Filing # 145096034 E-Filed 03/04/2022 01:20:30 PM

IN THE CIRCUIT COURT OF THE SECOND JUDICIAL CIRCUIT, IN AND FOR LEON COUNTY, FLORIDA

State of Florida, ex rel.,
the Department of Financial Services
of the State of Florida,
Relator

CASE NO.: 2022 CA 000366

v.

Avatar Property & Casualty Insurance Company
Respondent.
_____/

PETITION FOR CONSENT ORDER APPOINTING THE FLORIDA DEPARTMENT OF FINANCIAL SERVICES AS RECEIVER OF AVATAR PROPERTY & CASUALTY INSURANCE COMPANY FOR PURPOSES OF LIQUIDATION, INJUNCTION, AND NOTICE OF AUTOMATIC STAY

The Florida Department of Financial Services, Division of Rehabilitation and Liquidation ("Department"), hereby petitions the Court, pursuant to sections 631.031 and 631.061, Florida Statutes (2021), for the entry of a Consent Order Appointing the Department as Receiver of Avatar Property & Casualty Insurance Company ("Respondent" or "Company") for purposes of liquidation, injunction, and notice of automatic stay. In support of its petition, the Department states:

1. Respondent was licensed by the Florida Office of Insurance Regulation ("OIR"), as a state of Florida domestic property and casualty insurer authorized to transact insurance business in the state of Florida pursuant to Part III of Chapter 624, Florida Statutes. Respondent's principal place of business is located at: 1101 E. Cumberland Ave., Tampa, Florida 33602.

2. Section 631.021, Florida Statutes, provides that a delinquency proceeding pursuant to chapter 631, Florida Statutes, constitutes the sole and exclusive method of liquidating, rehabilitating, reorganizing, or conserving a Florida domiciled insurer.

3. Section 631.141(1), Florida Statutes, provides that whenever a receiver is to be

appointed in a delinquency proceeding under chapter 631, the Court shall appoint the Department as receiver.

4. This Court has original jurisdiction over these proceedings and can exercise jurisdiction over any person required by section 631.391, Florida Statutes, to cooperate with the Department and OIR and over all other persons made subject to this Court's jurisdiction by other provisions of law. §§ 631.021(1) and 631.025, Fla. Stat. Additionally, this Court is authorized to enter all necessary or proper orders to carry out the purpose of the Florida Insurers Rehabilitation and Liquidation Act, sections 631.001 *et seq*., Florida Statutes. § 631.021(1), Fla. Stat.

5. Venue is proper in the Circuit Court of Leon County. § 631.021(2), Fla. Stat.

6. Upon a determination by OIR that one or more grounds exist to initiate a delinquency proceeding against an insurer, and upon OIR's determination that a delinquency proceeding should be initiated, OIR is required to refer the insurer to the Department for the initiation of such delinquency proceeding. § 631.031(1), Fla. Stat.

7. By letter dated March 2, 2022, and pursuant to section 631.031(1), Florida Statutes, David Altmaier, Commissioner of OIR, advised Florida's Chief Financial Officer, Jimmy Patronis, that grounds exist for the initiation of delinquency proceedings against Respondent. A copy of the letter is attached hereto and incorporated herein as **Department Exhibit "A"**.

8. Section 631.031(2), Florida Statutes, empowers the Department to petition this Court for a consent order of liquidation, and section 631.061, Florida Statutes, provides the grounds under which such a consent order of liquidation may be sought. Based on the documentation received from OIR, including the *Consent to Order of Receivership* executed by Respondent on March 2, 2022, the Department has confirmed that grounds exist which warrant the liquidation of Respondent.

9. Pursuant to section 631.061(1), Florida Statutes, the Department may apply to this Court for an Order appointing it as receiver and directing it to liquidate Respondent's business if Respondent "is or is about to become insolvent." As Respondent acknowledged in its *Consent to Order of Receivership*, Respondent is insolvent within the meaning of section 631.011(14), Florida Statutes.

10. Pursuant to section 631.061, Florida Statutes, the Department may apply to this Court for an Order directing it to liquidate Respondent's business based on any of the grounds specified in section 631.051, Florida Statutes, which include Respondent's consent to such an order, through the majority of its directors. Respondent has consented, through a Resolution of its Board of Directors, to the appointment of the Department as Receiver of Respondent for the purpose of liquidation and to the issuance of any injunctions this Court deems necessary and appropriate. The Resolution of the Board of Directors of Respondent is attached to Department's Exhibit A.

11. Accordingly, the Department requests the entry of a Consent Order (a) appointing the Department as Receiver of Respondent for purposes of liquidation, pursuant to sections 631.031, 631.061, and 631.141. Florida Statutes, (b) issuing an injunction, pursuant to sections 631.041(3) and (4), Florida Statutes, and (c) giving notice of the automatic stay, pursuant to section 631.041(1).

12. Additionally, section 631.141(9), Florida Statutes, provides, "[i]n connection with a delinquency proceeding, the department may appoint one or more special agents to act for it, and it may employ such counsel, clerks, and assistants as it deems necessary." To that end, the Department requests approval from this Court of the agreement it has entered appointing Examination Resources, LLC to serve as its Special Deputy Receiver ("SDR"), effective

immediately upon this Court's approval. A copy of the SDR Agreement is attached hereto and incorporated herein as **Department's Exhibit "B."**

WHEREFORE, the Florida Department of Financial Services, Division of Rehabilitation and Liquidation, respectfully requests that this Court enter a Consent Order Appointing the Department of Financial Services as Receiver of Avatar Property & Casualty Insurance Company for the purposes of liquidation, Injunction, and Notice of Automatic Stay. The Department further requests that this Court simultaneously approve the Department's Agreement with Examination Resources, LLC to act as the Special Deputy Receiver of the Department for Avatar Property & Casualty Insurance Company.

RESPECTFULLY SUBMITTED on this 4th day of March 2022.

/s/Jamila G. Gooden
Miriam O. Victorian
Chief Attorney, Florida Bar No. 355471
Miriam. Victorian@myfloridacfo.com
Telephone: (850) 413-4408
Jamila G. Gooden
Senior Attorney, Florida Bar No. 46740
Jamila.Gooden@myfloridacfo.com
Telephone: (850) 413-4414
Florida Department of Financial Services
Division of Rehabilitation and Liquidation
325 John Knox Road
Suite 101
The Atrium
Tallahassee, Florida 32303

Exhibit A

FINANCIAL SERVICES COMMISSION

RON DESANTIS
GOVERNOR

JIMMY PATRONIS
CHIEF FINANCIAL OFFICER

ASHLEY MOODY
ATTORNEY GENERAL

NICOLE "NIKKI" FRIED
COMMISSIONER OF AGRICULTURE

OFFICE OF INSURANCE REGULATION

DAVID ALTMAIER
COMMISSIONER

March 2, 2022

The Honorable Jimmy Patronis
The Chief Financial Officer
Department of Financial Services
The Capitol, PL-11
Tallahassee, FL 32399

Re: Avatar Property & Casualty Insurance Company

Dear Chief Financial Officer Patronis:

Please be advised that the Office of Insurance Regulation (the "Office") has determined that one or more grounds exist for the initiation of delinquency proceedings, pursuant to Chapter 631, Florida Statutes, against the above-referenced company. As such, I am advising you of that determination and including herewith a consent to order of receivership signed by the company in which it admits that it is insolvent, so that delinquency proceedings can be initiated by the Division of Rehabilitation and Liquidation ("Division").

OIR has worked closely with Avatar Property & Casualty Insurance Company ("Avatar") to facilitate options for consumers so they have access to continuous coverage in the voluntary market. While no insurer has expressed an interest in providing coverage to all of Avatar's policyholders, several insurers have expressed an interest in potentially providing coverage to some of Avatar's policyholders through direct solicitation by their appointed agents.

We appreciate the collaborative working relationship we have with the Division and look forward to working with you and your staff to facilitate continued access to coverage for the benefit of affected Floridians.

Sincerely,

David Altmaier

David Altmaier, Commissioner
Office of Insurance Regulation

Enclosure

cc:
John MacIver, General Counsel,
Department of Financial Services

CONSENT TO ORDER OF RECEIVERSHIP
AVATAR PROPERTY & CASUALTY INSURANCE COMPANY

IT IS HEREBY AGREED TO AS FOLLOWS:

1. Avatar Property & Casualty Insurance Company ("Respondent") is a Florida corporation and is a domestic property and casualty insurer authorized to transact insurance business in Florida and regulated by the Florida Office of Insurance Regulation.

2. Respondent admits that grounds exist for the appointment of a Receiver of the company for Rehabilitation or Liquidation, pursuant to Sections 631.051 and 631.061, Florida Statutes.

3. Respondent specifically admits that it is insolvent as that term is defined in Section 631.011(14), Florida Statutes.

4. Pursuant to Sections 631.051 and 631.061, Florida Statutes, Respondent consents through a majority of its directors to the entry of an Order appointing the Florida Department of Financial Services, Division of Rehabilitation and Liquidation (hereinafter "Department") as the Receiver of Respondent and acknowledges that the Department may apply to the Court for an Order of Rehabilitation or Liquidation. Respondent further agrees that the Department shall have the sole discretion to determine the type of order to be sought and entered and consents to any injunctions the receivership court, as defined by section 631.021, Florida Statutes, deems necessary and appropriate. Respondent additionally agrees that the Department may, at its sole discretion, apply to the Court for any additional orders regarding Respondent, and that all such orders entered shall be final when entered, with Respondent waiving any right to appeal such orders, including any order liquidating Respondent. The Resolution of the Board of Directors is attached as Attachment A to this Consent.

5. Respondent acknowledges that it has executed this Consent to Order of Receivership

voluntarily and of its own accord, having had the opportunity to consult counsel of its choosing, and has not been threatened or coerced to execute this consent by the Department of Financial Services, Florida Office of Insurance Regulation, or any other individual or entity.

