FILED

FEB 28 2025

INSURANCE REGULATION
Docketed by:

OFFICE OF INSURANCE REGULATION

MICHAEL YAWORSKY
COMMISSIONER

IN THE MATTER OF:
FLIPSHIELD PROTECTION, LLC
_____/

Index: OIR 2025-24
CASE NO.: 400590-24

CEASE AND DESIST COMPLAINT

TO: FLIPSHIELD PROTECTION, LLC
c/o Thomas E. Gibbs
Smith Gambrell Russell
Bank of America Tower
50 N. Laura Street, Suite 2600
Jacksonville, FL 32202

YOU ARE HEREBY NOTIFIED that pursuant to the Florida Insurance Code, including but not limited to sections 624.307, 624.317, and 626.909, Florida Statutes, the STATE OF FLORIDA OFFICE OF INSURANCE REGULATION ("the OFFICE") has caused an investigation to be made of the activities of FLIPSHIELD PROTECTION, LLC ("FLIPSHIELD") with respect to its mortgage protection insurance activities. Pursuant to sections 624.401 and 624.310(3), Florida Statutes, the OFFICE issues this Complaint alleging that FLIPSHIELD is engaged in the unauthorized and unlicensed business of transacting mortgage protection insurance in the state of Florida. As grounds therefore, the OFFICE alleges that:

Jurisdiction

1. Section 20.121(3)(a)l., Florida Statutes, provides, in part, that the OFFICE shall be responsible for all activities concerning insurers and other risk bearing entities, including licensing, rates, policy forms, market conduct, and claims.

2. Section 624.01, Florida Statutes, provides that chapters 624-632, 634, 635, 636, 641, 648, and 651 constitute the "Florida Insurance Code."

3. The OFFICE has jurisdiction over the subject matter hereof and parties herein pursuant to sections 624.307, 624.310, 624.401, and 626.909, Florida Statutes.

Findings of Fact

4. FLIPSHIELD's principal place of business is located at 12140 Wickchester Ln, Suite 100, Houston, Texas 77079.

5. FLIPSHIELD is not a registered corporation in the State of Florida.

6. FLIPSHIELD is not licensed as a property and casualty insurer nor an authorized surplus lines insurer in the state of Florida.

7. FLIPSHIELD is not an authorized insurer in the state of Florida.

8. From June 12, 2023, to November 19, 2024, FLIPSHIELD has provided or has offered to provide mortgage protection insurance to the residents of Florida without a license or authorization.

9. As of September 24, 2024, FLIPSHIELD reported to the OFFICE having 17 in-force contracts in Florida, with a corresponding gross premium of $79,225.65.

10. On or about May 23, 2024, an investigation manager for the OFFICE sent an email to FLIPSHIELD asking for additional information about its services and products.

11. On or about May 29, 2024, counsel for FLIPSHIELD responded to the OFFICE's questions and confirmed that FLIPSHIELD will cease writing any new contracts in Florida until the matter is resolved and will continue to honor and abide by the terms of any current contracts.

Conclusions of Law

12. Section 624.401(1) states that "no person shall act as an insurer, and no insurer or its agents, attorneys, subscribers, or representatives shall directly or indirectly transact insurance, in this state except as authorized by a subsisting certificate of authority issued to the insurer by the office, except as to such transactions as are expressly otherwise provided for in this code."

13. FLIPSHIELD has provided or has offered to provide mortgage protection insurance to the residents of Florida without a certificate of authority in violation of section 624.401(1).

14. FLIPSHIELD's activities do not fall within the exceptions, exclusions or exemptions provided in section 624.402, Florida Statutes, or any other provision of the Florida Statutes or federal law.

15. Section 624.310(3) gives the OFFICE the authority to serve a complaint stating charges upon any licensee or any affiliated party whenever the OFFICE has reasonable cause to believe that the party is engaging or has engaged in conduct that is:

a. An act that demonstrates a lack of fitness or trustworthiness to engage in the business of insurance, is hazardous to the insurance buying public, or constitutes business operations that are a detriment to policyholders, stockholders, investors, creditors, or the public;

b. A violation of any provision of the Florida Insurance Code;

c. A violation of any rule of the department or commission;

d. A violation of any order of the department or office; or

e. A breach of any written agreement with the department or office.

17. Section 626.909(2) gives the OFFICE the authority to bring "any action, suit, or proceeding in the name of the state or conduct any proceeding, examination, or hearing" against unauthorized insurers and persons representing unauthorized insurers.

