

FILED

JUL 31 2020

INSURANCE REGULATION

Docketed by:



OFFICE OF INSURANCE REGULATION

DAVID ALTMAIER
COMMISSIONER

IN THE MATTER OF:

CASE NO.: 267190-20-CO

Application for the Direct Acquisition
of SPINNAKER INSURANCE COMPANY
by SH1 HOLDINGS LLC

CONSENT ORDER

THIS CAUSE came on for consideration upon the filing by SH1 Holdings LLC (“APPLICANT”) with the FLORIDA OFFICE OF INSURANCE REGULATION (“OFFICE”) of an application for the approval of the direct acquisition of 100% of the issued and outstanding voting securities of SPINNAKER INSURANCE COMPANY (“SPINNAKER”), 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:

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 of approval by the OFFICE of the proposed direct acquisition of 100% of the issued and outstanding voting securities of SPINNAKER by APPLICANT, pursuant to the requirements of the Florida Insurance Code.
3. SPINNAKER is an Illinois-domiciled property and casualty insurer that is authorized to transact property and casualty insurance in Florida through a subsisting Certificate

of Authority issued by the OFFICE. SPINNAKER has agreed to be treated as commercially domiciled in Florida and, as such, is subject to filings required by Section 628.461, Florida Statutes.

4. SPINNAKER is owned 100% by SOJOURNER HOLDING COMPANY (“SOJOURNER”), a Delaware limited liability company that has no 10% or greater membership interest holders.

5. APPLICANT is a Delaware holding company that is owned 100% by RIVER HORSE HOLDINGS, INC. (“RIVER HORSE”), a Delaware holding company that is owned 100% by HIPPO ENTERPRISES INC. (“HIPPO”), a Delaware holding company that has no 10% or greater shareholders.

6. The Application represents that on May 14, 2020, HIPPO and SOJOURNER entered into a “Stock Purchase Agreement” (“Agreement”) whereby HIPPO agreed to purchase all of the issued and outstanding shares of SPINNAKER for a total cash consideration as determined in the Agreement (“Transaction”). Additionally, pursuant to an “Assignment and Assumption Agreement” to be executed prior to the closing of the Transaction, HIPPO will assign its rights to acquire all the issued and outstanding shares of SPINNAKER to APPLICANT. Upon completion of the Transaction, SPINNAKER will be owned 100% by APPLICANT.

7. APPLICANT, RIVER HORSE, HIPPO, and SPINNAKER have made material representations that, except as disclosed in the Application, none of the officers, directors, or managers of APPLICANT, RIVER HORSE, or HIPPO, and none of the post-acquisition officers or directors of SPINNAKER have been found guilty of, or have pleaded guilty or nolo contendere to, a felony or a misdemeanor, other than a civil traffic offense.

8. APPLICANT, RIVER HORSE, HIPPO, and SPINNAKER have further represented that they have submitted complete background information on each of the individuals referenced in paragraph 7 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 7 above are inaccurate, any such individual shall be removed as officer, director, or manager of said entity within 30 of receipt of notification from the OFFICE and replaced with a person or persons acceptable to the OFFICE.

9. If, upon receipt of such notification from the OFFICE, pursuant to paragraph 8 above, APPLICANT, RIVER HORSE, HIPPO, or SPINNAKER does not timely take the required corrective action, APPLICANT, RIVER HORSE, HIPPO, and SPINNAKER 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 SPINNAKER, without further proceedings, pursuant to Section 120.569(2)(n) and 120.60(6), Florida Statutes.

10. All parties to this Consent Order agree that this Consent Order shall be deemed null and void if the Transaction contemplated in the Application is not completed, or if any other required regulatory approvals are not obtained, within 60 days of the execution of this Consent Order.

11. Within 10 business days after the Transaction contemplated in this Application is completed, APPLICANT, RIVER HORSE, HIPPO, or SPINNAKER shall submit, or cause to be submitted, to the OFFICE any documents evidencing completion of said Transaction, including, but not limited to, the executed Assignment and Assumption Agreement, not already provided to the OFFICE. APPLICANT, RIVER HORSE, HIPPO, or SPINNAKER shall notify the OFFICE

within 3 business days of a final determination that the Transaction contemplated in this Application will not occur.