By execution hereof, AVATAR PROPERTY & CASUALTY INSURANCE COMPANY consents to the appointment of the Department of Financial Services as receiver for purposes of Rehabilitation or Liquidation, 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 AVATAR PROPERTY & CASUALTY INSURANCE COMPANY to the terms and conditions of this Consent Order.

AVATAR PROPERTY & CASUALTY INSURANCE COMPANY

By: _____

[Corporate Seal]

Print Name: Hitesh P Adhia

Title: President / Chairman

Date: 3/2/22

STATE OF Florida

COUNTY OF Hillsborough

The foregoing instrument was acknowledged before me by means of ☑ physical presence or ☐ online notarization, this 2 day of March 2022, by Hitesh Adhia (name of person) as President / Chairman (type of authority; e.g., officer, trustee, attorney in fact) for Avatar Property & Casualty (company name).

EMMA R BOX
Notary Public-State of Florida
Commission # GG 964977
My Commission Expires
March 03, 2024

_____ (Signature of the Notary)

Emma Box (Print, Type or Stamp Commissioned Name of Notary)

Personally Known ✓ OR Produced Identification _____
Type of Identification Produced _____
My Commission Expires March 3, 2024

RESOLUTION OF THE BOARD OF DIRECTORS OF
AVATAR PROPERTY & CASUALTY INSURANCE COMPANY
ATTACHMENT A

A telephonic meeting of the Board of Directors of Avatar Property & Casualty Insurance Company (hereinafter "the Company") was held on February 28, 2022, for the sole purpose of approving the following resolutions as follows:

RESOLVED that the majority of the current Directors on the Board of Directors consent to the referral of the Company by the Florida Office of Insurance Regulation to the Department of Financial Services for delinquency proceedings under Chapter 631, Part I, Florida Statutes due to the insolvency of the Company as defined in Section 631.011(14), Florida Statutes.

FURTHER RESOLVED that the majority of the current Directors on the Board of Directors consent to the entry of an Order of Rehabilitation and/or Liquidation of the Company.

FURTHER RESOLVED, that pursuant to Sections 631.051 and 631.061, Florida Statutes, the majority of the current Directors on the Board of Directors consent to the immediate appointment of the Florida Department of Financial Services, Division of Rehabilitation (hereinafter "Department") as the Receiver of Company, without further notice or hearing, and waive any and all rights to notice and hearing.

FURTHER RESOLVED, that the majority of the Directors waive any right to appeal any Order of Rehabilitation or Liquidation entered by the court and agrees that said Order shall be final for the purposes of triggering the Florida Insurance Guaranty Association "FIGA" pursuant to Section 631.54(8), Florida Statutes.

FURTHER RESOLVED, that the Chairman of the Board of Directors and the President of the company, Mr. Hitesh Adhia, are hereby authorized to execute any and all consent agreements or documents on behalf of the Company, and are authorized to take any and all additional actions, including the Consent to Receivership under Chapter 631, Part I, Florida Statutes, as deemed necessary or appropriate by the Office of Insurance Regulation and/or the Department, without further approval of the shareholders or directors.

Directors of Avatar Property & Casualty Insurance Company

By: _____

[Corporate Seal]

Print Name: Hitesh P Adhia

Title: President / Chairman of Board

Date: 3/2/22

STATE OF Florida

COUNTY OF Hillsborough

The foregoing instrument was acknowledged before me by means of ☒ physical presence or ☐ online notarization, this 2 day of March 2022, by Hitesh Adhia (name of person) as President / Chairman (type of authority; e.g., officer, trustee, attorney in fact) for Avatar Property & Casualty (company name)

EMMA R BOX
Notary Public-State of Florida
Commission # GG 964977
My Commission Expires
March 03, 2024

_____
(Signature of the Notary)

Emma Box
(Print, Type or Stamp Commissioned Name of Notary)

Personally Known ✓ OR Produced Identification _____

Type of Identification Produced _____

My Commission Expires March 3, 2024

Exhibit B

SPECIAL DEPUTY RECEIVER AGREEMENT

This Special Deputy Receiver Agreement ("Agreement") is made by and between Exam Resources and the Florida Department of Financial Services, ("the Department") for Special Deputy Receiver (SDR) services. The Department and Exam Resources agree as follows:

I. RECITALS

1.1 When the Department is appointed Receiver by the Court, the Department may require the services stated within this Agreement. This Agreement is entered into by and between the Florida Department of Financial Services, Division of Rehabilitation and Liquidation, as Receiver for **AVATAR PROPERTY & CASUALTY INSURANCE COMPANY**, 325 John Knox Road, The Atrium Building, Suite 101, Tallahassee, FL 32303, hereinafter referred to as "Receiver" or "Department", and **EXAMINATION RESOURCES, LLC,** whose address is 20 10th Street NW, Suite 803 Atlanta, GA 30300-3867 hereinafter referred to as "SDR".

II. DEFINITIONS

2.1 **ASCII**: abbreviated from American Standard Code for Information Interchange, is a character encoding standard for electronic communication. ASCII codes represent text in computers, telecommunications equipment, and other devices.

2.2 **Code**: the Florida Insurance Code.

2.3 **Company**: refers to Avatar Property & Casualty Insurance. The insurance company in receivership for which the SDR is engaged to provide receivership services and names in the LOA.

2.4 **Commissioner**: The Commissioner of Insurance for the State of Florida.

2.5 **Court**: The Second Judicial Circuit in Leon County, Florida in which the Receivership proceeding is pending, unless the context clearly provides otherwise.

2.6 **Department**: The Department of Financial Services, Division of Rehabilitation and Liquidation in its capacity as Receiver of the Company, and its successors and designees.

2.7 **Early Access Distribution**: an advance to eligible Guaranty Associations, where certain agreements have been reached between the relevant parties (Early Access Agreement(s)), which are approved by the Court. Early Access Distributions in Florida occur on a periodic basis, typically twice per year.

2.8 **EBCDIC**: Extended Binary Coded Decimal Interchange Code, a standard eight-bit character code used in computing and data transmission. Pronounced either "ehb-suh-dik" or "ehb-kuh-dik"), it is a binary code for alphabetic and numeric characters that were developed for larger IBM operating systems.

2.9 **Guaranty Association**: An insurance guaranty association is a statutorily created organization that protects policyholders and claimants in the case of an insurer's insolvency. For purposes of this contract, the Florida Health Maintenance Organization Consumer Assistance Plan is considered a Guaranty Association.

2.10 **HMO:** Health Maintenance Organization ("HMO"): provides health insurance coverage for a monthly or annual fee. An HMO limits member coverage to medical care provided through a network of doctors and other healthcare providers who are under contract to the HMO.

2.11 **HMOCAP**: The Florida Health Maintenance Organization Consumer Assistance Plan ("HMOCAP") was created by Florida Statute to protect persons enrolled for coverage with HMOs, subject to certain limitations, against the failure of their HMO to perform its contractual obligations due to its insolvency.

2.12 **OIR:** the Florida Office of Insurance Regulation

2.13 **Outside Department Counsel for Receiver of Company**: The SDR shall consult with the Department and obtain written approval prior to retaining any outside counsel to handle legal matters on behalf of the Department as Receiver of Company.

2.14 **Receivership**: the receivership estate of the Company.

2.15 **Receivership Court**: the circuit court in which the receivership proceeding is pending; Circuit Court of Leon County, Florida, shall be the original jurisdiction of any delinquency proceeding under Chapter 631, F.S.

2.16 **Standards of Performance**: The SDR shall comply with the requirements of Exhibit "A" to this Agreement.

2.17 **SDR**: refers to the contractor executing the Agreement as a Special Deputy Receiver ("SDR" or "Contractor") and **SDR Staff** refers to the SDR's employees and subcontractors listed in Exhibit "B" to this Agreement.

20.18 **UDS** The NAIC Uniform Data Standard precisely defined series of data file formats and codes used by Receivers and Guaranty Funds to exchange data electronically.

III. DUTIES

3.1 GENERAL

The SDR will comply with the following requirements with respect to its duties under this Agreement:

a. The SDR agrees and understands that it operates under the authority of, and serves at the pleasure of, the Department in performing duties under this Agreement.

b. The SDR agrees to perform its duties in accordance with this Agreement and its Exhibits, including the Standards of Performance (Exhibit "A"), the Fee Schedule (Exhibit "B"), the Standards of Ethics and Conduct (Exhibit "C"), and the Travel Policy (Exhibit "D"); with the receivership plan approved by the Department, and with all applicable federal, state and local laws, regulations, and ordinances. In the event that the SDR determines that it is unable to comply with the Standards of Performance or the Department's procedures for any reason, it must immediately inform the Department and request a waiver. The SDR shall not be responsible for any actions required by the Standards of Performance that have been completed before its appointment.

c. The SDR agrees and understands that its obligations under this Agreement are fiduciary in nature and imbued with a public purpose. The SDR shall maintain the highest standard of ethics with respect to the Receivership, acting in good faith and in the best interest of the Receivership at all times, and exercising sound business judgment in performing the duties under this Agreement. The SDR shall fulfill its duties in a cost effective and timely manner. The SDR shall undertake at its sole expense any background checks of its employees or subcontractors required to fulfill its duties under this contract and its addenda.

d. Unless expressly authorized by the Department in writing, the SDR and the SDR Staff agree that they will not, during the term of this Agreement, represent or provide services to any other party in connection with:

(1) any matter related to the Receivership, or

(2) any claims or causes of action by or against the Florida Department of Financial Services, Florida's Chief Financial Officer, or any other Special Deputy Receiver.

e. The SDR agrees to affirmatively research whether it has any potential or actual conflict of interest as to the Company, its affiliates, or its vendors and to notify the Department immediately upon discovery of any potential or actual conflict of interest which the SDR or the SDR Staff may have in connection with the SDR's duties, including but not limited to any of the items listed in Section 8.3, prior to the execution of this agreement and throughout the pendency of this agreement. The SDR agrees that the Department has the sole discretion to determine what circumstances constitute a conflict under this paragraph. In the event that the

Department determines that the SDR or an individual or entity on SDR Staff has a potential or actual conflict of interest, the Department may, at its sole discretion, terminate this Agreement or prohibit such individual or entity from providing further services in connection with this Agreement.

f. The SDR and SDR Staff shall not use any property of the Company for their personal use. The SDR shall verify at the conclusion of this Agreement that property of the Company has been liquidated or otherwise disposed of, and that the SDR and SDR Staff have not retained any such property.

g. The SDR shall implement a disaster recovery plan to ensure the continued operation of the Receivership in the event of a short or long-term interruption of its essential business functions, including but not limited to backing up records on computers and other media on a regular schedule, and maintaining them off-site.

