

AUG 28 2025

INSURANCE REGULATION
Dictated by: *[Signature]***OFFICE OF INSURANCE REGULATION****MICHAEL YAWORSKY**
COMMISSIONER

Index: OIR 2025-165

IN THE MATTER OF:

CASE NO.: 401303-25-CO

MONARCH NATIONAL INSURANCE COMPANY
_____**CONSENT ORDER**

THIS CAUSE came for consideration as the result of a market conduct examination of MONARCH NATIONAL INSURANCE COMPANY ("MONARCH") conducted by the OFFICE OF INSURANCE REGULATION ("OFFICE"). The OFFICE having considered the record in this case and being otherwise fully advised in the premises, finds as follows:

JURISDICTION AND PARTIES

1. The OFFICE has jurisdiction over MONARCH and the subject matter of this proceeding.
2. MONARCH is a Florida domiciled property and casualty insurer that became authorized to transact business in Florida on March 19, 2015. The OFFICE issued a certificate of authority to MONARCH, in accordance with chapter 624, Part III, Florida Statutes. MONARCH is authorized to write homeowners multi-peril, allied lines, and fire insurance in the State of Florida. On June 30, 2022, a group of investors managed by Hale Partnership Capital Management LLC (the "Hale Investors") acquired 60% of MONARCH's common stock from FedNat Holding Company ("FedNat"). In subsequent transactions, the group acquired the remaining 40%. Effective January 1, 2023, MONARCH entered into a Managing General

Agency and Claims Administration Agreement (“HPMA MGA Agreement”) with HP Managing Agency, LLC (“HPMA”). Prior to January 1, 2023, claims of MONARCH were handled by their then managing general agent, FedNat Underwriters, Inc. (“FNU”), a wholly owned subsidiary of FedNat.

BACKGROUND

3. On or about April 21, 2025, the OFFICE completed a targeted Market Conduct Examination of MONARCH (“Exam”). The OFFICE completed the Exam in accordance with section 624.3161(7)(b), Florida Statutes (2025). As part of the Exam, the OFFICE reviewed MONARCH’S Hurricane Ian and Hurricane Idalia claims-handling operations and issued a report with the OFFICE’S findings.

4. The OFFICE documented the following violations of the Florida Insurance Code by MONARCH:

- a. Failure to utilize properly appointed adjusters for Hurricane Ian and Hurricane Idalia claims (section 626.112(1)(a), Florida Statutes (2025));
- b. Failure to acknowledge receipt of claims communications within fourteen calendar days for Hurricane Ian claims (section 627.70131(1)(a), Florida Statutes (2022));¹
- c. Failure to include the adjuster’s name and license number in subsequent communication with the policyholder regarding his or her Hurricane Ian claims (section 627.70131(3)(c), Florida Statutes (2025));

¹ Section 627.70131, Florida Statutes (2023), reduced the 14-day timeframe to 7 days, the 45-day timeframe to 30 days, and the 90-day timeframe to 60 days. Other revisions were also made to the law.

- d. Failure to include the estimate disclosure statement in their preliminary or partial estimate of damage regarding Hurricane Ian or Hurricane Idalia claims (section 627.70131(6)(a), Florida Statutes (2025));
- e. Failure to include the payment disclosure statement required when providing payment on Hurricane Ian claims that were not full and final payment for such claims (section 627.70131(6)(b), Florida Statutes (2025));
- f. Failure to pay or deny initial, supplemental or reopened Hurricane Ian claims within ninety days (section 627.70131(7)(a), Florida Statutes (2022)); and
- g. Failure to provide a Homeowner Claims Bill of Rights to a policyholder within fourteen days after receiving an initial communication with respect to Hurricane Idalia claims (section 627.7142, Florida Statutes (2025)).

VIOLATIONS OF THE FLORIDA INSURANCE CODE

MONARCH violated section 626.112(1)(a) because it utilized insurance adjusters for Hurricane Ian and Hurricane Idalia claims who were not properly appointed.

- 5. Section 626.112(1)(a) provides that no person may hold himself or herself out to be an insurance adjuster unless he or she is currently licensed by the Department of Financial Services and appointed by an appropriate appointing entity or person.

6. The OFFICE determined that MONARCH utilized insurance adjusters for Hurricane Ian and Hurricane Idalia claims who were not properly appointed in ninety-four instances.

