



FILED

APR 27 2023

INSURANCE REGULATION
Docketed by: sq

OFFICE OF INSURANCE REGULATION

MICHAEL YAWORSKY
COMMISSIONER

IN THE MATTER OF:

CASE NO.: 299772-22

FIRST SOLUTION FINANCIAL SERVICES, INC.,

_____ /

INITIAL ORDER OF SUSPENSION

TO: Phillip Salvagio, CEO
First Solution Financial Services, Inc.
3250 Grey Hawk Court
Carlsbad, CA 92010

THIS CAUSE came on for consideration as a result of the financial condition of First Solution Financial Services, Inc. (hereinafter referred to as “First Solution”), including its failure to maintain a net worth required by section 627.828(1), Florida Statutes. The Office of Insurance Regulation (hereinafter referred to as the “Office”), following a complete review of the entire record, and upon consideration thereof, and being fully advised in the premises, finds as follows:

1. Section 20.121(3)(a)1., Florida Statutes, provides, in part, that the Office shall be responsible for all activities concerning insurers and other risk bearing entities, including licensing, rates, policy forms, market conduct, and claims.
2. Section 624.01, Florida Statutes, provides that Chapters 624-632, 634, 635, 636, 641, 642, 648, and 651 constitute the “Florida Insurance Code.”
3. First Solution is a premium finance company domiciled in the state of Florida, authorized to engage in the business of entering into premium finance agreements with insureds in

the state of Florida, and subject to the jurisdiction and regulation of the Office pursuant to the Florida Insurance Code.

4. The Office issued a premium finance company license to First Solution on or about July 10, 2019.

5. The Office has jurisdiction over First Solution and the subject matter of this proceeding.

6. First Solution's address of record with the Office is 3250 Grey Hawk Court, Carlsbad, CA 92010.

7. A premium finance company licensed in Florida is required at all times to maintain a net worth of \$35,000. However, in lieu of having a net worth of \$35,000, a premium finance company that has a net worth of \$10,000 may file a surety bond with the Office or other acceptable collateral with the department as approved by the Office or Department of Financial Services in the amount of \$35,000, which bond or collateral must be maintained.

8. Premium finance companies are required to file an annual report on Form OIR-A3-107 with the Office on or before March 1 of each year.

9. First Solution timely filed its annual report for the year 2021. First Solution's net worth was negative \$675,037.

10. On or about August 4, 2022, the Office informed First Solution that it would have until August 10, 2022, to provide evidence that its net worth meets the \$35,000 statutory minimum.

11. On or about August 8, 2022, First Solution filed an amended annual report which stated that its net worth was unchanged and remained negative \$675,037.

12. First Solution timely filed its annual report for the year 2022. First Solution's net worth was negative \$1,400,194.

13. Section 627.828(1), Florida Statutes, requires, in part, that every premium finance company licensed under the provisions of this part shall maintain at all times a net worth of \$35,000. However, in lieu of having a net worth of \$35,000, a premium finance company that has a net worth of \$10,000 may file a surety bond with the office or other acceptable collateral with the department as approved by the office or department in the amount of \$35,000, which bond or collateral must be maintained.

14. Rule 69O-137.007(1), Florida Administrative Code, requires a licensed premium finance company to file its annual report on or before March 1 of every year.

15. Rule 69O-137.007(2), Florida Administrative Code, requires, in part, the annual report to be filed on Form OIR-A3-107, "Annual Report."

16. Section 627.832(1)(b), Florida Statutes, provides the Office may deny, suspend, revoke, or refuse to renew any license, if it finds that the licensee has violated any provision of this part or any rule of the Financial Services Commission¹.

17. First Solution's annual reports for 2021 and 2022 establish that First Solution's net worth was negative at the conclusion of those years.