3.2. LEGAL ACTIVITIES

a. The SDR shall consult with the Department and obtain approval prior to retaining any counsel to handle legal matters on behalf of the Department as Receiver of Company ("Outside Department Counsel for Receiver of Company"). The SDR shall consider competency and cost in selecting counsel.

b. Counsel retained by the SDR to represent the Department must be licensed in the State of Florida, with such licensure being in good standing. Counsel must also comply with the professional rules of the State Bar of Florida and be able to represent the Department in the receivership without any professional conflicts of interest.

c. The SDR shall notify the Department of any legal opinions or other advice provided by the Department's Counsel for Receiver of Company. The SDR shall consult with the Department prior to taking any legal positions which have not previously been established by the Department.

d. The SDR must provide the Department with reasonable advance written notice before filing any lawsuit, and may proceed only if the Department approves, in writing, initiation of such suit. The SDR must provide a cost-benefit analysis of such lawsuit, including the selection of counsel and associated fees or fee arrangements.

3.3 CLAIMS

The SDR shall handle claims in a timely manner in accordance with Chapter 631, Part I Florida Statutes and any approved receivership plan, as applicable.

3.4

TAXES

The SDR shall timely file federal and state tax returns for the Receivership, including income tax returns, premium tax returns, employment and payroll tax returns.

3.5 REPORTS

The SDR will file or submit, as applicable, all reports required by Chapter 631, Part I, Florida Statutes, with the Department and the Court. Such reports shall include, but not be limited to:

a. Quarterly report filed with the Court pursuant to Florida Rule of Civil Procedure 1.620.

b. Reports to the Department regarding any possible fraudulent, deceptive, or unlawful conduct by any insurer, agent, or person in connection with the Receivership.

c. Reports to the Court in accordance with Chapter 631, Part I, Florida Statutes.

d. A monthly status report to the Department in a format and frequency approved by the Department.

3.6 RECORDS

The SDR will maintain all records received in connection with this Agreement in accordance with the following requirements and Florida law. Unless otherwise expressly limited in this Agreement, the term "records" includes, but is not limited to the following: books, files, policy information, documents, reports, data, emails, accounts, papers, work product (including work product of the company, the SDR and SDR Staff) or any other writing, regardless of configuration or medium, including computer software. This definition shall apply to the Company's records, as well as records created or obtained by the SDR and SDR Staff in connection with the Receivership. Consideration should be given to chain of custody procedures.

a. The SDR will maintain a complete and accurate set of all records of the Company and the Receivership. All of such records must be maintained in the State of Florida unless the Department authorizes, in writing, out-of-state record maintenance.

b. The SDR will maintain all computerized records of operations and finances. All such computerized records must be exportable.

c. SDR will inventory the records according to subject matter in accordance with the Department's guidelines, and maintain a current inventory of such records at all times. The SDR will provide a copy of the inventory to the Department upon request and upon closing of the Receivership.

d. Upon the Department's request, the SDR shall make all records available for the Department's inspection and review at the time specified by the Department, and a location designated by the Department. The Department will have the right to enter the SDR's premises to take possession and control of the records at any time.

e. Upon termination of this Agreement, the SDR will destroy or deliver all permanent remaining records to a location designated by the Department within a reasonable period of time as determined by the Department.

f. The SDR and SDR Staff will not, during or after the term of this Agreement, directly or indirectly use for personal benefit any records or other information acquired in connection with the Receivership or made confidential by law, including, but not limited to, work product, attorney-client communications, and claim or policy information, or disclose any such records or other information unless the release of such information is required by law or an order or subpoena from a court of competent jurisdiction, and then only with reasonable advance notice to the Department.

g. The SDR and SDR Staff will not, during or after the term of this Agreement, disclose to anyone, directly or indirectly, any information obtained from the Company, the Department or OIR, or any other information to which the SDR obtains access in the course of its performance under this Agreement, if such information is designated or construed as confidential, or subject to restrictions on disclosure under applicable law ("Confidential Information"). This prohibition does not apply to information required to be disclosed by law, legal process, and applicable professional standards, provided reasonable advance notice is given to the Department. The SDR will refer to the Department any third party requests received directly by the SDR for information to which the SDR has access as a result of or in the course of performance under this Agreement within at least three (3) days of receipt of the request.

Notwithstanding any provisions of this Agreement to the contrary, the SDR understands that the Department is bound by the provisions of the Florida Public Records Law and the SDR agrees to comply with the terms and conditions of the Public Records Requirements Addendum A that is hereby incorporated by reference. References to the "Contractor" in Addendum A are understood by the Parties to refer to the SDR.

3.7 DATA

a. The SDR shall only use data centers located in the United States when processing and storing data under this Contract.

b. The SDR is responsible for fulfilling the requirements placed on the Department by section 501.171, F.S., at the SDR's expense, if the SDR is responsible for a breach of this data. Notwithstanding any limitations on liability addressed in the Contract, if the SDR fails to fulfill the requirements placed on the Department by section 501.171, F.S., the SDR shall reimburse the Department for all costs incurred in fulfilling such requirements.

c. The SDR, its employees, subcontractors, and agents, shall comply with Rule Chapter 60GG-2, Florida Administrative Code (F.A.C.), which contains information technology (IT) security procedures and requires adherence to the Department's security policies, the relevant parts of which are contained herein, both in this Contract and in Addendum B, in performance of this Contract. References to the "Contractor" in Addendum B are understood by the Parties to refer to the SDR. The SDR shall provide immediate notice to

the Department's Information Security Office, within the Office of Information Technology, in the event it becomes aware of any security breach or any unauthorized transmission or loss of any or all of the data collected, created for, or provided by the Department (State Data). Except as required by law or legal process, and after notice to the Department, the SDR shall not divulge to third parties any Confidential Information obtained by the SDR or its agents, distributors, resellers, subcontractors, officers, or employees in the course of performing Contract work according to applicable rules, including, but not limited to, Rule Chapter 60GG-2, F.A.C. "Confidential Information" means information in the possession of, or under the control of, the state of Florida (State) or the SDR that is exempt from public disclosure pursuant to chapter 119, Florida Statutes (F.S.), or to any other applicable provision of State or federal law that serves to exempt information from public disclosure. This includes, but is not limited to, the security procedures, business operations information, or commercial proprietary information in the possession of the State or the Department. The SDR will not be required to keep confidential any information that is publicly available through no fault of the SDR, material that the SDR developed independently without relying on the State's Confidential Information, or information that is otherwise obtainable under State law as a public record.

1. **Data Protection.**

No State Data will be transmitted, processed, or stored outside of the United States of America regardless of method, except as required by law. Access to State Data will only be available to staff approved and authorized by the Department that have a legitimate business need. Access to State Data does not include remote support sessions for devices that might contain the State Data; however, during remote support sessions the Department requires the SDR to escort the remote support access and maintain visibility of the support personnel's actions. The SDR shall encrypt all data transmissions containing Confidential Information. The SDR agrees to protect, indemnify, defend, and hold harmless the Department from and against any and all costs, claims, demands, damages, losses, and liabilities arising from or in any way related to the SDR's breach of this addendum or the negligent acts or omissions of the SDR related to this addendum.

2. **Separate Security Requirements.**

Any Criminal Justice Information Services-specific and/or Health Information Portability and Accountability Act-specific security requirements are attached in a separate addendum, if applicable. The SDR shall develop data security procedures to ensure only authorized access to data submissions by personnel for contracted activities.

3. **Ownership of State Data.**

State Data will be made available to the Department upon its request, in the form and format reasonably requested by the Department. Title to all State Data will remain property of the Department and/or become property of the Department upon receipt and acceptance. The SDR shall not possess or assert any lien or other right against or to any State Data in any circumstances.

3.8 WEBSITE

The SDR shall establish a website for the Receivership, providing the SDR's mailing and e-mail addresses, and telephone number(s); the notice of receivership and claims filing procedures; quarterly financial statements; any other reports and/or documents as directed by the Department; and contacts with relevant guaranty associations, if applicable. The

website shall be limited to information regarding the Receivership, and shall not contain promotional or other information regarding the SDR's business. In the event of a termination of the SDR prior to the entry of an order closing the Receivership and discharging the Department, the SDR will transfer to the Department control of the website established for the Receivership. The Department may, in its sole discretion, prohibit or require specified website content.

3.9 FIDUCIARY BOND

The SDR will obtain and maintain a bond acceptable to the Department as follows:

a. At the SDR's sole cost and expense, the SDR will obtain a bond in a form approved by the Department in an amount no less than $1 million dollars for the sole benefit of the Department, providing for the faithful performance of the SDR's duties and the proper accounting for all assets and records held by the SDR in accordance with Chapter 631, Part I, Florida Statutes.

b. The SDR must make an application for the bond within two business days of Court approval of the SDR contract and submit evidence of such bond within 10 days of application. The Department may require that the amount of the bond be increased or the form of the bond be changed at its discretion. The SDR must maintain this bond at or supplement it to an amount set by the Department and keep premiums thereon current until such time as the SDR has accounted for all assets coming into its possession to the Department's satisfaction, and all of its duties under this Agreement are completed, as determined by the Department. The SDR must include the Department, Division of Rehabilitation and Liquidation, as a named beneficiary or certificate holder and immediately report any change in the status of the bond to the Department.

