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INSURANCE REGULATION
Docketed by: EP

OFFICE OF INSURANCE REGULATION

MICHAEL YAWORSKY
COMMISSIONER

Index: OIR 2025-20

IN THE MATTER OF:

CASE NO.: 401003-25-CO

PATRIOT SELECT PROPERTY & CASUALTY INSURANCE COMPANY F/K/A ANCHOR PROPERTY & CASUALTY INSURANCE COMPANY

_____/

SIXTEENTH CONSENT ORDER
EXTENDING PERIOD OF PUBLIC ADMINISTRATIVE SUPERVISION

THIS CAUSE came for consideration as a result of discussions between the FLORIDA OFFICE OF INSURANCE REGULATION ("OFFICE") and PATRIOT SELECT PROPERTY & CASUALTY INSURANCE COMPANY F/K/A ANCHOR PROPERTY & CASUALTY INSURANCE COMPANY ("PATRIOT SELECT") subsequent to entering into a consent order placing it in public administrative supervision for a period of 120 days in Consent Order 260539-20-CO ("Supervision Order"), which was filed on February 28, 2020. Prior to the expiration of that 120-day period, the parties agreed to a 120-day extension in Consent Order 265693-20-CO, a second 120-day extension in Consent Order 271205-20-CO, a third 120-day extension in Consent Order 276909-21-CO, a fourth 120-day extension in Consent Order 281855-21-CO, a fifth 120-day extension in Consent Order 286578-21-CO, a sixth 120-day extension in Consent Order 290983-22-CO, a seventh 120-day extension in Consent Order 295270-22-CO, an eighth 120-day extension in Consent Order 300132-22-CO, a ninth 120-day extension in Consent Order 304335-22-CO, a tenth 120-day extension in Consent Order 309772-23-CO, an eleventh 120-day extension in Consent Order 314768-23-CO, a twelfth 120-day extension in Consent Order 320321-23-CO, a

thirteenth 120-day extension in Consent Order 325677-24-CO, a fourteenth 120-day extension in Consent Order 400219-24-CO, and a fifteenth 60-day extension in Consent Order 400690-24-CO. Following 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:

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

2. PATRIOT SELECT 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.

3. Paragraph 5 of the Supervision Order states as follows:

> 5. ANCHOR has been cooperative with the OFFICE and agrees to be placed under administrative supervision for a period of 120 days from the date of execution of this Consent Order and to be subject to the provisions of Sections 624.80-.87, Florida Statutes, as if an order were issued by the OFFICE. Such administrative supervision may be extended in 60-day increments at the OFFICE's sole discretion for as long as is necessary for the company to effectuate a smooth transition and orderly wind-down of its remaining liabilities. All terms of the transition and wind-down of business are to be included in a wind-down plan ("Plan"), which is subject to the OFFICE's approval.

4. PATRIOT SELECT has filed with the OFFICE an updated Plan of Operation, including biographical information, legal documents, and other supporting documentation, for the purpose of seeking approval from the OFFICE to exit administrative supervision and resume the transaction of homeowners' insurance in the state of Florida. Based upon its review of the updated Plan of Operation and related documentation, the OFFICE finds that PATRIOT SELECT's implementation of such Plan of Operation would justify PATRIOT SELECT's release from administrative supervision, subject to compliance with the terms and conditions set forth herein. In deciding to issue this Consent Order, the OFFICE has relied on the accuracy and truthfulness of the documents and information provided by PATRIOT SELECT. PATRIOT SELECT

represents that its updated Plan of Operation filed with the OFFICE and all related submissions and responses have been reviewed by PATRIOT SELECT, and that these documents, as amended to date, are complete and correct in all respects. PATRIOT SELECT further represents that it has disclosed and provided, or will disclose and provide to the OFFICE, copies of all current understandings and agreements relating to its recapitalization and future transaction of insurance.

5. Administrative supervision of PATRIOT SELECT is currently set to expire on February 17, 2025.

6. Section 624.81(8), Florida Statutes, provides that the OFFICE "may extend the supervision in increments of 60 days or longer ... if conditions justifying supervision exist." The OFFICE has determined that grounds exist to extend the period of administrative supervision of PATRIOT SELECT at this time.