Proposed Agency Action

18. Notice is hereby provided that the OFFICE will enter a Final Cease and Desist Order in this matter, subject only to the Notice of Rights herein. In its Final Cease and Desist Order, the OFFICE shall order FLIPSHIELD to cease and desist acting as a property and casualty insurer in the state of Florida without a license or certificate of authority.

19. FLIPSHIELD shall honor all current and future obligations and liabilities arising from its contracts in Florida and will pay all obligations and liabilities that have arisen or may arise from its operations in Florida. If any court or administrative action, arbitration, mediation, or other judicial or quasi-judicial action listing FLIPSHIELD as a party is filed in Florida, FLIPSHIELD shall provide written notice to the OFFICE within 30 days of the filing of said action.

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WHEREFORE, because FLIPSHIELD has violated the Florida Insurance Code by operating as an unlicensed property and casualty insurer in the state of Florida, in violation of section 624.401(1), the OFFICE intends to issue a Final Order requiring the following:

A. FLIPSHIELD is ordered, pursuant to section 624.310(3), to cease and desist from engaging in the unlawful transaction of mortgage protection insurance in Florida without a certificate of authority.

B. FLIPSHIELD shall provide the OFFICE with monthly reports of all contracts remaining in-force until all mortgage protection insurance agreements have lapsed or have been cancelled or until the expiration of the period listed in the contract. Each report shall contain the parties to the contract. The first report will be due thirty days following the issuance of the Final Order. Thereafter, FLIPSHIELD will provide monthly reports.

C. FLIPSHIELD is responsible for administering and servicing existing in-force contracts in Florida.

DONE and ORDERED this 28 day of February 2025.

MICHAEL YAWORSKY
Commissioner
Office of Insurance Regulation

NOTICE OF RIGHTS

Pursuant to sections 120.569 and 120.57, Florida Statutes and Rule chapter 28-106, Florida Administrative Code (F.A.C.), you may have a right to request a proceeding to contest this action by the Office of Insurance Regulation (hereinafter the "Office"). You may request a proceeding by filing a Petition. Your Petition for a proceeding must be in writing and must be filed with the General Counsel acting as the Agency Clerk, Office of Insurance Regulation. If served by U.S. Mail the Petition should be addressed to the Florida Office of Insurance Regulation at 612 Larson Building, Tallahassee, Florida 32399-4206. If Express Mail or hand-delivery is utilized, the Petition should be delivered to 612 Larson Building, 200 East Gaines Street, Tallahassee, Florida 32399-0300. The written Petition must be received by and filed with the Office no later than 5:00 p.m. on the twenty-first (21) day after your receipt of this notice. Unless your Petition challenging this action is received by the Office within twenty-one (21) days from the date of the receipt of this notice, the right to a proceeding shall be deemed waived. Mailing the response on the twenty-first day will not preserve your right to a hearing.

If a proceeding is requested and there is no dispute of material fact the provisions of section 120.57(2), Florida Statutes may apply. In this regard you may submit oral or written evidence in opposition to the action taken by this agency or a written statement challenging the grounds upon which the agency has relied. While a hearing is normally not required in the absence of a dispute of fact, if you feel that a hearing is necessary one may be conducted in Tallahassee, Florida or by telephonic conference call upon your request.

If you dispute material facts which are the basis for this agency's action you may request a formal adversarial proceeding pursuant to sections 120.569 and 120.57(1), Florida Statutes. If you request this type of proceeding, the request must comply with all of the requirements of Rule chapter 28-106.2015, F.A.C., including but not limited to:

a) A statement requesting an administrative hearing identifying those material facts that are in dispute. If there are none, the petition must so state; and

b) A statement of when the respondent received notice of the agency's action.

These proceedings are held before a State Administrative Law Judge of the Division of Administrative Hearings. Unless the majority of witnesses are located elsewhere, the Office will request that the hearing be conducted in Tallahassee.

In some instances, you may have additional statutory rights than the ones described herein.

Failure to follow the procedure outlined with regard to your response to this notice may result in the request being denied. Any request for administrative proceeding received prior to the date of this notice shall be deemed abandoned unless timely renewed in compliance with the guidelines as set out above.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing Order to Cease and Desist has been sent by U.S. Certified Mail this 5th day of March, 2025, to:

FLIPSHIELD PROTECTION, LLC
c/o Thomas E. Gibbs
Smith Gambrell Russell
Bank of America Tower
50 N. Laura Street, Suite 2600
Jacksonville, FL 32202

/s/ Carson W. Gaines
Carson W. Gaines
Florida Bar No.: 1054445
Office of Insurance Regulation
200 East Gaines Street
Tallahassee, Florida 32399-4206
Email: Carson.Gaines@floir.com
Telephone: (850) 413-4139