3.10 INSURANCE

At all times during this Agreement, the SDR, at its sole expense, or its subcontractors, at their sole expense, if any, shall maintain insurance coverage of such types and with such terms and limits as are commercially reasonable given the undertakings of this Agreement. The limits of coverage under each policy shall not be interpreted as limiting the liability and obligations under this Agreement. All insurance policies shall be through insurers licensed and authorized to write policies in Florida. Unless otherwise noted, insurance shall be maintained as follows:

a. Insurance for professional liability, errors, omissions, negligence, and fidelity arising in connection with the SDR's duties under this Agreement in the amount of at least $3,000,000 for each occurrence, or such other amount approved by the Department. Such insurance: (i) must cover the SDR's activities in the Receivership; (ii) must not be restricted to a specific professional service; and (iii) must not exclude coverage for causes of actions by the Department. Such coverage must be maintained by the SDR during the entire term of this Agreement, and must be paid by the SDR. Should the professional liability, errors and omissions policy procured by the SDR be a claims made policy versus an occurrence policy, then the SDR must also procure appropriate tail (or extended reporting) coverage that will

provide the same amount and type of coverage for the SDR and include the Department as an additional insured for the pertinent statute of limitations time period after the primary claims made coverage expires.

b. Workers' compensation insurance covering any employees of the SDR who are to perform services under the SDR Agreement with minimum limits of $500,000 per occurrence, and $1,000,000 policy aggregate. Such coverage must be maintained during the entire period of time that the SDR has employees providing services under this Agreement. Such coverage will be paid by the SDR.

c. Property insurance, commercial general liability insurance and standard workers' compensation insurance as necessary to protect Receivership employees. The requirement for such insurance will be based upon the circumstances, and is subject to the approval of the Department. The cost of such coverage approved by the Department will be paid from the Receivership. Insurance covering property or employees of the SDR shall not be paid from the Receivership.

d. Proof of insurance covering subcontractors for professional liability, errors, omissions or negligence in connection with their duties under this Agreement, including but not limited to, insurance covering legal and accounting services. Such insurance shall be in the amount of at least $1,000,000 for each occurrence, or such other amount approved by the Department. Should the professional liability, errors and omissions policy procured by the subcontractor be a claims made policy versus an occurrence policy, then the subcontractor must also procure appropriate tail (or extended reporting) coverage that will provide the same amount and type of coverage for the subcontractor and include the Department as an additional insured for the pertinent statute of limitations time period after the primary claims made coverage expires. Such coverage must be maintained during the entire period of time that a subcontractor provides services under this Agreement and will be paid by the subcontractor. The Department may waive the requirement for such insurance in the event that the work assigned to the subcontractor does not warrant insurance coverage.

e. The SDR must provide the Department with proof of insurance prior to the effective date of this Agreement in one of the following forms:

    1. a current binder of coverage;
    2. a current policy of insurance; or
    3. a current certificate of insurance.

f. The SDR must provide documentation that all insurance policies reflect the Department as an additional insured, and that the policy contains endorsements providing that the Department will be notified in writing at least thirty (30) days in advance of any notice of policy cancellation or material change in the policy.

g. The Department shall have sole discretion in approving the adequacy of the insurance required under this Agreement. Unless otherwise permitted by the Department, all coverage required by this Agreement must be with an insurance company or carriers licensed to do business in the State of Florida and having an

A.M. Best rating of at least "A," or the substantial equivalent from another rating agency. Lapse of any insurance coverage required herein shall be considered a breach of contract, and this Agreement may be canceled by the Department effective at the time and on the date of the lapse. Alternatively, the Department may, in its sole discretion, acquire, if possible, the required insurance for the SDR and hold the SDR responsible for such expense, which may be offset by the Department against compensation, if any, owed to the SDR.

IV. COMPENSATION

4.1 BILLING AND PAYMENT

The SDR shall provide a detailed billing of services and expenses to the Department on a monthly basis. Compensation and expenses of the SDR and SDR Staff shall be paid in accordance with the Department's Travel Guidelines, Exhibit "D". Billings will be reviewed by the Department, and disallowances of any bill, or portion thereof, will be handled in accordance with the Department's policies and procedures. The SDR understands that payment for all compensation and expenses of the SDR and their Staff shall be derived solely from the assets of the Receivership unless sufficient funds are not available from the Receivership, in which event payment may be made from the Insurance Regulatory Trust Fund upon approval of the Chief Financial Officer and of the Legislative Budget Commission pursuant to Chapter 216, Florida Statutes, of an appropriated sum that is sufficient to cover the unreimbursed costs.

a) Vendor Rights. The SDR should be aware of the following time frames:

i. The SDR may be paid for reasonable fees and costs incurred prior to court approval of the contract provided that such reasonable fees and costs are directly related to the anticipated services necessary for implementing a plan for receivership immediately upon court approval. Such fees and costs shall be limited to no more than $25,000.00.

ii. Upon receipt, the Department has five (5) working days to inspect and approve the services and expenses, unless Attachment A specifies otherwise.

iii. The Department's Contract Manager then has twenty (20) days from the latter of the date the invoice is received or the date the services and expenses are approved to request payment.

b) Ombudsman. A Vendor Ombudsman has been established with the Department of Financial Services. The duties of this individual include acting as an advocate for vendors who may be experiencing problems in obtaining timely payment(s) from a State agency. The Vendor Ombudsman may be reached at (850) 413-5516.

4.2 RATES

Compensation of the SDR and SDR Staff will be in accordance with Exhibit "B" of this Agreement. The rates of the SDR and SDR Staff must be approved by the Court in accordance with §631.141(9)(a), Florida Statutes. The SDR shall submit in writing any proposed changes in any rates to the Department, and shall not file any application for rate increases under §631.141(9)(a) unless such rate is approved by the Department in writing. Such request shall not be submitted earlier than 2 years from the date of execution of the contract. The SDR is not authorized to make any payment based on an increased rate until the rate is approved by the Department and any necessary approval is obtained by the Court in accordance with §631.141(9)(a). After such approval is obtained, Exhibit "B" shall be amended to reflect the change in the rate.

4.3 TAXES

a. Any federal, state, and local taxes on payments to the SDR and the SDR's Staff under this Agreement are the responsibility of the SDR and SDR Staff, as applicable. Payment of these taxes will not be made from the assets of the Receivership.

b. The Department is exempted from payment of State sales and use taxes and Federal Excise Tax. The Contractor, however, will not be exempted from paying State sales and use taxes to the appropriate governmental agencies or for payment by the Contractor to suppliers for taxes on materials used to fulfill its contractual obligations with the Department. The Contractor shall not use the Department's exemption number in securing such materials. The Contractor shall be responsible and liable for the payment of all its FICA/Social Security and other taxes resulting from this Contract. The Contractor shall provide the Department its taxpayer identification number upon request.

4.4 REIMBURSABLE EXPENSES

The SDR may charge the following expenses to the Receivership:

a. Direct costs for postage incurred in connection of the administration of the Receivership.

b. Direct costs for maintenance of inactive records of the Company, subject to the Department's approval of a cost-benefit analysis.

c. Direct costs for the maintenance of the Receivership website.

d. Travel expenses of the SDR and SDR Staff will be reimbursable subject to the terms of the Department's Travel Guidelines attached as Exhibit "D" to this Agreement, at rates which do not exceed those rates set for state employees and per diem as prescribed by §112.061, Florida Statutes.

4.5 NON-REIMBURSABLE EXPENSES

The payment of the SDR's office expenses, including but not limited to rent, utilities, equipment, and supplies, will be the responsibility of the SDR, and such expenses will not

be paid directly from the Receivership, except as provided in Paragraph 4.4, Reimbursable Expenses.

V. STAFF

5.1 RESPONSIBILITY

The SDR will be primarily responsible for administering duties and responsibilities under this Agreement.

5.2 AUTHORIZED STAFF

The SDR shall use SDR Staff listed in Exhibit "B" as necessary to perform the SDR's duties, except as otherwise provided herein. The SDR will be solely responsible for supervision and performance of all duties assigned by the SDR to SDR Staff and subcontractors. The SDR, and not the Department, shall be the employer or contractor of SDR Staff and subcontractors and the SDR shall be responsible for all obligations resulting from employment or contracts with such persons or entities.

5.3 APPROVAL OF ADDITIONAL STAFF

a. In the event the SDR determines that it is necessary to utilize an individual who is not listed in Exhibit "B", the SDR must obtain prior written approval from the Department, in addition to the Court, if necessary. After such approval is obtained, Exhibit "B" shall be amended to include such individual. The SDR must consider competency and cost when retaining additional SDR Staff.

b. The rate for any individual added to Exhibit "B" must fall within the rate(s) already approved by the Court for that individual's area of expertise. If the rate of any individual to be added to the Exhibit "B" exceeds previously Court-approved rates, the SDR must seek approval from the Court pursuant to §631.141(9)(a), Florida Statutes.

5.4 REDUCTIONS IN STAFFING

In the event that any of the SDR Staff listed in Exhibit "B" become unavailable, are not performing services called for under this Agreement, or are no longer needed to perform services under this Agreement, the SDR must advise the Department immediately.

5.5 COMPANY EMPLOYEES AND CONTRACTORS

The SDR may utilize the Company's employees and contractors as necessary to continue the operation of the Company or fulfill policy obligations pursuant to Chapter 631, Florida Statutes. The SDR shall submit a cost-benefit analysis regarding the use of the Company's employees or contractors, or the addition or substitution of such individuals or entities.

VI. ACCOUNTS

6.1 AUTHORIZED USE OF ACCOUNTS

The SDR shall establish an account to pay approved expenses of the Receivership, which shall be funded with assets of the Receivership. The SDR shall be responsible for requesting additional funds as necessary to pay approved expenses. The Department shall not be responsible for providing funding for the SDR under this Agreement except as expressly provided herein.

6.2 PROHIBITED ACTIONS

Under no circumstances shall the SDR commingle assets or accounts of the Receivership with assets of other receiverships, individuals or entities.