MONARCH violated section 627.70131(1)(a), Florida Statutes (2022), because it failed to acknowledge receipt of Hurricane Ian claims communications within fourteen calendar days.

7. Section 627.70131(1)(a), Florida Statutes (2022), provides that:

Upon an insurer's receiving a communication with respect to a claim, the insurer shall, within 14 calendar days, review and acknowledge receipt of such communication unless payment is made within that period of time or unless the failure to acknowledge is caused by factors beyond the control of the insurer which reasonably prevent such acknowledgment. If the acknowledgment is not in writing, a notification indicating acknowledgment shall be made in the insurer's claim file and dated. A communication made to or by a representative of an insurer with respect to a claim shall constitute communication to or by the insurer.

8. The OFFICE determined that MONARCH did not acknowledge receipt of Hurricane Ian claims communications within fourteen calendar days in fifty-one instances.

MONARCH violated section 627.70131(3)(c) because when communicating about a Hurricane Ian claim, it failed to include the license number of the adjuster in subsequent communications with policyholders.

9. Section 627.70131(3)(c) provides that "[a]ny subsequent communication with the policyholder regarding the claim must also include the name and license number of the adjuster communicating about the claim. Communication of the adjuster's name and license number may be included with other information provided to the policyholder."

10. The OFFICE determined that MONARCH did not include the license number of the adjuster communicating about the Hurricane Ian claim in a subsequent communication with the policyholder regarding the claim in 108 instances.

MONARCH violated section 627.70131(6)(a), because regarding Hurricane Ian or Hurricane Idalia claims, it failed to include the estimated disclosure statement in its preliminary or partial estimate of damage.

11. Section 627.70131(6)(a) provides that:

When providing a preliminary or partial estimate of damage regarding a claim, an insurer shall include with the estimate the following statement printed in at least 12-point bold, uppercase type: THIS ESTIMATE REPRESENTS OUR CURRENT EVALUATION OF THE COVERED DAMAGES TO YOUR INSURED PROPERTY AND MAY BE REVISED AS WE CONTINUE TO EVALUATE YOUR CLAIM. IF YOU HAVE QUESTIONS, CONCERNS, OR ADDITIONAL INFORMATION REGARDING YOUR CLAIM, WE ENCOURAGE YOU TO CONTACT US.

12. The OFFICE determined that MONARCH failed to include the estimate disclosure statement in its preliminary or partial estimate of damage regarding a Hurricane Ian or Hurricane Idalia claim in 122 instances.

MONARCH violated section 627.70131(6)(b), because it failed to include the disclosure statement required when providing payment on Hurricane Ian claims that were not the full and final payment for the claim.

13. Section 627.70131(6)(b) provides that:

When providing a payment on a claim which is not the full and final payment for the claim, an insurer shall include with the payment the following statement printed in at least 12-point bold, uppercase type: WE ARE CONTINUING TO EVALUATE YOUR CLAIM INVOLVING YOUR INSURED PROPERTY AND MAY ISSUE ADDITIONAL PAYMENTS. IF YOU HAVE QUESTIONS, CONCERNS, OR ADDITIONAL INFORMATION REGARDING YOUR CLAIM, WE ENCOURAGE YOU TO CONTACT US.

14. The OFFICE determined that MONARCH failed to include the payment disclosure statement when providing payment on a Hurricane Ian claim that was not the full and final payment for the claim in sixty-three instances.

MONARCH violated section 627.70131(7)(a), Florida Statutes (2022), because it failed to pay or deny initial, supplemental, or reopened claims within ninety days.

15. Section 627.70131(7)(a), Florida Statutes (2022), provides that:

Within 90 days after an insurer receives notice of an initial, reopened, or supplemental property insurance claim from a policyholder, the insurer shall pay or deny such claim or a portion of the claim unless the failure to pay is caused by factors beyond the control of the insurer which reasonably prevent such payment.

16. The OFFICE determined that MONARCH did not, within ninety days, pay or deny initial, supplemental, or reopened Hurricane Ian claims in thirty-nine instances.

MONARCH violated section 627.7142, because after receiving an initial communication regarding a Hurricane Idalia claim, it did not provide a Homeowner Claims Bill of Rights within fourteen days.

17. Section 627.7142 provides that “[a]n insurer issuing a personal lines residential property insurance policy in this state must provide a Homeowner Claims Bill of Rights to a policyholder within 14 days after receiving an initial communication with respect to a claim.”

