

FILED

JUN 26 2020

INSURANCE REGULATION
Docketed by:



OFFICE OF INSURANCE REGULATION

DAVID ALTMAIER
COMMISSIONER

IN THE MATTER OF:

CASE NO.: 264086-20-CO

Application for the Issuance of a Certificate of Authority to
PALOMAR SPECIALTY INSURANCE COMPANY

CONSENT ORDER

THIS CAUSE came on for consideration upon the filing of an application with the FLORIDA OFFICE OF INSURANCE REGULATION (“OFFICE”) for the issuance of a Certificate of Authority to PALOMAR SPECIALTY INSURANCE COMPANY (“APPLICANT”) as an authorized foreign insurer, pursuant to Sections 624.401, 624.404, and 624.413, Florida Statutes, to write the (0090) Inland Marine line of insurance in this state (“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:

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 granting to it of a Certificate of Authority to operate as a foreign insurer in Florida, pursuant to the requirements set forth for such licensure in the Florida Insurance Code.
3. APPLICANT is a stock property and casualty insurer that is domiciled in the state of Oregon. APPLICANT is owned 100% by PALOMAR INSURANCE HOLDINGS, INC. (“PALOMAR INSURANCE”), an Oregon-domiciled holding company that is owned 100% by

PALOMAR HOLDINGS, INC. (“PALOMAR HOLDINGS”), with a Delaware corporation that is publicly traded on the National Association of Securities Dealers Automated Quotations exchange under the symbol “PLMR” and which the Application represents has no 10% or greater shareholders.

4. APPLICANT, PALOMAR INSURANCE, and PALOMAR HOLDINGS have made material representations that, except as disclosed in the Application, none of the officers or directors of APPLICANT, PALOMAR INSURANCE, or PALOMAR HOLDINGS have been found guilty of, or have pleaded guilty or nolo contendere to, a felony or a misdemeanor, other than a civil traffic offense.

5. APPLICANT shall submit, or cause to be submitted, to the OFFICE complete background information for Daryl Bradley, including Biographical Affidavit, supplemental information, third-party verification report produced by an approved vendor, and fingerprint cards. The Biographical Affidavit, along with proof that the requisite background report has been ordered on an expedited basis, shall be provided to the OFFICE within 10 days of execution of this Consent Order. APPLICANT shall submit, or cause to be submitted, to the OFFICE any remaining background information, including completed fingerprint cards or LiveScan fingerprints for Daryl Bradley, within 60 days of the execution of this Consent Order. APPLICANT, PALOMAR INSURANCE, and PALOMAR HOLDINGS have further represented that, except as noted in paragraph 5 above, they have provided complete background information on each of the individuals referenced in paragraph 4 above. If said information has not been provided to the OFFICE, or if the sources utilized by the OFFICE in its investigation process reveal that the representations made in paragraph 4 above are inaccurate, any such individual shall be removed

as officer or director of said company within 30 days of receipt of notification from the OFFICE and replaced with a person or persons acceptable to the OFFICE.

6. If, upon receipt of such notification from the OFFICE, pursuant to paragraph 6 above, APPLICANT, PALOMAR INSURANCE, or PALOMAR HOLDINGS does not timely take the required corrective action, APPLICANT, PALOMAR INSURANCE, and PALOMAR HOLDINGS agree that such failure to act would constitute an immediate serious danger to the public and the OFFICE may immediately suspend, revoke, or take other administrative action as it deems appropriate upon the Certificate of Authority of APPLICANT, without further proceedings, pursuant to Sections 120.569(2)(n) and 120.60(6), Florida Statutes.

7. 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.

8. APPLICANT shall file with the OFFICE, via the National Association of Insurance Commissioners' 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. Further, notwithstanding the provisions of Section 625.340, Florida Statutes, APPLICANT 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.

9. APPLICANT shall at all times remain in compliance with Sections 624.404(4) and 624.610, Florida Statutes.

10. APPLICANT 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, unless so exempted, pursuant to Section 627.0645, Florida Statutes.

11. Within 6 months of execution of this Consent Order, APPLICANT shall file and thereafter maintain an anti-fraud plan that complies with Section 626.9891, Florida Statutes, and Chapter 69D-2, Florida Administrative Code.

12. Any managing general agent, as defined by Section 626.015(16)(a)-(b), Florida Statutes, utilized by APPLICANT in Florida shall be properly appointed as a managing general agent.

13. Any managing general agent or related contracts entered into by APPLICANT following the issuance of a Certificate of Authority shall be filed with the OFFICE and meet the requirements of Sections 626.015(16) and 626.7451, Florida Statutes.

14. 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.