VII. OVERSIGHT AND AUDITS

7.1 SUPERVISION OF SDR BY DEPARTMENT

The SDR shall not take any action contrary to the Department's direction. The Department shall have the authority to review all actions taken by the SDR and SDR Staff, and the Department may nullify or countermand any such actions at its discretion.

7.2 REVIEW OF EXPENSES

The Department shall have the authority to review all charges and expenses submitted by the SDR for payment under this Agreement, and may disallow any charges and expenses that are excessive, unnecessary, or not in compliance with the terms of this Agreement.

7.3 AUDITS

The SDR will make the books, records and accounts of the Receivership available to the Department for audit and will fully cooperate with any audit requested by the Department or ordered by the Court. In addition, the SDR understands its duty, pursuant to section 20.055(5), Florida Statutes, to cooperate with the Inspector General in any investigation, audit, inspection, review or hearing. The SDR will comply with this duty and ensure that SDR Staff and/or subcontracts issued under this Agreement, if any, impose this requirement, in writing, on its subcontractors.

7.4 CONFLICTS WITH OTHER PROVISIONS

This Section VII shall control over any other provision of this Agreement to the extent of any conflict.

VIII. WARRANTIES OF THE SDR

The SDR warrants and represents the following:

8.1 QUALIFICATIONS AND LICENSES

The SDR and SDR Staff listed in Exhibit "B" have the expertise and facilities necessary to administer the Receivership in a cost effective and timely manner. The SDR and SDR Staff have, and will maintain at no expense to the Receivership, all licenses necessary for the performance of the SDR's obligations under this Agreement.

8.2 DELINQUENCIES

The SDR is not delinquent with respect to the payment of any monies due and owing the State of Florida, or any department, subdivision or unit thereof, including but not limited to the payment of taxes, employee benefits, and will not become delinquent during the term of this Agreement.

8.3 CONFLICTS OF INTEREST

The SDR agrees to notify the Department immediately upon discovery of any potential or actual conflict of interest which the SDR or its Staff may have in connection with the SDR's duties. The SDR agrees that the Department has the sole discretion to determine what circumstances constitute a conflict under this paragraph. In the event that the Department determines that the SDR or an individual or entity on SDR Staff has a potential or actual conflict of interest, the Department, may, at its discretion, terminate this Agreement, or prohibit such individual or entity from providing further services in connection with this Agreement.

The Department shall have sole discretion to determine whether an actual or potential conflict of interest can be waived.

8.4 EMPLOYMENT OF STATE EMPLOYEES

During the term of this Agreement, the SDR shall not knowingly employ or subcontract with any person (including any nongovernmental entity in which such person has any employment or other material interest as defined in section 112.312(15), Florida Statutes), in connection with this Agreement, who is employed by the Department.

8.5 AGREEMENT TO TERMS BY SDR STAFF

The SDR Staff have been informed of and understand the terms of this Agreement and have agreed to comply with all applicable terms of this Agreement.

8.6 NO REPRESENTATIONS

The Department and the SDR each represent that they have carefully read and understand the scope and effect of the provisions of this Agreement. Neither party has relied upon any

representations or statements made by the other party hereto which are not specifically set forth in this Agreement.

8.7 CONVICTED VENDOR LIST AND DISCRIMINATORY VENDOR LIST

The following restrictions are placed on the ability of persons placed on the Convicted vendor list (287.133, F.S.) or the Discriminatory vendor (287.134, F.S.) list maintained by the Florida Department of Management Services:

a. Public Entity Crime. A person or affiliate who has been placed on the Convicted vendor list following a conviction for a public entity crime may not submit a bid, proposal, or reply on a contract to provide any goods or services to a public entity; may not submit a bid, proposal, or reply on a contract with a public entity for the construction or repair of a public building or public work; may not submit bids, proposals, or replies on leases of real property to a public entity; may not be awarded or perform work as a contractor, supplier, subcontractor, or consultant under a contract with any public entity; and may not transact business with any public entity in excess of the threshold amount provided in section 287.017, F.S., for CATEGORY TWO for a period of 36 months following the date of being placed on the convicted vendor list.

b. Discriminatory Vendors. An entity or affiliate who has been placed on the discriminatory vendor list may not submit a bid, proposal, or reply on a contract to provide any goods or services to a public entity; may not submit a bid, proposal, or reply on a contract with a public entity for construction or repair of a public building or public work; may not submit bids, proposals, or replies on leases of real property to a public entity; may not be awarded or perform work as a contractor, supplier, subcontractor, or consultant under a contract with any public entity; and may not transact business with any public entity.

The SDR shall notify the Department if it or any of its suppliers, subcontractors, or consultants have been placed on the Convicted Vendor List or the Discriminatory Vendor List during the life of the Agreement.

8.8. COMPLIANCE WITH FEDERAL, STATE, AND LOCAL LAWS

a. Regulations. The SDR and SDR Staff shall comply with all federal, state and local laws and regulations, including, but not limited to, those relating to nondiscrimination, wage and hours, social security, unemployment compensation, workers' compensation, licenses, and registration requirements.

b. Employment Eligibility Verification. The Contractor shall register with and use the E-Verify System as defined in section 448.095, F.S., to verify the work authorization status of all newly hired employees. The Contractor shall comply with the requirements for contractors set forth in section 448.095(2), F.S. Pursuant to section 448.095(2)(c)1., F.S., if the Department has a good faith belief that the Contractor has knowingly violated section 448.09(1), F.S., the Department shall terminate the Contract. If the Department terminates the Contract pursuant to section 448.095(2)(c), F.S., the Contractor shall reimburse the Department for any additional costs the Department incurs as a result of terminating the Contract.

c. Choice of Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Florida.

d. Rehabilitation Act. If applicable, the SDR shall ensure that, as to its products and services it develops for the Department, electronic and information technology accessibility requirements of the Rehabilitation Act Amendments, 29 U.S.C. section 794 (and comparable state or local law or regulation) are met. Section 508 of the Rehabilitation Act Amendments, 29 U.S.C. section 794, compliance information on the supplies and services in this Agreement are available on a website indicated by the SDR. The Electronic and Information Technology standard can be found at: http://www.section508.gov/.

e. Scrutinized Companies. The following paragraph applies regardless of the dollar value of the goods or services provided:

f. By entering into this Agreement, the SDR certifies that it is not participating in a boycott of Israel. At the Department's option, the Agreement may be terminated if the SDR is placed on the Quarterly List of Scrutinized Companies that Boycott Israel (referred to in statute as the "Scrutinized Companies that Boycott Israel List") or becomes engaged in a boycott of Israel.

i. The State Board of Administration maintains the "Quarterly List of Scrutinized Companies that Boycott Israel" at the following link: https://www.sbafla.com/fsb/FundsWeManage/FRSPensionPlan/GlobalGovernanceMandates.aspx

ii. The following paragraph applies only when the goods or services to be provided are $1 million or more:

By entering into this Agreement, the SDR certifies that it is not on the Scrutinized List of Prohibited Companies (referred to in statute as the "Scrutinized Companies with Activities in Sudan List" and the "Scrutinized Companies with Activities in the Iran Petroleum Energy Sector List") and, to the extent that it is not preempted by Federal law, that it has not been engaged in business operations in Cuba or Syria. At the Department's option, the Agreement may be terminated if such certification (or the certification regarding a boycott of Israel) is false, if the SDR is placed on the Scrutinized List of Prohibited Companies; or, to the extent not preempted by Federal law, if the SDR engages in business operations in Cuba or Syria.

iii. The State Board of Administration maintains the "Scrutinized List of Prohibited Companies" under the quarterly reports section at the following link: https://www.sbafla.com/fsb/PerformanceReports.aspx.

IX. INDEMNIFICATION

9.1 SDR'S INDEMNIFICATION OBLIGATIONS

a. The SDR shall be fully liable for the actions of its agents, employees, partners, or subcontractors and shall fully indemnify, defend, and hold harmless the Department, and its officers, agency and employees, from suits, actions, damages, and costs of every name and description arising from or relating to:

   i. personal injury or damage to real or personal tangible property alleged to be caused in whole or in part by SDR, its agents, employees, partners, or subcontractors; provided, however, that the SDR shall not indemnify for that portion of any loss or damages proximately caused by the negligent act or omission of the Department;

   ii. the SDR's breach of this Agreement or the negligent acts, misconduct, or omissions of the SDR;

   iii. violation or infringement of a trademark, copyright, patent, trade secret or intellectual property right; provided, however, that the foregoing obligation shall not apply to a Department misuse or modification of the SDR's products or a Department's operation or use of SDR's products in a manner not contemplated by the Agreement.

b. The SDR's obligations under the preceding paragraph with respect to any legal action are contingent upon the Department's giving the SDR (1) written notice of any action or threatened action; (2) the opportunity to take over and settle or defend any such action at SDR's sole expense; and (3) assistance in defending the action at SDR's sole expense.

c. No provision in this Agreement shall require the Department to hold harmless or indemnify the SDR, insure or assume liability for the SDR's negligence, waive the Department's sovereign immunity under Chapter 631 and the laws of Florida, or otherwise impose liability on the Department for which it would not have otherwise been responsible. Any provision, implication or suggestion to the contract is null and void.

9.2 LIMITATION OF LIABILITY

The Department will not assume any liability for the acts, omissions to act, or negligence of the SDR, its agents, servants, and employees, nor will the SDR disclaim its own negligence to the Department or any third party. This Agreement does not and is not intended to confer any rights or remedies upon any person other than the parties. If the Department consents to a subcontract, the SDR will specifically disclose that this Agreement does not create any third-party rights. Further, no third parties shall rely upon any of the rights and obligations created under this Agreement.

X. RELATIONSHIP OF PARTIES

10.1 INDEPENDENT CONTRACTORS

The SDR and SDR Staff are performing their duties hereunder as independent contractors and shall not be considered agents or employees of the Department.

