeting of the Board of Directors of FedNat Insurance Company (hereinafter "the Company") was held on September 15, 2022, for the sole purpose of approving the following resolutions as follows:

RESOLVED that the majority of the current Directors on the Board of Directors consent to the referral of the Company by the Florida Office of Insurance Regulation to the Department of Financial Services for delinquency proceedings under Chapter 631, Part I, Florida Statutes due to the insolvency of the Company as defined in Section 631.011(14), Florida Statutes.

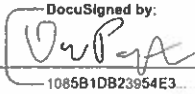
FURTHER RESOLVED that the majority of the current Directors on the Board of Directors consent to the entry of an Order of Liquidation of the Company.

FURTHER RESOLVED, that pursuant to Sections 631.051 and 631.061, Florida Statutes, the majority of the current Directors on the Board of Directors consent to the immediate appointment of the Florida Department of Financial Services, Division of Rehabilitation (hereinafter "Department") as the Receiver of Company, without further notice or hearing, and waive any and all rights to notice and hearing.

FURTHER RESOLVED, that the majority of the Directors waive any right to appeal any Order of Liquidation entered by the court and agrees that said Order shall be final for the purposes of triggering the Florida Insurance Guaranty Association "FIGA" pursuant to Section 631.54(8), Florida Statutes.

FURTHER RESOLVED, that the Treasurer of the company, Erick Fernandez, is hereby authorized to execute any and all consent agreements or documents on behalf of the Company, and are authorized to take any and all additional actions, including the Consent to Receivership under Chapter 631, Part I, Florida Statutes, as deemed necessary or appropriate by the Office of Insurance Regulation and/or the Department, without further approval of the shareholders or directors.

Director of FedNat Insurance Company

By:  _____
1085B1DB23954E3...

[Corporate Seal]

Print Name: David Patterson _____

Title: Interim President and Director _____

Date: 9/15/2022 _____

STATE OF _____

COUNTY OF _____

The foregoing instrument was acknowledged before me by means of physical presence
or online notarization, this ____ day of _____ 2022, by _____
(name of person)
as _____ for _____.
(type of authority; e.g., officer, trustee, attorney in fact) (company name)

(Signature of the Notary)

(Print, Type or Stamp Commissioned Name of Notary)

Personally Known _____ OR Produced Identification _____

Type of Identification Produced _____

My Commission Expires _____

Director of FedNat Insurance Company

By: [Signature]

[Corporate Seal]

Print Name: Erick Fernandez

Title: Director

Date: 9/15/2022

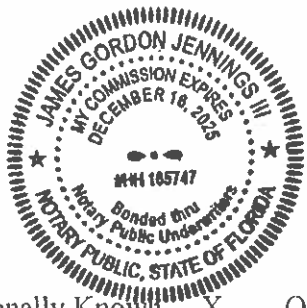
STATE OF Florida

COUNTY OF Broward

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

or online notarization, this 15th day of September 2022, by Erick Fernandez, _____
(name of person)

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



[Signature]
(Signature of the Notary)

(Print, Type or Stamp Commissioned Name of Notary)

Personally Known OR Produced Identification _____

Type of Identification Produced _____

My Commission Expires _____

Director of FedNat Insurance Company

By: Brian Gardner

[Corporate Seal]

Print Name: Brian Gardner KS

Title: Director KS

Date: 9/17/2022

STATE OF Maine

COUNTY OF Kennebec

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

or online notarization, this 17 day of September 2022, by Brian Gardner

(name of person)

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

KELLSIE SPRINGER
NOTARY PUBLIC
State of Maine
My Commission Expires
August 4, 2029

Kellsie Springer
(Signature of the Notary)

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

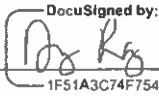
Personally Known _____ OR Produced Identification _____

Type of Identification Produced _____

My Commission Expires _____



Director of FedNat Insurance Company

By:  _____
1F51A3C74F754DC...

[Corporate Seal]

Print Name: Doug Raucy _____

Title: Director _____

Date: 9/15/2022 _____

STATE OF _____

COUNTY OF _____

The foregoing instrument was acknowledged before me by means of physical presence
or online notarization, this ____ day of _____ 2022, by _____
(name of person)
as _____ for _____
(type of authority; e.g., officer, trustee, attorney in fact) (company name)

(Signature of the Notary)

(Print, Type or Stamp Commissioned Name of Notary)

Personally Known _____ OR Produced Identification _____

Type of Identification Produced _____

My Commission Expires _____

Director of FedNat Insurance Company

By: [Signature]

[Corporate Seal]

Print Name: J. G. Jennings III _____

Title: Director _____

Date: 9/15/2022

STATE OF Florida _____

COUNTY OF Broward _____

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

or online notarization, this _____ day of _____ 2022, by _____

(name of person)

as Director _____ 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

