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INSURANCE REGULATION
Docketed by: EP

OFFICE OF INSURANCE REGULATION

MICHAEL YAWORSKY
COMMISSIONER

Index: OIR 2024-159

IN THE MATTER OF:

CASE NO.: 400548-24-CO

Application for Redomestication of
DOCTORS DIRECT INSURANCE, INC.
_____/

CONSENT ORDER

THIS CAUSE came for consideration upon the filing of an application with the FLORIDA OFFICE OF INSURANCE REGULATION ("OFFICE") by DOCTORS DIRECT INSURANCE, INC. ("APPLICANT"), for approval of the transfer of APPLICANT's domicile to the state of Florida ("Application"), pursuant to section 628.520, Florida Statutes. Following a complete review of the entire record, and upon consideration thereof, and being otherwise fully advised in the premises, the OFFICE hereby finds as follows:

1. The OFFICE has jurisdiction over the subject matter and the parties herein.

2. APPLICANT has applied for and, subject to the present and continuing satisfaction of the requirements, terms, and conditions established herein, has satisfactorily met all of the conditions precedent to the transfer of its domicile from the state of Illinois to the state of Florida, pursuant to the applicable provisions of the Florida Insurance Code.

3. APPLICANT is an Illinois domiciled property and casualty insurer, holds a subsisting Certificate of Authority issued by the OFFICE as a foreign insurer, and is authorized to write the (0110) Medical Malpractice line of insurance in this state. Effective upon the date of transfer of its domicile to the state of Florida, APPLICANT's corporate name will be

PracticeProtection Casualty Company, under which name it will continue to be authorized to write said line of insurance in this state, subject to the terms and conditions established herein.

4. APPLICANT is owned 100% by PRACTICE PROTECTION, INC. ("PRACTICE PROTECTION"), a Nevada corporation that is owned 26% by Tippmann & Dumas, LLC, an Indiana limited liability company; 20% by JDBM, LLC, an Indiana limited liability company; and 17% by Michael Wallace, an individual, with no other 10% or greater shareholders. The membership interests of Tippmann & Dumas, LLC, are owned 50% by Patrick Tippmann and 50% by David Dumas. The membership interest of JDBM, LLC, is solely controlled by James Khorshid.

5. If the OFFICE determines that any individual for whom APPLICANT is required to submit background information as part of this Application is unacceptable under the Florida Insurance Code, APPLICANT or PRACTICE PROTECTION shall cause the removal of said person within 30 days of receipt of notice from the OFFICE and replace them with a person or persons acceptable to the OFFICE, or shall undertake such other corrective action as directed by the OFFICE. Failure to act would constitute an immediate serious danger to the public and the OFFICE may take administrative action as it deems appropriate upon the Certificate of Authority of APPLICANT without further proceedings, pursuant to sections 120.569(2)(n) and 120.60(6), Florida Statutes.

6. APPLICANT has filed, and the OFFICE has relied upon, the representations in the Plan of Operation and supporting documents that APPLICANT has submitted with its Application. Written approval must be secured from the OFFICE prior to any material deviation from said Plan of Operation.

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

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

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

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

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

9. Any arrangement or agreement with an affiliated party for the provision of administrative services shall be evidenced by a written contract. Any such contract shall comply with the following requirements:

a) APPLICANT must have the right to terminate the contract for cause;

b) The contract shall contain a provision with respect to the underwriting or other standards pertaining to the business underwritten by APPLICANT;

c) The contract shall be retained as part of the official records of both the affiliate and APPLICANT for the term of the contract and 5 years afterward;

d) Payment to the affiliate of any premiums or charges for insurance by or on behalf of the insured shall be deemed to have been received by APPLICANT, and return premiums or claims payments forwarded by APPLICANT to the affiliate shall not be deemed to have been paid to the insured or claimant until such payments are received by the insured or claimant;

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

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

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

h) All claims paid by the affiliate from funds collected on behalf of APPLICANT shall be paid only on drafts of, and as authorized by, APPLICANT;

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

j) The affiliate shall provide a written notice approved by APPLICANT to insured individuals advising them of the identity of, and relationship among, the affiliate, the policyholder, and APPLICANT; and

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

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

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

12. APPLICANT shall ensure that any agent or agency it utilizes in Florida shall be properly appointed as necessary and in accordance with chapter 626, Florida Statutes.

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

limitations shall be non-admitted by the OFFICE and the surplus as to policyholders adjusted accordingly.

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

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

16. APPLICANT shall file with the OFFICE a completed and executed copy of any custody account agreement into which it may enter, which shall contain all of the required provisions of Rule 69O-143.042, Florida Administrative Code.

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

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

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

20. APPLICANT shall maintain a deposit with the Bureau of Collateral Management, in the amount of at least $150,000 U.S. Dollars, as required by section 624.411, Florida Statutes.

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

22. Within 10 days of the Illinois Department of Insurance's approval of the redomestication, APPLICANT shall submit to the OFFICE the following:

a) Executed and notarized triplicate originals of its proposed Articles of Incorporation, pursuant to section 628.091, Florida Statutes. Once the OFFICE has accepted and stamped the Articles of Incorporation, APPLICANT shall file them with, and submit to the OFFICE a copy certified by, the Florida Department of State;

b) An executed copy of its Bylaws, certified by its Secretary as a true and accurate copy;

c) A Certificate of Status issued by the Florida Secretary of State evidencing that APPLICANT has been registered as a domestic insurer under its new name; and

d) An executed Service of Process form reflecting APPLICANT's new state of domicile, name change, and any other changes due to APPLICANT's redomestication.