18. The OFFICE determined that MONARCH did not provide a Homeowner Claims Bill of Rights to a policyholder within fourteen days after receiving an initial communication with respect to a Hurricane Idalia claim in eighteen instances.

CONCLUSION

19. Pursuant to section 624.418(2)(a), Florida Statutes, the OFFICE may, in its discretion, suspend or revoke the certificate of authority of an insurer if it finds that the insurer has violated any provision of the Code.

20. Section 624.4211, Florida Statutes, provides that if the OFFICE finds that one or more grounds exist for the discretionary revocation or suspension of a certificate of authority

issued under chapter 624, it may, in lieu of such revocation or suspension impose a fine upon the insurer.

21. The OFFICE finds that MONARCH has violated sections 626.112(1)(a), 627.70131(3)(c), 627.70131(6)(a), 627.70131(6)(b), and 627.7142, Florida Statutes (2025); and, sections 627.70131(1)(a), (7)(a), Florida Statutes (2022).

22. MONARCH agrees to pay an administrative fine in the amount of \$325,000 U.S. Dollars (“USD”) and administrative costs in the amount of \$2,000.00 USD to the OFFICE within ten days of the execution of this Consent Order. MONARCH shall not provide payment before the Commissioner executes this Consent Order. MONARCH shall send its payment to the address reflected on the invoice attached hereto as “Exhibit A.”

23. 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.

24. MONARCH agrees 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 MONARCH’s license in this state in accordance with sections 120.569(2)(n) and 120.60(6), Florida Statutes.

25. MONARCH additionally agrees that, upon execution of this Consent Order, failure to adhere to one or more of the terms and conditions contained herein may subject MONARCH to such administrative action as the OFFICE deems appropriate as specifically authorized by law.

26. MONARCH additionally agrees that any future violations of the statutes or rules named herein may be deemed willful, subjecting MONARCH to penalties as the OFFICE deems appropriate.

27. MONARCH additionally agrees that at the OFFICE'S discretion, the OFFICE will exercise the option to immediately deploy examiners to evaluate MONARCH'S future claims handling operations at MONARCH'S expense.

28. MONARCH represented to the OFFICE that a majority of the findings contained in the report correspond to Hurricane Ian claims, which were initially handled by FNU. MONARCH has instituted necessary corrective actions to immediately improve claims handling operations in accordance with Florida law and to improve customer service as follows:

- a. MONARCH has, through HPMA, implemented a process, in which any adjuster utilized by a third-party firm must be preapproved by HMPA, with such preapproval including verification that the adjuster is properly appointed. MONARCH has also engaged an independent vendor that allows for the submission of confirmation of valid appointment of adjusters.
- b. Through an already existing quality assurance program, MONARCH has ensured that there is an increased focus on timely and statutorily compliant communications in response to any claims made.
- c. MONARCH has, through HPMA, instituted a control to ensure that all claim communications with the policyholder include the statutorily mandated adjuster information. The examination report did not document this same finding in the Hurricane Idalia claims review.

- d. Through an already existing quality assurance program, MONARCH has, through HPMA, established internal controls to ensure both HPMA and any third-party adjuster firms are statutorily compliant with the requisite estimate disclosures.
- e. MONARCH has, through HPMA, established a programming control to ensure claims communications includes pertinent statutorily mandated language.
- f. MONARCH has, through HPMA, established a control in which claims without payments are reviewed at set intervals to ensure statutory compliance in the claims handling process.
- g. MONARCH has, through HPMA, identified a programming error of the prior managing general agent, FNU, that did not auto-populate the Bill of Rights for policyholders on a specific subset of policies. After discovery, MONARCH, through HPMA, immediately corrected the programming error, and integrated the issue into relevant regression testing to ensure the error would not occur in any other instances, which will allow MONARCH, through HPMA, to detect potential programming issues earlier and maintain higher standards of reliability and stability in the codebase.

29. MONARCH expressly waives 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 it may be entitled by law or rules of the OFFICE. MONARCH hereby knowingly and voluntarily waives all rights to challenge or to contest this Consent Order in any forum available to it, now

or in the future, including the right to any administrative proceeding, state or federal court action, or any appeal.

30. Except as noted above, each party to this action shall bear its own costs.

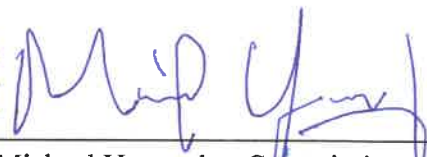
31. The parties agree that this Consent Order shall be deemed to be executed when the OFFICE has signed a copy of this Consent Order bearing the notarized signature of the authorized representative of MONARCH.

