

**FILED**

SEP 13 2022

INSURANCE REGULATION  
Docketed by: kc



OFFICE OF INSURANCE REGULATION

DAVID ALTMAIER  
COMMISSIONER

IN THE MATTER OF:

CASE NO.: 299639-22-CO

Application for the Issuance of a Certificate of Authority to  
LOGGERHEAD RISK MANAGEMENT, LLC, in the name of  
LOGGERHEAD RECIPROCAL INTERINSURANCE EXCHANGE  
as a Florida Domestic Reciprocal Insurer

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CONSENT ORDER

THIS CAUSE came on for consideration upon the filing of an application with the FLORIDA OFFICE OF INSURANCE REGULATION ("OFFICE") by LOGGERHEAD RECIPROCAL INTERINSURANCE EXCHANGE ("APPLICANT"), for the issuance of a Certificate of Authority to LOGGERHEAD RISK MANAGEMENT, LLC ("ATTORNEY-IN-FACT"), in the name of APPLICANT as an authorized domestic reciprocal insurer, pursuant to Chapter 629, Florida Statutes, to write the (0040) Homeowners Multi-Peril 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 an authorized domestic reciprocal insurer in Florida, pursuant to the requirements set forth for such

licensure in the Florida Insurance Code.

3. APPLICANT is an unincorporated aggregation of subscribers who will be operating individually and collectively through ATTORNEY-IN-FACT to provide Homeowners Multi-Peril coverage amongst themselves.

4. APPLICANT's ATTORNEY-IN-FACT is a Florida limited liability company whose membership interest is held as detailed in the Application.

5. APPLICANT has disclosed in its Application that the members of the Subscribers' Advisory Committee will supervise the finances and operation of APPLICANT in conformity with the Subscribers' Agreement and Power of Attorney and the Attorney-in-Fact Agreement, pursuant to Sections 629.081 and 629.201, Florida Statutes.

6. APPLICANT has disclosed in the Application the names and addresses of the original 25 subscribers for the purpose of applying for a Certificate of Authority to transact insurance, pursuant to Section 629.081, Florida Statutes.

7. APPLICANT shall submit, or cause to be submitted, to the OFFICE any outstanding background information, including Biographical Affidavit, supplemental information, third-party verification report produced by an approved vendor, and fingerprint cards within 90 days of execution of this Consent Order.

8. 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 and ATTORNEY-IN-FACT will remove or cause the removal of said person within 30 days 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 Section 120.569(2)(n) and 120.60(6), Florida Statutes.

9. The OFFICE has relied upon the representations in the Plan of Operation and supporting documents that APPLICANT and ATTORNEY-IN-FACT have submitted with APPLICANT's Application. Written approval must be secured from the OFFICE prior to any material deviation from said Plan of Operation.

10. APPLICANT and ATTORNEY-IN-FACT have represented that APPLICANT will be issuing non-assessable policies and that, in addition to the insurance premiums for the policies, each subscriber will be required to make a surplus contribution in an amount equal to 10% of the subscriber's annual policy premium. APPLICANT and ATTORNEY-IN-FACT have further represented that the foregoing surplus contribution will be deposited by ATTORNEY-IN-FACT, retained as policyholder surplus of APPLICANT, and that such surplus shall be for the benefit and protection of all subscribers. Return of any fully-earned surplus contributions are subject to prior written approval by the OFFICE.

11. APPLICANT and ATTORNEY-IN-FACT have represented that APPLICANT has the required minimum surplus on hand to satisfy the requirements of Section 629.071, Florida Statutes.

12. Within 60 days of execution of this Consent Order, and prior to transacting business, APPLICANT shall provide to the OFFICE the following documents:

a) Proof of a deposit into APPLICANT's account in a Florida banking institution that is a member of the Federal Reserve System and located in Florida, representing its initial capital funding, 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 Application;

c) Copy of the final version of the Subscribers Agreement and Power of Attorney;

d) Copy of the final version of the Charter of the Subscribers' Advisory Committee;

e) Copy of specimen marketing materials and solicitation materials, including full disclosure regarding any subscribers' contingent liabilities that may exist;

f) National Association of Insurance Commissioners ("NAIC") Company Code assignment;

g) Copy of the fully executed Attorney-In-Fact Agreement;

h) Copy of the fully executed Operating Agreement of the ATTORNEY-IN-FACT, with all completed Exhibits and Schedules.