7. As of the date of execution of this Consent Order, PATRIOT SELECT agrees that conditions exist that necessitate an additional period of administrative supervision as the conditions justifying supervision have not yet been remedied. However, based on the updated Plan of Operation submitted by PATRIOT SELECT, the conditions justifying supervision of PATRIOT SELECT are expected to be remedied within the next few months upon completion of its recapitalization as discussed in greater detail in the Plan of Operation.

8. PATRIOT SELECT hereby consents to an additional period of administrative supervision of the earlier of 60 days from the date of execution of this Consent Order or the date upon which the OFFICE has acknowledged in writing PATRIOT SELECT's compliance with all provisions of this Consent Order, including the OFFICE's receipt of the following documents which meet the requisite statutory and rule requirements as determined by the OFFICE:

a. Proof of a deposit into PATRIOT SELECT's account in a Florida banking institution that is a member of the Federal Reserve System and located in Florida, representing its recapitalization funding in the amount represented in the updated Plan of Operation, or as communicated to the OFFICE, along with a written certification from the bank that is signed by an officer of the bank attesting that such deposit has not been pledged as collateral or otherwise encumbered, hypothecated, or pledged, and that no such encumbrance or agreement to encumber exists;

b. Copies of all fully executed Surplus Notes and their ancillary agreements as described in the updated Plan of Operation;

c. Acknowledgement that for the 3 years immediately following the final approval of its updated Plan of Operation, PATRIOT SELECT shall file with the OFFICE, on an annual basis, no later than June 1 each year, a Catastrophe Loss model with Probable Maximum Loss estimate amounts for a 1-in-100-year storm based on PATRIOT SELECT's exposure information on policies in force as of March 31 of the current year. The OFFICE reserves the right to require PATRIOT SELECT to provide additional modeling at the sole discretion of the OFFICE. PATRIOT SELECT shall include in the filings any update to its exposure management plan which will identify the company's ability to provide satisfactory financial capacity to cover the company's exposure to catastrophic hurricane loss. PATRIOT SELECT shall also include specific plans that will limit exposure to a level within the company's financial capacity. Based upon the OFFICE's review of said models and plans, the OFFICE may require PATRIOT SELECT to take corrective action to cure any overexposure identified by the OFFICE, including, but not limited to, the purchase of additional reinsurance or additional contributions to surplus;

d. Copies of the fully executed Amended and Restated Managing General Agency and Claims Administration Agreement;

e. Executed copies of any agreements not mentioned above relating to the operations and management of PATRIOT SELECT, other than standard agent and agency agreements; and

f. Final copies of any other documents as described in the updated Plan of Operation or amendments to such plan received by the OFFICE not specifically mentioned above that are material to the OFFICE's approval of the updated Plan of Operation.

9. If the OFFICE determines that the documentation specified in paragraph 8 above is not submitted as required, is incomplete, or does not meet the requisite statutory or rule requirements, PATRIOT SELECT shall continue to be subject to ongoing public administrative supervision until such time as the required documentation has been submitted to the OFFICE.

10. Upon PATRIOT SELECT's release from administrative supervision, PATRIOT SELECT shall further comply with the following:

a. PATRIOT SELECT shall not transact business until the following have been approved in writing by the OFFICE:

i. PATRIOT SELECT's forms and rates, unless so exempted pursuant to section 627.062 or 627.410, Florida Statutes; and

ii. Pro-Forma Financial Statements, if necessary to be amended following placement of PATRIOT SELECT's reinsurance.

b. PATRIOT SELECT shall not transact business until PATRIOT SELECT's reinsurance program has been placed.

c. PATRIOT SELECT shall not transact business until it has obtained a Financial Strength Rating ("FSR") that is acceptable to the secondary mortgage market.

d. PATRIOT SELECT shall comply with its Plan of Operation and supporting documents. Written approval must be secured from the OFFICE prior to any material deviation from said Plan of Operation.

e. PATRIOT SELECT shall comply with the requirements of Statement of Statutory Accounting Principles ("SSAP") No. 41 of the National Association of Insurance Commissioners ("NAIC") Accounting Practices and Procedures Manual, as concerns its accounting for interest payable on any surplus debenture.

f. PATRIOT SELECT shall submit to the OFFICE, no less than annually, all required filings, pursuant to section 627.0645, Florida Statutes, and Rule 69O-170.007, Florida Administrative Code.

g. PATRIOT SELECT shall maintain its principal place of business in Florida and shall make available to the OFFICE complete records of its affairs. PATRIOT SELECT 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, Florida Statutes.