WHEREFORE, the agreement between MONARCH NATIONAL INSURANCE COMPANY and the FLORIDA OFFICE OF INSURANCE REGULATION, the terms and conditions of which are set forth above, is APPROVED.

All terms and conditions contained herein are hereby ORDERED.

DONE AND ORDERED this 20 day of August, 2025.




Michael Yaworsky, Commissioner
Office of Insurance Regulation

By execution hereof, MONARCH NATIONAL INSURANCE COMPANY consents to entry of this Consent Order, agrees without reservation to all the above terms and conditions, and shall be bound by all provisions herein. The undersigned represents that they have the authority to bind MONARCH NATIONAL INSURANCE COMPANY to the terms and conditions of this Consent Order.

MONARCH NATIONAL INSURANCE COMPANY

By: [Signature]

[Corporate Seal]

Print Name: John David Lockhart

Title: President & CFO

Date: August 25, 2025

STATE OF Florida

COUNTY OF Volusia

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

or ☒ online notarization, this 25th day of August 2025, by John David Lockhart
(name of person)
as President & CFO for Monarch National Insurance Company.
(type of authority; e.g., officer, trustee, attorney in fact) (company name)

Notarized online using audio-video communication



Cynthia L Strawn

(Signature of the Notary)

Cynthia L Strawn

(Print, Type or Stamp Commissioned Name of Notary)

Personally Known _____ OR Produced Identification ✓

Type of Identification Produced Drivers License

My Commission Expires January 10, 2027

COPIES FURNISHED TO:

JOHN D. LOCKHART
PRESIDENT & CFO
MONARCH NATIONAL INSURANCE COMPANY
3490 Martin Hurst Road, Suite 200
Tallahassee, Florida 32312
Email: dlockhart@hpmanaging.com

WES STRICKLAND
Strickland Law, PLLC
213 Summerbrooke Drive
Tallahassee, Florida 32312
Email: wes@strickland.law

CHRISTINA HUFF
DIRECTOR
Florida Office of Insurance Regulation
P&C Market Regulation
200 East Gaines Street
Tallahassee, FL 32399
Email: Christina.Huff@floiir.com

STEPHANIE ROMAN CABAN
ASSISTANT GENERAL COUNSEL
Florida Office of Insurance Regulation
200 E. Gaines Street
Tallahassee, Florida 32399
Telephone: (850) 413-4292
Email: Stephanie.RomanCaban@floiir.com

Exhibit A



MICHAEL YAWORSKY
COMMISSIONER

INVOICE

MONARCH NATIONAL INSURANCE COMPANY
3490 MARTIN HURST RD. STE 200
TALLAHASSEE, FL 32312

INVOICE DATE: August 22, 2025

INVOICE #: OIR 25-043763

P&C Market Regulation/Requested by Carson Gaines/ Matter Number 401303-25-CO

Description	Units	Rate	Price
1105J: FINE	1.00	\$325,000.00	\$325,000.00
1249J: ADMINISTRATIVE COSTS	1.00	\$2,000.00	\$2,000.00

TOTAL: \$327,000.00

PAYMENT DUE UPON RECEIPT: **\$327,000.00**

Pay by Wire (ACH) Instructions:

1. Do not alter the amount due
2. Remember to include the OIR invoice number in the body of the wire payment
3. Include company name

Bank: WELLS FARGO, N.A.
1 INDEPENDENT DRIVE, JACKSONVILLE, FL 32202

Account Title: STATE OF FLORIDA DEPARTMENT OF FINANCIAL SERVICES DFS –
OFFICE OF INSURANCE REGULATION – LOCATION 4300430

Account Number: 4834783854

ACH and Incoming Wire and ABA/Routing Number: 121000248

Pay by Check Instructions:

1. Do not alter the amount due
2. Make check payable to the Florida Office of Insurance Regulation
3. Include a copy of this invoice to ensure your payment is applied correctly

Mail check and a copy of this invoice to:
Florida Department of Financial Services
Revenue Processing Section
P.O. Box 6100
Tallahassee, FL 32314-6100

Please contact Lisa Stinson at (850) 413-2458 or Lisa.Stinson@florir.com if you have any questions regarding your invoice.