12. Any material changes to the information submitted in the Application filing shall be reported to the OFFICE for its review prior to the closing of the Transaction. APPLICANT acknowledges that if the OFFICE determines that any of these reported changes would have a material negative impact to the financial condition or operation of SPINNAKER the OFFICE may rescind its approval as granted in this Consent Order by written notice to APPLICANT.

13. SPINNAKER shall, no later than 15 days after the month in which the Transaction contemplated in this Application 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.

14. APPLICANT represents that, except as disclosed in the Application, there are no present plans or proposals to make any substantive changes to SPINNAKER, 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.

15. APPLICANT, RIVER HORSE, HIPPO, and SPINNAKER shall ensure that any agreement SPINNAKER 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. APPLICANT, RIVER HORSE, HIPPO, and SPINNAKER 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.

16. SPINNAKER 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 SPINNAKER.

17. Until such time as SPINNAKER is no longer subject to the commercially-domiciled conditions stipulated in Consent Order No.: 205151-17-CO, and pursuant to Sections 628.461(3)(f)-(g), Florida Statutes, APPLICANT shall file or cause to be filed with the OFFICE the Enterprise Risk Report required by Section 628.801(2), Florida Statutes, and any and all additional information necessary for the OFFICE to evaluate the enterprise risk of SPINNAKER.

18. Until such time as SPINNAKER is no longer subject to the commercially-domiciled conditions stipulated in Consent Order No.: 205151-17-CO, and pursuant to Section 624.10(3), Florida Statutes, APPLICANT, RIVER HORSE, and HIPPO are controlling entities and, as such, shall comply with Section 628.461(12)(b), Florida Statutes, should APPLICANT, RIVER HORSE, or HIPPO choose to divest their controlling interest in SPINNAKER.

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

20. APPLICANT, RIVER HORSE, HIPPO, and SPINNAKER 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 acquisition and future operations of SPINNAKER.

APPLICANT, RIVER HORSE, HIPPO, and SPINNAKER 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.

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

22. SPINNAKER 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. SPINNAKER agrees that it shall continually monitor and enhance its information security program in order to mitigate data security breaches. SPINNAKER further agrees that it shall notify the OFFICE within 5 business days of identifying a data breach.

23. Executive Order 13224 prohibits any transactions by U.S. persons involving the blocked assets and interests of terrorists and terrorist support organizations. SPINNAKER 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>.

24. Within 60 days from the date of the execution of this Consent Order, APPLICANT, RIVER HORSE, HIPPO, or SPINNAKER shall submit, or cause to be submitted, to the OFFICE a certification evidencing compliance with all 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.

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. APPLICANT, RIVER HORSE, HIPPO, SOJOURNER, and SPINNAKER 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, RIVER HORSE, HIPPO, SOJOURNER, and SPINNAKER 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.

27. APPLICANT, RIVER HORSE, HIPPO, SOJOURNER, and SPINNAKER affirm that all requirements set forth herein are material to the issuance of this Consent Order.

28. APPLICANT, RIVER HORSE, HIPPO, SOJOURNER, and SPINNAKER 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 the Certificate of Authority of SPINNAKER in this state, in accordance with Sections 120.569(2)(n) and 120.60(6), Florida Statutes.

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

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 signatures of the authorized representatives of APPLICANT, RIVER HORSE, HIPPO, SOJOURNER, and SPINNAKER, notwithstanding the fact the copy may have been transmitted to the OFFICE electronically. Further, APPLICANT, RIVER HORSE, HIPPO, SOJOURNER, and SPINNAKER agree that the signatures of their authorized representatives as affixed to this Consent Order shall be under the seal of a Notary Public.

WHEREFORE, subject to the terms and conditions set forth above, the Application for the direct acquisition of 100% of the issued and outstanding voting securities of SPINNAKER INSURANCE COMPANY by SH1 HOLDINGS LLC, pursuant to Section 628.461, Florida Statutes, is APPROVED.

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

DONE and ORDERED this 31 day of July, 2020.



David Altmaier
David Altmaier, Commissioner
Office of Insurance Regulation

By execution hereof, SH1 HOLDINGS 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 SH1 HOLDINGS LLC to the terms and conditions of this Consent Order.