10.2 NON-EXCLUSIVE AUTHORITY

This Agreement is non-exclusive, and the Department may, without limitation and without recourse from the SDR, take any action or utilize its own personnel or contractors to perform any duties assigned to the SDR. In such an event, the Department shall provide notice by any method to the SDR of the action taken or the duties performed.

10.3 SOLE BENEFIT

This Agreement is for the sole benefit of the parties to this Agreement, and in no event will this Agreement be considered to be for the benefit of any third party, except as expressly provided herein. This Agreement does not and is not intended to confer any rights or remedies upon any person other than the parties. If the SDR subcontracts, the SDR will specifically disclose that this Agreement does not create any third party rights. Further, no third parties shall rely upon any of the rights and obligations created under this Agreement.

10.4 ASSIGNMENT

Unless otherwise required by law, the SDR shall not sell, assign or transfer any of its rights, duties or obligations under the Agreement, or under any purchase order issued pursuant to this Agreement, without the prior written consent of the Department. In the event of any assignment, the SDR remains jointly and severally liable with the assignee for performance of the Agreement, unless the Department expressly modifies, waives, or discharges the SDR from such liability. The Department may assign the Agreement with prior written notice to the SDR of its intent to do so.

10.5 CHANGE OF OWNERSHIP

In the event of any change of ownership of SDR or a change of its officers or directors, the SDR shall immediately inform the Department. The SDR shall be responsible for demonstrating, to the Department's satisfaction, that such change will not adversely impact the performance of the SDR's duties. If the Department determines that such change will adversely impact the performance of the SDR's duties, the Department may terminate this Agreement as provided in Paragraph 14.2.

10.6 USE OF SUBCONTRACTORS

a. The SDR may not subcontract any of the services required under this Agreement to any persons or entities not listed on Exhibit "B" without the prior written consent of the Department. Subcontractors must comply with all applicable requirements of this Agreement. The SDR is prohibited from conveying, assigning or otherwise disposing of its rights or obligations under this Agreement to any other person, corporation or entity without the previous consent and written approval of the Department.

b. The SDR will ensure that the services rendered by any subcontractors comply with all requirements of this Agreement as if such services were rendered by the SDR. The use of subcontractors does not relieve the SDR of their responsibility and obligation to meet all the requirements of this Agreement.

c. The SDR must provide the Department with a copy of any subcontractor agreements upon execution of the subcontractor agreement.

XI. MERGER AND SAVINGS CLAUSE

11.1 ENTIRE AGREEMENT

This Agreement, including the attached exhibits and addenda, constitutes the entire Agreement of the parties, and the parties expressly agree that this Agreement supersedes any other contract, or agreement or understanding between them with respect to the Receivership.

11.2 AMENDMENTS

a. Exhibits "A" and "C" may be amended by the Department as provided herein. Otherwise, this Agreement, including its Exhibits, can be modified only by a written amendment signed by both parties. The SDR acknowledges and agrees that this Agreement cannot be altered by the filing of any document with the Court, or any cost-benefit analysis submitted to the Department. This Agreement may not be amended so as to conflict with the laws of the State of Florida. To the extent the laws of the State of Florida require the Department to include additional language in this Agreement, the SDR agrees to amend this Agreement, and to cooperate in the execution of any contract amendments necessary to effectuate such state law.

b. A change of Contract Managers by either the Department or the SDR does not require a written amendment to the contract.

11.3 SEVERABILITY

If a court of competent jurisdiction deems any term or condition herein void or unenforceable, the other provisions are severable to that void provision and shall remain in full force and effect.

XII. RIGHTS AND REMEDIES

12.1 CONTROLLING LAW

This Agreement is governed by and construed in accordance with the laws of the State of Florida. Venue for any action or proceeding related to or arising out of this Agreement shall be proper only in Leon County, Florida. The SDR agrees that jurisdiction is proper in Leon County for any actions or proceedings related to or arising out of this Agreement.

12.2 WAIVER

The execution of this Agreement by the Department or any other conduct of any representative of the Department relating to this Agreement shall not be considered or construed as a waiver of immunity or of any rights, privileges, defenses or immunities available to the Department. A delay in the enforcement of any rights by the Department will not constitute a waiver of such rights or a basis for estoppel. The Department does not waive any rights, privileges, defenses or immunities that are not stated in this Agreement.

12.3 REMEDIES

The Department expressly reserves the right to pursue any available remedies, in law or equity, for any breach or violation of any terms and conditions of this Agreement.

12.4 FORCE MAJEURE

The SDR shall not be responsible for delay resulting from its failure to perform if neither the fault nor the negligence of the SDR or SDR Staff contributed to the delay and the delay is due directly to acts of God, wars, acts of public enemies, strikes, fires, floods, or other similar cause wholly beyond the SDR's control, or for any of the foregoing that affect subcontractors or suppliers if no alternate source of supply is available to the SDR. In case of any delay the SDR believes is excusable, the SDR shall notify the Department in writing of the delay or potential delay and describe the cause of the delay either (1) within ten days after the cause that creates or will create the delay that first arose, if the SDR could reasonably foresee that a delay could occur as a result; or (2) if delay is not reasonably foreseeable, within 5 days after the date the SDR first had reason to believe that a delay could result. **THE FOREGOING SHALL CONSTITUTE THE SDR'S SOLE REMEDY OR EXCUSE WITH RESPECT TO DELAY.** Providing notice in strict accordance with this paragraph is a condition precedent to such remedy. No claim for damages, other than for an extension of time, shall be asserted against the Department. The SDR shall not be entitled to an increase in the Agreement price or payment of any kind from the Department for direct, indirect, consequential, impacts or other costs, expenses or damages, including but not limited to costs of acceleration or inefficiency, arising because of delay, disruption, interference, or hindrance from any cause whatsoever. If performance is suspended or delayed, in whole or in part, due to any of the causes described in this paragraph, after the causes have ceased to exist the SDR shall perform at no increased cost, unless the Department determines, in its sole discretion, that the delay will significantly impair the value of the Agreement to the Department, in which case the Department may (1) accept allocated performance or deliveries from the SDR, provided that the SDR grants preferential treatment to Department with respect to products subjected to allocation, or (2) purchase from other sources (without recourse to and by the SDR for the related costs and expenses) to replace all or part of the products that are the subject of the delay, which purchases may be deducted from the Agreement quantity, or (3) terminate the Agreement in whole or in part.

12.5 DISPUTE RESOLUTION

In the event that a dispute arises under this Agreement, and if the SDR and the Department are unable to resolve the disputed issues, the parties shall attempt within thirty (30) days to resolve said disputed issues informally. In the event of a failure to informally resolve the disputed issues, the parties agree to engage in mediation before a certified Second Judicial Circuit Court mediator selected by the parties. If no agreement can be reached between the parties as to a mediator, the parties agree to use a mediator chosen by receivership court. The SDR shall pay its costs for the mediation from its own funds and not from receivership [estate] funds. Such mediation shall be a pre-requisite to and condition of the filing of any complaint or petition regarding the disputed issues in any court having original jurisdiction located in Leon County, Florida.

XIII. CONSTRUCTION

13.1 HEADINGS

The section and paragraph headings used herein are descriptive only, and shall have no legal force or effect.

13.2 CONFLICTS

This Contract and any referenced attachment or other addendum embodies the entire agreement of the parties. This Contract supersedes all previous oral or written communications, representations, or agreements on this subject. In any conflict between this Contract and any referenced or attached addendum and exhibits, the terms and conditions of this Contract shall take precedence and govern.

XIV. COMMENCEMENT AND TERMINATION

14.1 EFFECTIVE DATE

Appointment as Special Deputy Receiver shall be effective on the date the court approves this Agreement. If SDR fails to obtain a bond as required herein or otherwise fails to qualify as the SDR, this Agreement will be terminated, unless the Department permits an extension of the date by which the SDR is required to obtain a bond.

14.2 TERMINATION BY DEPARTMENT

In the Department's sole discretion, the Department may terminate this Agreement with 30 days' written notice, with or without cause, and without penalty to the Department. This Agreement may also be terminated immediately by the Department in the event that the law governing the terms of this Agreement is amended so as to make this Agreement unenforceable or unnecessary.

14.3 TERMINATION BY MUTUAL CONSENT

If the Department and the SDR consent to the termination in writing, this Agreement shall terminate at a time agreed upon by the parties.

14.4 TERMINATION BASED ON INSUFFICIENCY OF FUNDS

If the SDR demonstrates to the Department's satisfaction that the assets of the Receivership are insufficient to permit the SDR to administer the estate, and the Department determines that funds for the payment of expenses should not be advanced in accordance with § 631.141(9)(b), or are not available from any other sources, this Agreement may be terminated. Unless otherwise agreed upon by the parties, the termination shall be effective thirty (30) days after the Department determines that an insufficiency of assets exists.

14.5 TERMINATION BY SDR

The SDR may terminate this Agreement for reasons other than those described in Paragraph 14.3 or Paragraph 14.4 by providing written notice to the Department. In such an event, the Agreement shall terminate thirty (30) days after such notice unless otherwise agreed upon by the parties. In the event the SDR terminates this Agreement under this Paragraph, the provisions of Paragraphs 15.1 - 15.5 will apply.

14.6 RETURN OF PROPERTY UPON TERMINATION

In the event that this Agreement is terminated prior to the SDR's completion of its duties under this Agreement, the SDR, at its sole expense, will immediately deliver all books, records, accounts and assets of the Receivership to the Department, including all records created or maintained by the SDR in connection with the services provided under this Agreement.

14.7 TERMINATION UPON COMPLETION OF DUTIES

Unless terminated as otherwise specified herein, this Agreement will remain in effect until 1) the SDR has obtained a Court order closing the Receivership and discharging the SDR and Department, and 2) all records or other assets of the Receivership have been delivered to the Department.