18. Based on the foregoing findings, the Office concludes First Solution violated section 627.828(1), Florida Statutes, by failing to maintain a net worth of at least \$35,000 or by failing to maintain a net worth of \$10,000 and file a surety bond or other form of Office approved collateral in the amount of \$35,000. Pursuant to Section 627.832(1)(b), Florida Statutes, the Office intends to suspend First Solution Financial Services, Inc.'s premium finance company license until its net worth complies with section 627.828(1), Florida Statutes.

¹ The Office of Insurance Regulation and the Office of Financial Regulation are the two units of the Financial Services Commission. See § 20.121(3)(a) Fla. Stat.

WHEREFORE, First Solution Financial Services, Inc. is hereby notified that the Office of Insurance Regulation intends to enter a Final Order suspending First Solution Financial Services, Inc.'s premium finance company license. First Solution Financial Services, Inc. is further notified that it has twenty-one (21) days from the date of receipt of this Initial Order of Suspension to file a proceeding to contest this action in accordance with the attached Notice of Rights.

DONE and ORDERED this 27th day of April, 2023.





Michael Yaworsky, Commissioner
Office of Insurance Regulation

NOTICE OF RIGHTS

Pursuant to Sections 120.569 and 120.57, Florida Statutes and Rule Chapter 28-106, Florida Administrative Code (F.A.C.), you may have a right to request a proceeding to contest this action by the Office of Insurance Regulation (hereinafter the "Office"). You may request a proceeding by filing a Petition. Your Petition for a proceeding must be in writing and must be filed with the General Counsel acting as the Agency Clerk, Office of Insurance Regulation. If served by U.S. Mail the Petition should be addressed to the Florida Office of Insurance Regulation at 612 Larson Building, Tallahassee, Florida 32399-4206. If Express Mail or hand-delivery is utilized, the Petition should be delivered to 612 Larson Building, 200 East Gaines Street, Tallahassee, Florida 32399-0300. The written Petition must be received by, and filed in the Office no later than 5:00 p.m. on the twenty-first (21) day after your receipt of this notice. Unless your Petition challenging this action is received by the Office within twenty-one (21) days from the date of the receipt of this notice, the right to a proceeding shall be deemed waived. Mailing the response on the twenty-first day will not preserve your right to a hearing.

If a proceeding is requested and there is no dispute of material fact the provisions of Section 120.57(2), Florida Statutes may apply. In this regard you may submit oral or written evidence in opposition to the action taken by this agency or a written statement challenging the grounds upon which the agency has relied. While a hearing is normally not required in the absence of a dispute of fact, if you feel that a hearing is necessary one may be conducted in Tallahassee, Florida or by telephonic conference call upon your request.

If you dispute material facts which are the basis for this agency's action you may request a formal adversarial proceeding pursuant to Sections 120.569 and 120.57(1), Florida Statutes. If you request this type of proceeding, the request must comply with all of the requirements of Rule Chapter 28-106.2015, F.A.C., including but not limited to:

- a) A statement requesting an administrative hearing identifying those material facts that are in dispute. If there are none, the petition must so state; and
- b) A statement of when the respondent received notice of the agency's action.

These proceedings are held before a State Administrative Law Judge of the Division of Administrative Hearings. Unless the majority of witnesses are located elsewhere, the Office will request that the hearing be conducted in Tallahassee.

You are hereby notified that mediation under Section 120.573, Florida Statutes, is not available.

Failure to follow the procedure outlined with regard to your response to this notice may result in the request being denied. Any request for administrative proceeding received prior to the date of this notice shall be deemed abandoned unless timely renewed in compliance with the guidelines as set out above.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of this Initial Order of Suspension was sent by Certified Mail, Return Receipt Requested, to Phillip Salvagio, First Solution Financial Services, Inc., 3250 Grey Hawk Court, Carlsbad, CA 92010, this 27th day of April 2023.



Michael G. Lawrence, Jr.,
Chief Legal Counsel
Florida Bar Number 11265
Office of Insurance Regulation
200 East Gaines Street
Tallahassee, Florida 32399
Telephone: (850) 413-4112
Email: Michael.LawrenceJr@flor.com