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

i. PATRIOT SELECT shall not write any business in any state outside of Florida without the prior written approval of the OFFICE.

j. PATRIOT SELECT shall maintain a deposit of no less than $300,000 USD with the Bureau of Collateral Management, pursuant to section 624.411, Florida Statutes.

k. PATRIOT SELECT shall not enter into any agreement with any affiliate, affiliated person, entity, or related party, as defined in SSAP No. 25 of the NAIC Accounting Practices and Procedures Manual, without the prior written approval of the OFFICE. "Affiliate" and "affiliated person" shall have the same meanings as in section 624.10, Florida Statutes.

l. PATRIOT SELECT shall file with the OFFICE all premium growth reports as required by section 624.4243, Florida Statutes.

m. PATRIOT SELECT shall not enter into a reinsurance arrangement with a captive or affiliated entity without the prior written approval of the OFFICE.

n. PATRIOT SELECT acknowledges that it shall maintain compliance with sections 624.404(4) and 624.610, Florida Statutes.

o. PATRIOT SELECT shall ensure that its ultimate controlling person(s) files with the OFFICE the Enterprise Risk Report required by section 628.801(2), Florida Statutes, including any and all additional information the OFFICE deems necessary to evaluate the enterprise risk of PATRIOT SELECT and PATRIOT SELECT's affiliates.

p. PATRIOT SELECT shall file an amended Holding Company Registration Statement.

q. PATRIOT SELECT acknowledges that it shall maintain compliance with Rule 69O-143.047, Florida Administrative Code.

r. In addition to the requirements described in subparagraph k above, 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:

i. PATRIOT SELECT must have the right to terminate the contract for cause;

ii. The contract shall contain a provision with respect to the underwriting or other standards pertaining to the business underwritten by PATRIOT SELECT;

iii. The contract shall be retained as part of the official records of both the affiliate and PATRIOT SELECT for the term of the contract and 5 years afterwards;

iv. 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 PATRIOT SELECT, and return premiums or claims payments forwarded by PATRIOT SELECT 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;

v. The affiliate shall hold all funds that are collected on behalf of or for PATRIOT SELECT, as well as return premiums received from PATRIOT SELECT, in a fiduciary capacity in trust accounts;

vi. The affiliate shall adhere to underwriting standards, rules, procedures, and manuals setting forth the rates to be charged, and shall adhere to

the conditions for the acceptance or rejection of risks as determined by PATRIOT SELECT;

vii. 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 for the services provided;

viii. All claims paid by the affiliate from funds collected on behalf of PATRIOT SELECT shall be paid only on drafts of, and as authorized by, PATRIOT SELECT;

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

x. The affiliate shall provide written notice, which has been approved by PATRIOT SELECT, to insured individuals advising them of the identity of, and relationship between, the affiliate, the policyholder, and PATRIOT SELECT; and

xi. Any policies, certificates, booklets, termination notices, or other written communications delivered by PATRIOT SELECT to the affiliate for delivery to PATRIOT SELECT's policyholders shall be delivered by the affiliate promptly after receipt of delivery instructions from PATRIOT SELECT.

s. PATRIOT SELECT shall take necessary steps to ensure it has current membership in the associations or funds as required by the following statutes, and to comply with the conditions contained in such entities' Plans of Operation. Further, PATRIOT SELECT agrees to pay any and all assessments levied by such entities and applicable laws. PATRIOT SELECT acknowledges full responsibility for determining the associations or funds PATRIOT SELECT is required to join, pursuant to sections 215.555, 627.311(4), 627.351(1), 627.351(4), 627.351(6), 627.3515, 631.55, 631.715, and 631.911, Florida Statutes. PATRIOT SELECT further acknowledges its statutory obligations pursuant to the aforementioned statutes and will continually monitor the various associations or funds that PATRIOT SELECT is required to join, as determined by the lines of business on the Certificate of Authority of PATRIOT SELECT. Further, PATRIOT SELECT shall, based upon the lines of business on PATRIOT SELECT's Certificate of Authority, continually monitor and comply with statutory requirements regarding PATRIOT SELECT's membership in the associations and funds that are identified herein or that may be established in the future.