15. Within 30 days of execution of this Consent Order, APPLICANT shall make and thereafter maintain a deposit with the Bureau of Collateral Management in the amount of at least \$100,000 U.S. Dollars, as required by Section 624.411, Florida Statutes.

16. APPLICANT shall take necessary steps to effectuate membership in the associations or funds as required by the statutes enumerated in this paragraph, and to comply with the conditions contained in such entities' Plans of Operation. Further, APPLICANT agrees to pay any and all assessments levied by such entities and applicable laws. APPLICANT acknowledges

full responsibility for determining the associations' or funds' requirements 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. APPLICANT further acknowledges its statutory obligations pursuant to the aforementioned statutes and will continually monitor the various associations or funds that it is required to join, as determined by the lines of business on the Certificate of Authority of the APPLICANT. Further, APPLICANT shall, based upon the lines of business on its Certificate of Authority, continually monitor and comply with statutory requirements regarding its membership in the associations and funds that are identified herein or that may be established in the future.

17. APPLICANT shall file with the OFFICE all premium growth reports as required by Section 624.4243, Florida Statutes, in a complete and timely manner.

18. APPLICANT shall not transact business in any line of insurance in Florida until APPLICANT's forms and rates for those lines of business have been approved in writing by the OFFICE, unless so exempted pursuant to Section 627.062 or 627.410, Florida Statutes.

19. APPLICANT, PALOMAR INSURANCE, and PALOMAR HOLDINGS 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 future operations of APPLICANT. APPLICANT, PALOMAR INSURANCE, and PALOMAR HOLDINGS 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.

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

21. APPLICANT shall maintain an information security program for the security and protection of confidential and proprietary information under its control that complies with all applicable laws and regulations regarding information security. APPLICANT agrees that it shall continually monitor and enhance its information security program in order to mitigate data security breaches. APPLICANT further agrees that it shall notify the OFFICE within 5 business days of identifying a data breach.

22. Executive Order 13224 prohibits any transactions by U.S. persons involving the blocked assets and interests of terrorists and terrorist support organizations. APPLICANT shall maintain and adhere to procedures necessary to detect and prevent prohibited transactions with those individuals and entities, which have been identified at the Treasury Department's Office of Foreign Assets Control website, <http://www.treas.gov/ofac>.

23. Within 60 days from the date of the execution of this Consent Order, APPLICANT shall submit, or cause to be submitted, to the OFFICE a certification evidencing compliance with all of the requirements of this Consent Order. Any exceptions shall be so noted and contained in the certification. Exceptions noted in the certification shall also include a timeline defining when the outstanding requirements of the Consent Order will be complete. Said certification shall be submitted to the OFFICE via electronic mail and directed to the attention of the Assistant General Counsel representing the OFFICE in this matter and as named in this Consent Order.

24. 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.

25. APPLICANT, PALOMAR INSURANCE, and PALOMAR HOLDINGS expressly waive a hearing in this matter, the making of findings of fact and conclusions of law by the OFFICE, and all further and other proceedings herein to which they may be entitled by law or rules of the OFFICE. APPLICANT, PALOMAR INSURANCE, and PALOMAR HOLDINGS hereby knowingly and voluntarily waive all rights to challenge or to contest this Consent Order in any forum available to them, now or in the future, including the right to any administrative proceeding, state or federal court action, or any appeal.

26. APPLICANT, PALOMAR INSURANCE, and PALOMAR HOLDINGS affirm that all requirements set forth herein are material to the issuance of this Consent Order.

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

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

29. 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 signatures of the authorized representatives of APPLICANT, PALOMAR INSURANCE, and PALOMAR HOLDINGS, notwithstanding the fact that the copy may have been transmitted to the OFFICE

electronically. Further, APPLICANT, PALOMAR INSURANCE, and PALOMAR HOLDINGS agree that the signatures of their authorized representatives as affixed to this Consent Order shall be under the seal of a Notary Public.

WHEREFORE, the agreement between PALOMAR SPECIALTY INSURANCE COMPANY, PALOMAR INSURANCE HOLDINGS, INC., PALOMAR HOLDINGS, INC., and the FLORIDA OFFICE OF INSURANCE REGULATION, the terms and conditions of which are set forth above, is APPROVED, and the Application for a Certificate of Authority to PALOMAR SPECIALTY INSURANCE COMPANY is APPROVED.

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

DONE and ORDERED this 26 day of June, 2020.



David Altmaier

David Altmaier, Commissioner
Office of Insurance Regulation

By execution hereof, PALOMAR HOLDINGS, 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 PALOMAR HOLDINGS, INC., to the terms and conditions of this Consent Order.

PALOMAR HOLDINGS, INC.

