

**FILED**

**JUN 3 2022**

**INSURANCE REGULATION**  
Docketed by: AB



**OFFICE OF INSURANCE REGULATION**

**DAVID ALTMAIER**  
COMMISSIONER

IN THE MATTER OF:

CASE NO.: 296496-22-CO

SOUTHERN FIDELITY INSURANCE COMPANY.  
\_\_\_\_\_ /

CONSENT ORDER

THIS CAUSE came on for consideration upon the FLORIDA OFFICE OF INSURANCE REGULATION (“OFFICE”) being notified by SOUTHERN FIDELITY INSURANCE COMPANY (“SOUTHERN FIDELITY”), that its reinsurance program expired on May 31, 2022 and full placement for the upcoming year was not accomplished. After 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:

INTRODUCTION

1. The OFFICE has jurisdiction over the parties and the subject matter of this proceeding.
2. SOUTHERN FIDELITY 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. On May 26, 2022, SOUTHERN FIDELITY notified the OFFICE that it was not writing new policies or renewing existing policies pending final placement of its catastrophe reinsurance program for the 2022 hurricane season.

4. On June 2, 2022, SOUTHERN FIDELITY notified the OFFICE that its reinsurance program expired on May 31, 2022 and that it has been unable to place a complete reinsurance program for the reinsurance contract year beginning June 1, 2022.

5. SOUTHERN FIDELITY has approximately 78,000 policies in force in Florida and approximately 69,000 policies in force in Louisiana, South Carolina, and Mississippi as of May 31, 2022, which primarily provide personal residential insurance coverage.

6. SOUTHERN FIDELITY has represented that it is in active negotiations with other property insurers to effectuate the transition of some or all of SOUTHERN FIDELITY's policies to that insurer as part of a wind-down plan.

#### REMEDIAL MEASURES

7. In light of its deteriorating operational results and the lack of adequate reinsurance, the OFFICE finds that SOUTHERN FIDELITY is in hazardous financial condition. SOUTHERN FIDELITY must therefore file a plan of remediation with the OFFICE by 5:00 p.m. (EDT), June 8, 2022. The plan must, at a minimum, demonstrate SOUTHERN FIDELITY's ability to quickly provide for a successful transition of its policies to another insurer, fund a solvent run-off of its current and incurred-but-not reported liabilities, address potential reserve inadequacy issues and manage its non-Florida policies and losses. The plan must contain pro-forma projections and the assumptions used in their preparation, along with a cash flow analysis which demonstrates the viability of the plan. The plan must also include provisions, acceptable to the OFFICE, to provide

financial protection for policyholders during the period of time necessary to implement the plan.

8. Failure to file an acceptable remediation plan in compliance with the provisions of paragraph 7 will result in the OFFICE taking further regulatory action.

#### GENERAL TERMS

9. 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.

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

11. SOUTHERN FIDELITY expressly waives its rights to a hearing in this matter, the making of findings of fact and conclusions of law by the OFFICE, and all further and other proceedings to which SOUTHERN FIDELITY may be entitled, either by law or by rules of the OFFICE. SOUTHERN FIDELITY hereby knowingly and voluntarily waives all rights to challenge or to contest this Consent Order, in any forum now or in the future available to it, including the right to any administrative proceeding, state or federal court action, or any appeal.

12. SOUTHERN FIDELITY agrees this Consent Order shall be deemed to be executed when the OFFICE has signed and docketed a copy of this Consent Order bearing the signature of SOUTHERN FIDELITY, or its authorized representatives, under the seal of a notary public, notwithstanding the fact that the copy may have been transmitted to the OFFICE electronically.

WHEREFORE, the agreement between SOUTHERN FIDELITY INSURANCE COMPANY and the FLORIDA OFFICE OF INSURANCE REGULATION, the terms and conditions of which are set forth above, is approved. FURTHER, all terms and conditions contained herein are hereby ORDERED.

DONE and ORDERED this 3<sup>rd</sup> day of June 2022.



*David Altmaier*

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David Altmaier, Commissioner  
Office of Insurance Regulation

By execution hereof, SOUTHERN FIDELITY 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 he/she has the authority to bind SOUTHERN FIDELITY INSURANCE COMPANY to the terms and conditions of this Consent Order. The undersigned also certifies that he/she has provided the signature below voluntarily and without coercion, based upon the assistance of legal counsel for SOUTHERN FIDELITY INSURANCE COMPANY.

SOUTHERN FIDELITY INSURANCE COMPANY

By: Byron Wells

Print Name: Byron Wells

Title: CEO

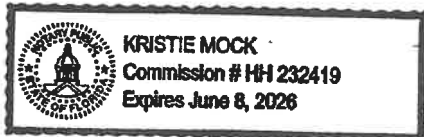
Date: 6/3/2022

STATE OF FL

COUNTY OF Leon

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

or  online notarization, this 3 day of June 2022, by Byron Wells  
as CEO for Southern Fidelity Insurance Co.  
(type of authority; e.g., officer, trustee, attorney in fact) (name of person) (company name)



Kristie Mock  
(Signature of the Notary)

Kristie Mock  
(Print, Type or Stamp Commissioned Name of Notary)

Personally Known  OR Produced Identification

Type of Identification Produced \_\_\_\_\_

My Commission Expires: \_\_\_\_\_

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