t. PATRIOT SELECT shall ensure that any agreement PATRIOT SELECT is party to or governed by, with respect to any and all pro rata and excess of loss reinsurance coverage, shall provide for terms and pricing to be procured at open market terms. PATRIOT SELECT shall conduct sufficient due diligence, through a broker or otherwise, and shall solicit legitimate written quotes from potential third-party reinsurers through a firm order prior to entering into a quota share or excess of loss agreement.

u. PATRIOT SELECT shall at all times employ one or more persons with the requisite knowledge and experience in statutory accounting to be able to advise, and file

statements on behalf of, PATRIOT SELECT, in accordance with the Statements of Statutory Accounting Principles established and maintained by the NAIC. If, at any time, PATRIOT SELECT does not have such persons on staff or under contract, PATRIOT SELECT will notify the OFFICE within 3 business days and provide a timeline acceptable to the OFFICE for when such positions will be filled, or contractual relationships established.

v. Notwithstanding other applicable surplus requirements, PATRIOT SELECT shall maintain Total Adjusted Capital of at least 300% of its Authorized Control Level Risk-Based Capital. Total Adjusted Capital and Authorized Control Level Risk-Based Capital are defined in sections 624.4085(1)(b) and 624.4085(1)(q), Florida Statutes.

w. PATRIOT SELECT shall ensure that any agent it utilizes in Florida shall be properly appointed, pursuant to section 626.112, Florida Statutes.

x. Any managing general agent and related contracts entered into by PATRIOT SELECT shall meet the requirements of sections 626.015(16)(a) and 626.7451, Florida Statutes.

y. PATRIOT SELECT shall obtain written approval from the OFFICE prior to contracting with any managing general agent or charging any policy fees related to contracting with, or services provided by, a managing general agent other than that approved by the OFFICE.

z. PATRIOT SELECT shall obtain the prior written approval of the OFFICE before amending, updating, or changing any managing general agent contracts entered into by PATRIOT SELECT.

aa. PATRIOT SELECT shall file a completed and executed copy of any custody account agreement, which shall contain all of the required provisions of Rule 69O-143.042, Florida Administrative Code, and any investment management agreement to which it is a party.

bb. PATRIOT SELECT shall file updates to its Holding Company Registration Statement, as required by section 628.801, Florida Statutes, and Rule 69O-143.046, Florida Administrative Code.

cc. For the first 3 years following final approval of PATRIOT SELECT's Plan of Operation, any change in the officers or directors of PATRIOT SELECT shall be subject to the prior written approval of the OFFICE.

dd. PATRIOT SELECT 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. PATRIOT SELECT shall be subject to the requirements of Parts I and II of chapter 625, Florida Statutes. Non-qualifying assets or investments in excess of limitations shall be non-admitted by the OFFICE and the surplus as to policyholders adjusted accordingly.

ee. PATRIOT SELECT 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 PATRIOT SELECT that could result in or cause a material adverse change in the financial condition, business, performance, operations, or property of PATRIOT SELECT.

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

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

ii. A clear definition of the financial boundaries of each operation. Further, PATRIOT SELECT 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.

11. PATRIOT SELECT hereby knowingly and voluntarily waives the requirement of written notice under section 624.81(1), and agrees that any timelines outlined in this Consent Order will be binding, notwithstanding any timelines provided for in section 624.81.

12. PATRIOT SELECT agrees that all terms of the Supervision Order shall apply and remain in full force and effect, except as superseded by this Consent Order.

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

14. PATRIOT SELECT agrees 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 PATRIOT SELECT's Certificate of Authority in this state in accordance with sections 120.569(2)(n) and 120.60(6), Florida Statutes.

15. PATRIOT SELECT affirms that all representations made herein are true and all requirements set forth herein are material to the issuance of this Consent Order.

16. In accordance with section 624.87, Florida Statutes, PATRIOT SELECT agrees to pay to the OFFICE all expenses of supervision incurred subsequent to the date of execution of this Consent Order.