13. If the OFFICE determines that the documents specified in paragraph 12 above are not submitted as required, or are incomplete, or do not meet the requisite statutory or rule requirements, APPLICANT and ATTORNEY-IN-FACT will correct the issue within 30 days of notice from the OFFICE. Failure to act would constitute an immediate serious danger to the public and APPLICANT and ATTORNEY-IN-FACT acknowledge and agree that the OFFICE may immediately suspend, revoke, or take other administrative action as it deems appropriate upon APPLICANT's Certificate of Authority without further proceedings, pursuant to Sections 120.569(2) and 120.60(6), Florida Statutes.

14. Within 6 months of execution of this Consent Order, APPLICANT shall file, and thereafter maintain, with the Department of Financial Services' Division of Investigative and Forensic Services, an anti-fraud plan that complies with Section 626.9891, Florida Statutes, and Chapter 69D-2, Florida Administrative Code.

15. APPLICANT and ATTORNEY-IN-FACT acknowledge that any managerial, administrative, or employee-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 definition 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.

16. APPLICANT shall further comply with the following:

a) APPLICANT shall not transact business until the following have been approved in writing by the OFFICE:

i. APPLICANT'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 APPLICANT's reinsurance.

b) APPLICANT shall comply with the requirements of Statement of Statutory Accounting Principles ("SSAP") No. 41 of the NAIC Accounting Practices and Procedures Manual, as concerns its accounting for interest payable on any surplus debenture.

c) 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. The physical form, if any, of the assets shall also be maintained in Florida.

d) 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 services agreements.

e) APPLICANT shall not write any business in any state outside of Florida without prior written approval of the OFFICE.

f) APPLICANT and ATTORNEY-IN-FACT shall not make any change to the Attorney-in-Fact Agreement, Subscribers Agreement and Power of Attorney, or the Charter of the Subscribers' Advisory Committee without prior written approval of the OFFICE.

g) APPLICANT shall maintain a deposit of no less than \$300,000 USD with the Bureau of Collateral Management, pursuant to Section 624.411, Florida Statutes.

h) APPLICANT 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 meaning as in Section 624.10, Florida Statutes.

i) 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.

j) APPLICANT shall file with the OFFICE all premium growth reports as

required by Section 624.4243, Florida Statutes.

k) APPLICANT shall not enter into a reinsurance agreement with a captive or affiliated entity without prior written approval of the OFFICE.

l) APPLICANT acknowledges that it shall maintain compliance with Sections 624.404(4) and 624.610, Florida Statutes.

m) APPLICANT acknowledges that any distribution of subscribers' savings accounts shall comply with Section 629.271, Florida Statutes.

n) During the 5 years following execution of this Consent Order, APPLICANT shall pay only those dividends that have received prior written approval of the OFFICE.

o) APPLICANT shall ensure that ATTORNEY-IN-FACT 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 APPLICANT and APPLICANT's affiliates.

p) APPLICANT shall file Holding Company Registration Statements, as required by Section 628.801, Florida Statutes.

q) APPLICANT and ATTORNEY-IN-FACT shall ensure that any agreement APPLICANT 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 and ATTORNEY-IN-FACT 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.

r) Acknowledgement that APPLICANT 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-130-year storm and Probable Maximum Loss estimate amounts for a 1-in-100 year storm, followed by a 1-in-50 year storm, based on APPLICANT's exposure information on policies in force as of March 31 of the current year. The OFFICE reserves the right to require APPLICANT to provide additional modeling at the sole discretion of the OFFICE. APPLICANT 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. APPLICANT 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 APPLICANT 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.

s) APPLICANT shall, within 10 days of its execution, provide to the OFFICE executed copies of any agreements not mentioned above relating to the operations and management of APPLICANT, other than standard agent and agency agreements.

t) In addition to the requirements described in subparagraph h above, any arrangement or agreement with an affiliated party, include the ATTORNEY-IN-FACT, for the provision of administrative services shall be evidenced by a written contract. Any such contract shall comply with the following requirements:

- i. APPLICANT 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 APPLICANT;
- iii. 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 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 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;

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

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

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 APPLICANT shall be paid only on drafts of, and as authorized by, APPLICANT;

ix. APPLICANT shall retain the right to continuous 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;

x. The affiliate shall provide written notice, which has been approved

by APPLICANT, to insured individuals advising them of the identity of, and relationship between, the affiliate, policyholder, and APPLICANT; and

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

17. APPLICANT shall not enter into any reinsurance or brokerage agreement that requires approval from the reinsurer or broker to replace the ATTORNEY-IN-FACT.