14.8 REIMBURSABLE EXPENSES AFTER TERMINATION

In the event that this Agreement is terminated prior to the entry of an order closing the Receivership and discharging the SDR and Department, the SDR shall be entitled to payment as provided in this paragraph. Fees and expenses incurred before the effective date of termination shall be handled in accordance with Paragraph IV of this Agreement. The SDR may be reimbursed only for the following fees and expenses incurred after the effective date of termination:

a. Reasonable and necessary fees and expenses for services requested by the Department.

b. Reasonable and necessary expenses incurred in transferring any records or other assets to the Department if the termination is made by the Department.

Any fees or expenses described in Subparagraphs A and B above shall be subject to the review and approval by the Department. The SDR shall not be entitled to reimbursement for any other fees and expenses incurred after the effective date of termination. The SDR shall be responsible for any legal expenses it incurs in connection with a termination of this Agreement.

14.9 CONTINUING OBLIGATIONS AFTER TERMINATION

Termination of this Agreement does not terminate the following obligations:

a. The delivery of all books, records, accounts and assets; and

b. Continued Performance. Each party agrees to continue performing its obligations under this Agreement while a dispute under section 12.5 is being resolved, except to the extent the issue in dispute precludes performance (dispute with the Department over compensation shall not be deemed to preclude performance) and without limiting either party's rights to terminate this Agreement for convenience or default.

c. The respective obligations of the parties, which by their nature would continue beyond the termination or expiration of this Contract, including without limitation, the obligations regarding confidentiality, proprietary interests, post-termination reimbursements, Exit Transition Services, records retention, public records, and provision of tail or continuing insurance coverage will survive termination, cancellation, or expiration of this Contract.

d. Professional liability, errors and omissions policy appropriate tail (or extended reporting) professional liability coverage as required in section 13.9 for the pertinent statute of limitations time period after the primary claims made coverage expires.

XVI. NOTICES

15.1 NOTICES AND COMMUNICATIONS

The SDR shall direct all communications in connection with its duties under this Agreement to the designated Department's Contract Manager, or as otherwise directed.

Unless otherwise provided in this Agreement or by the Department, all notices required under this Agreement shall be in writing and sent by hand delivery, facsimile, electronic mail, or United States mail, postage paid, and addressed as follows:

Name & Address of SDR

Donald F. Roof
Examination Resources, LLC
20 10th Street NW, Suite 803
Atlanta, GA 30300-3867
Phone: (770) 363-0425
Email: donroof@examresources.net

Toma Wilkerson
Division of Rehabilitation and Liquidation
325 John Knox Road, The Atrium Building, Suite 101
Tallahassee, Florida 32303
Phone: (850) 413-4477
Fax: (850) 413-3992
Email: Toma.Wilkerson@MyFloridaCFO.com

Each party to this Agreement will notify the other of any changes in its mailing address.

IN WITNESS WHEREOF, the Department and the SDR have caused this Agreement to be executed on the date indicated below.

Ronald L. Wilhers Date: 3/3/22

The Florida Department of Financial Services, as Receiver
of Avatar Property & Casualty Insurance Company

Donald F Roof Date: 3/3/22

Examination Resources, LLC
As Special Deputy Receiver of
Avatar Property & Casualty Insurance Company

SPECIAL DEPUTY RECEIVER AGREEMENT
EXHIBIT "A"

STANDARDS OF PERFORMANCE AND DELIVERABLES

In performing its obligations under the Special Deputy Receiver Agreement, the SDR and the SDR Staff shall comply with the following standards. The Department may unilaterally amend these standards of performance in conformity with applicable statutes or rules, and with the written policies or procedures established by the Department. If any of the tasks described herein are not applicable or required, the SDR shall advise the Department prior to the deadline for performing the task. The SDR shall not be responsible for any actions required by the Standards of Performance that have been completed prior to appointment.

A. General Conduct

1. The SDR and SDR Staff shall comply with all terms of the Special Deputy Receiver Agreement, the Insurers Rehabilitation and Liquidation Act, and all applicable federal, state and local laws, regulations, and ordinances.

2. The SDR and SDR Staff shall comply with the Department's Standards of Ethics and Conduct for Special Deputy Receivers.

3. The SDR and SDR Staff shall conduct themselves in a professional manner in connection with the work performed under the Special Deputy Receiver Agreement and shall deal with all interested parties and the public in a courteous manner.

4. The SDR shall promptly handle claims filed against the Receivership, and, if a Guaranty Association becomes responsible for paying covered claims, shall promptly refer claims that may be covered to the appropriate Guaranty Association for processing.

5. The SDR shall promptly identify and collect assets belonging to the Receivership in a cost effective manner.

6. The SDR shall timely investigate any potential claims that the Receivership may have against responsible parties.

7. The SDR shall take necessary action to complete tasks in compliance with the applicable statute of limitations and within the timelines approved by the Department, and identify and address any issues that might delay or impede the completion of such tasks.

8. The SDR shall provide complete and accurate information in all applications, reports, cost-benefit analyses and responses, and shall submit such documents in a timely manner or by the deadlines designated by the Department's Contract Manager.

9. The SDR shall inform the Department of developments or material changes in status in the Receivership in a timely manner, and shall promptly advise the Department of any situations requiring approval.

10. The SDR shall be thoroughly prepared for, and ensure all of its sub-contractors and experts are thoroughly prepared for all case management conferences, hearings, status conferences, depositions, and any other activity regarding the Receivership or any litigation related to the Receivership.

11. The SDR shall assign tasks to SDR Staff qualified to perform the task at the lowest billing rate.

12. The SDR shall monitor the time billed by SDR Staff and subcontractors to ensure that tasks are performed in a cost-effective manner.

13. The SDR shall review all invoices submitted by SDR Staff, and ensure that charges conform to the rates allowed in the Special Deputy Receiver Agreement.

14. The SDR shall maintain detailed billings for all amounts charged, and adopt and implement the accounting and reporting systems required by the Department.

15. The SDR shall maintain all records in accordance with Chapter 631, Florida Statutes, and the Records Retention Policy promulgated by the Department, and shall review, categorize, and purge records in a timely manner, as appropriate.

16. The SDR shall promptly notify the Department of any material changes in status or personnel in the SDR's organization.

B. Takeover Activities

The SDR shall perform the following duties within the specified times set forth in this Agreement. Unless otherwise indicated, the time periods commence upon the SDR's appointment. The Department may extend or waive the deadlines, provided that requests for extensions or waivers are submitted in writing and approved prior to the deadline. If a duty has been fully performed prior to the SDR's appointment, the SDR shall verify and report its completion. The SDR shall report the performance of each of the following duties upon completion:

1. Within 24 hours of the SDR's arrival at the company site, the SDR shall establish security of all offices and facilities with active records. If the SDR determines that a security service is necessary, the SDR shall retain a bonded security service. If it is impossible to provide such security within the given time frame, interim security may be established through changing the locks, combinations and key card access to prevent entry onto the premises of such offices and facilities and to provide for safekeeping of assets.

2. Within 24 hours of the SDR's arrival at the company site, the SDR shall provide a briefing to the company's employees. Such briefing should explain the SDR's role, the receivership process, the status of the proceeding, the procedures for handling company functions, and other relevant subjects.

3. Within 24 hours the SDR shall assess the IT environment to assure that all electronic records are secure, that external access has been terminated and that an initial backup of all records is completed and stored in a secure off-site location.

4. Within 24 hours the SDR shall terminate any practices to over-write or otherwise obliterate computer backup media.

5. Within 48 hours, the SDR must make an application for the bond and shall submit evidence of the bond to the Department within 10 business days as required in Section 3.8 of this Agreement.

6. Within 48 hours, the SDR shall identify, locate, inventory and secure all liquid assets and securities owned by the company, including but not limited to cash and investment accounts, stocks, bonds, options, and Certificates of Deposit.

7. Within 48 hours, the SDR shall deliver a copy of the receivership order to all banks maintaining company accounts, and convert signature card authorizations to designated Department's staff.

8. Within 48 hours, the SDR shall establish procedures approved by the Department to respond to inquiries from interested parties (e.g., policyholders, creditors, and legal counsel) or the general public. All press inquiries should be directed to the Department's Press Office.

9. Within 48 hours, the SDR shall determine the cash needs of the company and whether any existing accounts that are to remain open are sufficient to continue the payment of anticipated expenses.

10. Within 48 hours, the SDR will establish an operating account for the Receivership.

11. Within 72 hours, the SDR shall identify and cancel all unprocessed claim drafts and examine associated claim files.

12. Within 72 hours, the SDR shall make application or verify all insurance coverage (e.g., commercial liability, theft, fire, auto, etc.,) reasonably necessary to insure all receivership property, including valuable documents, against risk of loss, and provide the Department with evidence of such insurance coverage within 10 business days.

13. Within 72 hours, the SDR shall review the company website to determine whether it provides accurate and current information, and make changes if appropriate. The SDR shall ensure that the company's website contains accurate and current information at all times.

14. Within 5 business days the SDR shall provide notices pursuant to Section 631.341, F.S.

15. Within 5 business days, the SDR shall review the company's existing controls and procedures for processing and paying claims, reserve methodology, performing mandatory CMS Secondary Payor Reporting, collecting reinsurance, agents' balances, and other receivables, and handling litigation. The SDR shall address any substantive deficiencies in such procedures.

16. Within 5 business days, the SDR shall notify all affected Guaranty Associations of the Liquidation Order and if applicable, begin coordination and mapping of the company's policy and claims systems data using UDS format as described in the NAIC UDS Operations Manual. UDS

submission includes but is not limited to, UDS A, G, F, I, B, C, and D records. Completed transmission to the Guarany Funds shall occur within 30 days unless approved by the Department.

17. Within 10 business days, the SDR shall identify and document all loans to principal parties, policy loans, real estate and mortgage loans or other loans made or held by the company.

18. Within 10 business days, the SDR shall arrange for appropriate background checks necessary to comply with the Department's Standards of Ethics and Conduct for Special Deputy Receivers.

19. Within 10 business days, the SDR shall identify any litigation in which the Company or an insured is a party. The SDR shall ensure that any critical deadlines are met, if applicable.