17. Except as provided in paragraph 16 above, each party to this action shall bear its own costs and fees.

18. PATRIOT SELECT expressly waives 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 it may be entitled by law or rules of the OFFICE. PATRIOT SELECT hereby knowingly and voluntarily waives all rights to challenge or to contest this Consent Order in any forum available to it, now or in the future, including the right to any administrative proceeding, state or federal court action, or any appeal.

19. 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 signature of the authorized representative of PATRIOT SELECT, notwithstanding the fact that the copy may have been transmitted to the OFFICE electronically. Further, PATRIOT SELECT agrees that the signature of its authorized representative as affixed to this Consent Order shall be under the seal of a Notary Public.

WHEREFORE, because the FLORIDA OFFICE OF INSURANCE REGULATION has determined that conditions justifying administrative supervision continue to exist, the administrative supervision of PATRIOT SELECT PROPERTY & CASUALTY INSURANCE COMPANY is hereby agreed to be extended for the earlier of 60 days from the date of execution of this Consent Order or until the OFFICE has acknowledged in writing PATRIOT SELECT's compliance with the terms and conditions set forth in paragraph 8 of this Consent Order. All terms and conditions contained herein are hereby ORDERED, and all other provisions of Consent Orders 260539-20-CO; 265693-20-CO; 271205-20-CO; 276909-21-CO; 281855-21-CO; 286578-21-CO; 290983-22-CO; 295270-22-CO; 300132-22-CO; 304335-22-CO; 309772-23-CO; 314768-23-CO; 320321-23-CO; 325677-24-CO; 400219-24-CO; and 400690-24-CO remain unchanged by this Consent Order.

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

DONE and ORDERED this 17th day of February, 2025.

Michael Yaworsky, Commissioner
Office of Insurance Regulation

By execution hereof, PATRIOT SELECT PROPERTY & CASUALTY INSURANCE COMPANY consents to entry of this Consent Order, agrees without reservation to all of the above terms and conditions, and shall be bound by all provisions herein. The undersigned represents that they have the authority to bind PATRIOT SELECT PROPERTY & CASUALTY INSURANCE COMPANY to the terms and conditions of this Consent Order. The undersigned also certifies that they have provided the signature below voluntarily and without coercion, based upon the assistance of legal counsel for PATRIOT SELECT PROPERTY & CASUALTY INSURANCE COMPANY.

PATRIOT SELECT PROPERTY & CASUALTY INSURANCE COMPANY

By: _____

[Corporate Seal]

Print Name: John W. Rollins

Title: CEO

Date: Feb. 14, 2025

STATE OF Florida

COUNTY OF Pinellas

The foregoing instrument was acknowledged before me by means of ☑ physical presence or ☐ online notarization, this 14th day of February 2025, by John Rollins (name of person) as CEO (type of authority; e.g., officer, trustee, attorney in fact) for Patriot Select Property & Casualty Insurance (company name).

ROXANNE JONES
MY COMMISSION # HH 515064
EXPIRES: August 11, 2028

Roxanne Jones
(signature of the Notary)

Roxanne Jones
(Print, Type or Stamp Commissioned Name of Notary)

Personally Known ✓ OR Produced Identification _____

Type of identification produced _____

My Commission Expires August 11, 2028

COPIES FURNISHED TO:

JOHN ROLLINS, CHIEF EXECUTIVE OFFICER
Patriot Select Property & Casualty Insurance Company
5959 Central Avenue, Suite 200
St. Petersburg, Florida 33710
Email: jrollins@patriotselect.com

WES STRICKLAND
Strickland Law, PLLC
213 Summerbrooke Drive
Tallahassee, Florida 32312
Email: wes@strickland.law

JANE NELSON, DIRECTOR
Property & Casualty Financial Oversight
Florida Office of Insurance Regulation
200 East Gaines Street
Tallahassee, Florida 32399
Email: jane.nelson@floir.com

ALEX CIUPALO, ASSISTANT GENERAL COUNSEL
Florida Office of Insurance Regulation
200 East Gaines Street
Tallahassee, Florida 32399
Telephone: (850) 413-4187
Email: alex.ciupalo@floir.com