SH1 HOLDINGS LLC

By: *Assaf Wand*

[Corporate Seal]

Print Name: ASSAF WAND

Title: President

Date: 7/30/2020

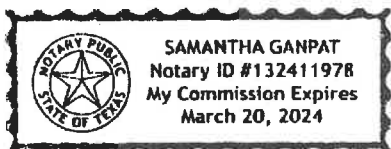
STATE OF TEXAS

COUNTY OF DALLAS

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

or online notarization, this 30th day of July 2020, by Assaf Wand
(name of person)

as OFFICER for SH1 Holdings LLC
(type of authority; e.g., officer, trustee, attorney in fact) (company name)



S. Ganpat
(Signature of the Notary)

S. Ganpat
(Print, Type or Stamp Commissioned Name of Notary)

Personally Known X OR Produced Identification _____

Type of Identification Produced _____

My Commission Expires 3/20/2024

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

RIVER HORSE HOLDINGS, INC.

By:

Assaf Wand

[Corporate Seal]

Print Name:

ASSAF WAND

Title:

President

Date:

7/30/2020

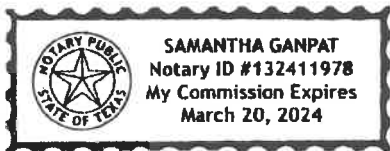
STATE OF TEXAS

COUNTY OF DALLAS

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

or online notarization, this 30th day of July 2020, by Assaf Wand
(name of person)

as OFFICER for River Horse Holdings, Inc.
(type of authority; e.g., officer, trustee, attorney in fact) (company name)



S. Ganpat

(Signature of the Notary)

S. Ganpat

(Print, Type or Stamp Commissioned Name of Notary)

Personally Known OR Produced Identification _____

Type of Identification Produced _____

My Commission Expires 3/20/2024

By execution hereof, HIPPO ENTERPRISES 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 HIPPO ENTERPRISES INC., to the terms and conditions of this Consent Order.

HIPPO ENTERPRISES INC.

By: Assaf Wand

[Corporate Seal]

Print Name: ASSAF WAND

Title: President

Date: 7/30/2020

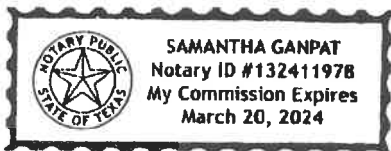
STATE OF TEXAS

COUNTY OF DALLAS

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

or online notarization, this 30th day of July 2020, by Assaf Wand
(name of person)

as OFFICER for Hippo Enterprises Inc.
(type of authority; e.g., officer, trustee, attorney in fact) (company name)



S Ganpat
(Signature of the Notary)

S. Ganpat
(Print, Type or Stamp Commissioned Name of Notary)

Personally Known OR Produced Identification _____

Type of Identification Produced _____

My Commission Expires 3/20/2024

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

SPINNAKER INSURANCE COMPANY

By: David B. Ingrey

[Corporate Seal]

Print Name: David B. Ingrey

Title: Chief Executive Officer

Date: July 30, 2020

STATE OF New Jersey

COUNTY OF Morris

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

or online notarization, this 30th day of July 2020, by David B. Ingrey
(name of person)

as Chief Executive Officer for Spinnaker Insurance Company
(type of authority; e.g., officer, trustee, attorney in fact) (company name)

Nicholas Scott
(Signature of the Notary)

Nicholas Scott
(Print, Type or Stamp Commissioned Name of Notary)

Personally Known OR Produced Identification _____

Type of Identification Produced _____

My Commission Expires April 21, 2021

By execution hereof, SOJOURNER HOLDING 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 SOJOURNER HOLDING COMPANY to the terms and conditions of this Consent Order.

SOJOURNER HOLDING COMPANY

By: David Ingrey

[Corporate Seal]

Print Name: David B. Ingrey

Title: Manager

Date: July 30, 2020

STATE OF New Jersey

COUNTY OF Morris

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

or online notarization, this 30th day of July 2020, by David B. Ingrey
(name of person)

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

Nicholas Scott
(Signature of the Notary)

Nicholas Scott
(Print, Type or Stamp Commissioned Name of Notary)

Personally Known x OR Produced Identification _____

Type of Identification Produced _____

My Commission Expires April 21, 2020

COPIES FURNISHED TO:

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