By: [Signature]

Print Name: D.H. ARKUSNEK

Title: CEO

Date: JUNE 25, 2020

STATE OF _____

COUNTY OF _____

The foregoing instrument was acknowledged before me by means of physical presence or online notarization, this ____ day of _____ 2020, by _____ (name of person) as _____ (type of authority; e.g., officer, trustee, attorney in fact) for _____ (company name)

See Attached Notary Acknowledgment Certificate

(Signature of the Notary)

(Print, Type or Stamp Commissioned Name of Notary)

Personally Known _____ OR Produced Identification _____

Type of Identification Produced _____

My Commission Expires: _____

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

CIVIL CODE § 1189

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of SAN DIEGO)

On JUNE 25, 2020 before me, NATASHA T. MARTIN, NOTARY PUBLIC,
Date Here Insert Name and Title of the Officer

personally appeared DAVID M. ARMSTRONG.
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Signature [Signature]
Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document

Title or Type of Document: CONSENT ORDER (PHI) Document Date: _____
Number of Pages: _____ Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____
 Corporate Officer -- Title(s): _____
 Partner -- Limited General
 Individual Attorney in Fact
 Trustee Guardian or Conservator
 Other: _____
Signer Is Representing: _____

Signer's Name: _____
 Corporate Officer -- Title(s): _____
 Partner -- Limited General
 Individual Attorney in Fact
 Trustee Guardian or Conservator
 Other: _____
Signer Is Representing: _____

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

PALOMAR SPECIALTY INSURANCE COMPANY

By: [Signature]

Print Name: DM Armstrong

Title: PRESIDENT

Date: JUNE 25, 2020

STATE OF _____

COUNTY OF _____

The foregoing instrument was acknowledged before me by means of physical presence or online notarization, this _____ 2020, by _____ (name of person) as _____ (type of authority; e.g., officer, trustee, attorney in fact) for _____ (company name)

Attached Notary
See Acknowledgment Certificate

(Signature of the Notary)

(Print, Type or Stamp Commissioned Name of Notary)

Personally Known _____ OR Produced Identification _____

Type of Identification Produced _____

My Commission Expires: _____

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

CIVIL CODE § 1189

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of SAN DIEGO)

On JUNE 25, 2020 before me, NATASHA T. MARTIN, NOTARY PUBLIC,
Date Here Insert Name and Title of the Officer
personally appeared DAVID M. ARMSTRONG
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Signature [Signature]
Signature of Notary Public

Place Notary Seal Above

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Description of Attached Document

Title or Type of Document: COXNET ORDER PSIC Document Date: _____

Number of Pages: _____ Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____
 Corporate Officer — Title(s): _____
 Partner — Limited General
 Individual Attorney in Fact
 Trustee Guardian or Conservator
 Other: _____
Signer Is Representing: _____

Signer's Name: _____
 Corporate Officer — Title(s): _____
 Partner — Limited General
 Individual Attorney in Fact
 Trustee Guardian or Conservator
 Other: _____
Signer Is Representing: _____

By execution hereof, PALOMAR INSURANCE HOLDINGS, 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 PALOMAR INSURANCE HOLDINGS, INC., to the terms and conditions of this Consent Order.

PALOMAR INSURANCE HOLDINGS, INC.

By: [Signature]

Print Name: DM Armstrong

Title: CEO

Date: JUNE 25, 2020

STATE OF _____

COUNTY OF _____

The foregoing instrument was acknowledged before me by means of physical presence or online notarization, this ____ day of _____, 2020, by _____ (name of person) as _____ (type of authority; e.g., officer, trustee, attorney in fact) for _____ (company name)

See Attached Notary Acknowledgment Certificate

(Signature of the Notary)

(Print, Type or Stamp Commissioned Name of Notary)

Personally Known _____ OR Produced Identification _____

Type of Identification Produced _____

My Commission Expires: _____

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

CIVIL CODE § 1189

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State of California)

County of SAN DIEGO)

On JUNE 25, 2020 before me, NATASHA T. MARTIN, NOTARY PUBLIC,
Date Here Insert Name and Title of the Officer

personally appeared DAVID M. ARMSTRONG
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Signature [Signature]
Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document

Title or Type of Document: CONSENT ORDER (PIH) Document Date: _____

Number of Pages: _____ Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

- Corporate Officer — Title(s): _____
- Partner — Limited General
- Individual Attorney in Fact
- Trustee Guardian or Conservator
- Other: _____

Signer Is Representing: _____

Signer's Name: _____

- Corporate Officer — Title(s): _____
- Partner — Limited General
- Individual Attorney in Fact
- Trustee Guardian or Conservator
- Other: _____

Signer Is Representing: _____

COPIES FURNISHED TO:

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