23. APPLICANT acknowledges that the OFFICE's approval of APPLICANT's redomestication to the state of Florida is subject to the Illinois Department of Insurance's approval. APPLICANT shall, within 3 days of receiving said approval, submit to the OFFICE a copy of all documents evidencing the Illinois Department of Insurance's approval of APPLICANT's request to redomesticate from the state of Illinois to the state of Florida, including any conditions imposed on APPLICANT. Should the Illinois Department of Insurance not approve APPLICANT's redomestication to the state of Florida, this Consent Order shall be null and void.

24. APPLICANT shall, no later than 15 days after the end of the month in which the redomestication occurs, file an update to its Holding Company Registration Statement, as required by section 628.801, Florida Statutes, and Rule 69O-143.046, Florida Administrative Code.

25. APPLICANT's ultimate controlling persons, as defined in section 628.801(2), Florida Statutes, shall file with the OFFICE the Enterprise Risk Report required by section 628.801(2), and any and all additional information necessary to evaluate the enterprise risk of APPLICANT and APPLICANT's affiliates.

26. Any prior orders, consent orders, or corrective action plans that APPLICANT has entered into with the OFFICE prior to the execution of this Consent Order shall apply and remain in full force and effect for APPLICANT, except where provisions of such orders, consent orders, or corrective action plans have expired; have been superseded by subsequent orders, consent orders, or corrective action plans; or are inconsistent with this Consent Order.

27. APPLICANT and PRACTICE PROTECTION affirm that all information, explanations, representations, statements, and documents provided to the OFFICE in connection with this Application, including all attachments and supplements thereto, are true and correct and fully describe all transactions, agreements, ownership structures, understandings, and control with regard to the current and future operations of APPLICANT. APPLICANT and PRACTICE PROTECTION 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.

28. 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.

29. APPLICANT and PRACTICE PROTECTION expressly waive a hearing in this matter, the making of findings of fact and conclusions of law by the OFFICE, and all further and other proceedings herein to which they may be entitled by law or rules of the OFFICE. APPLICANT and PRACTICE PROTECTION 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.

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

31. APPLICANT and PRACTICE PROTECTION agree that, upon execution of this Consent Order, failure to adhere to one or more of the terms and conditions contained herein may result, without further proceedings, in the OFFICE suspending, revoking, or taking other administrative action as it deems appropriate upon APPLICANT's Certificate of Authority in this state, in accordance with sections 120.569(2)(n) and 120.60(6).

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

33. The parties agree that this Consent Order shall be deemed to be executed when the OFFICE has signed a copy of this Consent Order bearing the notarized signatures of the authorized representatives of APPLICANT and PRACTICE PROTECTION.

WHEREFORE, subject to the terms and conditions set forth above, the Application for approval of the transfer of DOCTORS DIRECT INSURANCE, INC.'s domicile to the state of Florida, and simultaneous change of its name to PracticeProtection Casualty Company, pursuant to section 628.520, Florida Statutes, is hereby APPROVED.

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

DONE and ORDERED this 19th day of November, 2024.

Michael Yaworsky, Commissioner
Office of Insurance Regulation

By execution hereof, DOCTORS DIRECT INSURANCE, INC., consents to entry of this Consent Order, agrees without reservation to all of the above terms and conditions, and shall be bound by all provisions herein. The undersigned represents that they have the authority to bind DOCTORS DIRECT INSURANCE, INC., to the terms and conditions of this Consent Order.

DOCTORS DIRECT INSURANCE, INC.

By: _____

[Corporate Seal]

Print Name: Michael J. Wallace

Title: President & CEO

Date: 11/15/2024

STATE OF Florida

COUNTY OF Duval

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

☐ online notarization, this 15 day of November 2024, by Michael J. Wallace (name of person)

as Officer (type of authority; e.g., officer, trustee, attorney in fact) for Doctors Direct Insurance (company name).

_____ (Signature of the Notary)

Ned Reynolds, FR (Print, Type or Stamp Commissioned Name of Notary)

Personally Known ✓ OR Produced Identification _____

Type of Identification Produced _____

My Commission Expires 7/20/2025

Ned Reynolds, Jr.
Notary Public
State of Florida
Comm# HH155909
Expires 7/20/2025

By execution hereof, PRACTICE PROTECTION, INC., consents to entry of this Consent Order, agrees without reservation to all of the above terms and conditions, and shall be bound by all provisions herein. The undersigned represents that they have the authority to bind PRACTICE PROTECTION, INC., to the terms and conditions of this Consent Order.

PRACTICE PROTECTION, INC.

By: _____

[Corporate Seal]

Print Name: Michael J. Wallace

Title: President & CEO

Date: 11/15/2024

STATE OF Florida

COUNTY OF Duval

The foregoing instrument was acknowledged before me by means of ☑ physical presence or ☐ online notarization, this 15 day of November 2024, by Michael J. Wallace (name of person) as Officer (type of authority; e.g., officer, trustee, attorney in fact) for Practice Protection Inc (company name).

_____
(Signature of the Notary)

Ned Reynolds, JR
(Print, Type or Stamp Commissioned Name of Notary)

Personally Known ✓ OR Produced Identification _____

Type of Identification Produced _____

My Commission Expires 7/20/2025

Ned Reynolds, Jr.
Notary Public
State of Florida
Comm# HH155909
Expires 7/20/2025

COPIES FURNISHED TO:

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