18. APPLICANT shall ensure that any agent it utilizes in Florida shall be properly appointed, pursuant to Section 626.112, Florida Statutes.

19. 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, 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.

20. APPLICANT and ATTORNEY-IN-FACT 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.

21. APPLICANT and ATTORNEY-IN-FACT 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 current and future operations of APPLICANT. APPLICANT and ATTORNEY-IN-FACT 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 in this Consent Order.

22. 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.

23. APPLICANT and ATTORNEY-IN-FACT affirm that all requirements set forth herein are material to the issuance of this Consent Order.

24. APPLICANT and ATTORNEY-IN-FACT 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 ATTORNEY-IN-FACT 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.

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

26. APPLICANT and ATTORNEY-IN-FACT 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.

27. 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 notarized signatures of the authorized representatives of APPLICANT and ATTORNEY-IN-FACT.

WHEREFORE, subject to the terms and conditions of set forth above, the Application for the issuance of a Certificate of Authority to LOGGERHEAD RISK MANAGEMENT, LLC, in the name of LOGGERHEAD RECIPROCAL INTERINSURANCE EXCHANGE, pursuant to Chapter 629, Florida Statutes, is APPROVED.

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

DONE and ORDERED this 13<sup>th</sup> day of September, 2022.



*David Altmaier*

David Altmaier, Commissioner  
Office of Insurance Regulation

By execution hereof, **LOGGERHEAD RECIPROCAL INTERINSURANCE EXCHANGE** 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 **LOGGERHEAD RECIPROCAL INTERINSURANCE EXCHANGE** to the terms and conditions of this Consent Order.

**LOGGERHEAD RECIPROCAL INTERINSURANCE EXCHANGE**

By: Jordon Dixon

Print Name: Jordon Dixon

Title: President & COO of Loggerhead Risk Management LLC as AIF for Loggerhead Reciprocal Interinsurance Exchange

Date: 9/13/2022

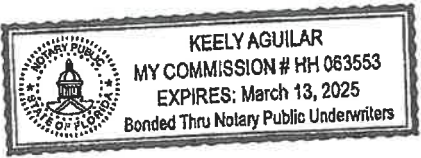
STATE OF Florida

COUNTY OF Hillsborough

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

or  online notarization, this 13th day of Sept. 2022, by Jordon Dixon

as President & COO of AIF for Loggerhead Reciprocal Interinsurance Exchange  
(type of authority; e.g., officer, trustee, attorney in fact) (name of person) (company name)



[Signature]  
(Signature of the Notary)  
**Keely Aguilar**  
**Notary Public**  
(Print, Type or Stamp Commissioned Name of Notary)

Personally Known \_\_\_\_\_ OR Produced Identification

Type of Identification Produced Driver's License

My Commission Expires: 03/13/2025

By execution hereof, LOGGERHEAD RISK MANAGEMENT, 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 LOGGERHEAD RISK MANAGEMENT, LLC, to the terms and conditions of this Consent Order.

LOGGERHEAD RISK MANAGEMENT, LLC

By: Jordan Dixon

Print Name: Jordan Dixon

Title: President & Chief Operating Officer

Date: 9/13/2022

STATE OF Florida

COUNTY OF Hillsborough

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

or  online notarization, this 13th day of Sept. 2022, by Jordan Dixon

as President & Chief Operating Officer for Loggerhead Risk Management, LLC  
(type of authority; e.g., officer, trustee, attorney in fact) (company name)



[Signature]  
(Signature of the Notary)

Keely Aguilar  
(Print, Type or Stamp Commissioned Name of Notary)  
Notary Public

Personally Known \_\_\_\_\_ OR Produced Identification

Type of Identification Produced Driver's License

My Commission Expires: 03/13/25

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