20. Within 10 business days, the SDR shall review the qualifications of company staff and staffing needs, and make a recommendation to the Department regarding the retention or dismissal of employees.

21. Within 10 business days, the SDR shall deliver a copy of the Receivership order to all vendors of goods and services to the company.

22. Within 10 days the SDR shall establish a website for the Receivership, and shall add a link from the company website to the SDR's website.

23. Within 10 calendar days of the date of liquidation of the Receivership, as required by the Liquidation Order and/or Chapter 631, Florida Statutes, the SDR shall publish notice specifying the time and place fixed for the filing of claims once each week for three consecutive weeks in the Florida Administrative Register published by the Florida Secretary of State; at least once in the Florida Bar News, and in all states where the Company may have issued insurance policies, using methods of publication similar to those being used in Florida.

24. Within 14 business days, the SDR shall inventory fixtures, furniture, and equipment (FF&E) and determine the ownership interest in all FF&E.

25. Within 30 days, the SDR shall inventory claim files, and segregate pending claim files, litigation files and data for transfer to the appropriate Guaranty Association and make recommendations for storage or destruction as applicable.

26. Within 30 days, the SDR shall provide notice of the Receivership to all parties in litigation in which the Company or an insured is a party.

27. Within 30 days, the SDR shall review, analyze and document all reinsurance and agency agreements.

28. Within 30 days, the SDR shall review and document all company leases and contracts and determine appropriate action.

29. Within 30 days, the SDR shall assess the need for one or more property-management contracts for real estate.

30. Within 30 days, the SDR shall enter into a mortgage loans servicing contract for company owned mortgage loans.

31. Within 30 days, the SDR shall make a preliminary determination of any missing assets, preferential transfers, illegal transactions, fraud or malfeasance regarding the company.

32. Within 45 days, the SDR shall bring the company's financial statements current to the date of receivership and shall provide the Department with an initial inventory of assets as of the date of receivership.

33. Within 45 days, the SDR shall reconcile all agent balances and reinsurers for outstanding amounts due, and arrange to make written demand for payment.

34. Within 60 days, the SDR shall identify non-liquid assets and provide documentation of each asset including maturity dates and develop a plan for marshalling and converting these assets.

35. Within 60 days, the SDR shall appraise all company owned Furniture Fixtures & Equipment that is not needed for Company operations.

36. Within 60 days, the SDR shall complete a marketing plan for all real estate. Unless approved in writing by the Department prior to sale, the sales price shall not be less than 90 percent of the appraised value of the real estate sold as established by an independent appraisal authorized by the SDR.

37. Within 60 days the SDR shall submit financial and management reports as required by the Department and monthly thereafter.

38. Within 60 days, if the receivership date and if the receivership order does not specify a claims-filing deadline, the SDR shall file an application with the Receivership Court to set a claims-filing deadline which should be no later than 18 months after the liquidation order, unless extended by the Receivership Court.

39. Within 90 days after the entry of the initial receivership order, the SDR shall file financial reports with the Receivership Court, unless extended by the Department.

40. Within 90 days after entry of the initial receivership order, the SDR shall file a receivership plan with the Department, unless extended by the Department.

41. The SDR shall vacate the company's premises, appraise and dispose of all remaining FF&E, return leased FF&E, and transfer the company books and records to the SDR's offices, or otherwise dispose or transfer the records, with the Department's approval. If the SDR determines that relocation is not feasible within three (3) months, the SDR shall provide the Department with a cost-benefit analysis of maintaining the company's operations, and a timeline for transferring the company books and records.

C. Administrative Activities

The SDR shall perform the following duties within the specified times:

1. The SDR shall review invoices within 14 days of submission to determine if they are reasonable and comply with the terms of the SDR Agreement and any policies of the Department and approve them for payment. Within 20 days of submission, the SDR will submit a request to the Department to fund a designated account for invoice payments. Such request shall include summary of invoices by vendor in a form approved by the Department. The SDR shall pay all approved invoices within 40 days of the date of the invoice and submit copies of the invoices to the Department in the monthly report of the Receivership's activities.

2. The SDR shall provide all information requested by the Department within 5 days, unless the Department specifies a different deadline.

3. The SDR shall prepare and submit cost-benefit analysis to the Department on all proposed activities involving anticipated costs of $10,000 or more, or the sale is comprised of assets in excess of $10,000 or other amount as directed by the Department. The cost-benefit analysis is due as soon as practicable before the filing of any application or performance of the activity and must allow for sufficient time for review and approval by the Department. The cost-benefit analysis should provide an explanation for any material discount or compromise on the collection of the asset.

4. The SDR shall file a motion to approve any increase in compensation and expenses, along with the proposed increases as required by § 631.141(9), Florida Statutes within 10 days of approval by the Department.

5. The SDR will promptly update the Fee Schedule, (Exhibit "B") to the Special Deputy Receiver Agreement, when required and will not allow billing for any staff or firm that has not been expressly approved by the Department and listed in the Fee Exhibit.

6. The SDR shall submit drafts of any pleadings to the Department at least 7 days before the proposed filing date. An initial draft of the Final Report, including a closing budget and exhibits, shall be submitted at least thirty (30) days before the proposed filing date with a final draft submitted at least fourteen (14) days prior to anticipated filing.

7. The SDR shall submit a financial statement and a monthly report of the Receivership's activities to the Department no later than the 15th day of each month, unless otherwise adjusted by the Department. These reports shall be filed in a format approved by the Department.

8. The SDR shall file a financial report under Rule 1.620, Florida Rules of Civil Procedure on a quarterly basis, or as otherwise ordered by the Receivership Court. The report shall be filed on the 15th day of the month following the end of the quarter, or as otherwise ordered by the Receivership Court.

9. Within 120 days after the liquidation order and at least semi-annually after that, the SDR must make a recommendation to the Department regarding early access distributions and if approved, file a motion requesting court approval.

10. The SDR shall submit a report on claims settled or determined under Section 631.182, F.S. to the Receivership Court for approval in intervals as determined by the Department.

11. The SDR shall identify and index all records that are required for retention after the closing of the receivership no less than thirty (30) days before the proposed date to file the Final Report.

SPECIAL DEPUTY RECEIVER AGREEMENT - EXHIBIT "B"

Fee Schedule

NAME	POSITION	HOURLY RATE
Don Roof	Special Deputy Receiver	$ 200
Mark Ossi	Receivership Manager	$ 155
Bradley Hazelwood	Accounting Manager	$ 155
Bryan Fuller	Reinsurance Manager	$ 155
Steve Sigler	IT Manager	$ 155
Greg Hawkins	Claims/Underwriting Manager	$ 155
Steve Stephan	Attorney	$ 155
Stacy Kalberman	Attorney	$ 155
Jenny Jeffers	IT Specialist	$ 150
James Gowins	IT Specialist	$ 150
Kevin Kpedi	IT Specialist	$ 150
Sean Walsh	Forensic Accountant	$ 165
Susan Heath	Accounting Supervisor	$ 120
Chase Davis	Senior Staff Accountant	$ 100
Chris DiBona	Senior Staff Accountant	$ 100
Joey Maggio	Staff Accountant	$ 90
	Administrative	$ 50

SPECIAL DEPUTY RECEIVER AGREEMENT
EXHIBIT "C"

STANDARDS OF ETHICS AND CONDUCT FOR SPECIAL DEPUTY RECEIVERS

The Special Deputy Receiver (the "SDR") acts on behalf of, the Florida Department of Financial Services in its capacity as Receiver. An SDR must conduct itself at all times in a manner that promotes the utmost public confidence in its integrity, impartiality and professionalism. These Standards of Ethics and Conduct are established to provide an SDR, its employees and subcontractors with guidelines for their conduct in relation to their Receivership responsibilities.

The SDR and the SDR's employees and subcontractors must conduct themselves in accordance with these Standards of Ethics and Conduct. An SDR's breach of any of these Standards of Ethics and Conduct may subject the SDR to dismissal, at the Department's discretion. In the event that an SDR's employee or subcontractor breaches any of these Standards of Ethics and Conduct, they may be prohibited from providing services to a receivership, at the Department's discretion. The SDR must make a reasonable effort to determine that its employees and subcontractors conduct themselves in accordance with these Standards of Ethics and Conduct.

The following activities by an SDR, or an SDR's employees or subcontractors, constitute a potential breach of these Standards of Ethics and Conduct:

1. Any conviction of, or plea of guilty or nolo contendere to: (a) a felony; (b) a misdemeanor involving embezzlement, theft, larceny, fraud, or similar crime, (c) a violation of any securities law or insurance law, or (d) any other crime involving moral turpitude.

2. Any finding by a court of fraud, breach of fiduciary duty, bad faith, conversion, or any other similar action.

3. Any entry of a civil judgment or imposition of fines or penalties in an action brought by a governmental entity against: (a) the person or (b) a business in which the person is, or was at the relevant time, an owner or principal.

4. Any situation that could create an appearance of impropriety or cast doubt on the integrity, impartiality and professionalism of the person, including any personal conduct involving or affecting the subject matter of the person's duties.

5. Any actual or potential conflict of interest with the Department.

   In the event that any actual or potential conflict of interest occurs or becomes known to the SDR, the SDR must immediately make full disclosure, which may include an explanation of any mitigating factors and circumstances the SDR believes should be taken into consideration.

   The Department reserves the right to determine whether any situation renders an SDR unfit to serve, or represents an actual or potential conflict of interest that cannot be waived. These Standards of Ethics and Conduct shall not be construed as a waiver of any legal remedies available to the Department.

SDR'S ATTESTATION

I have read the above Standards of Ethics and Conduct and understand my obligation to follow them.

Donald F Roof
Name

3/3/22
Date

SPECIAL DEPUTY RECEIVER AGREEMENT
EXHIBIT "D"

DEPARTMENT'S TRAVEL GUIDELINES

1. General Provisions

A. Scope of Policy

The term "travel expenses" as used in this Policy, shall refer to expenses for transportation, meals, lodging and other acceptable expenses.

B. Applicability of Policy

This Policy is applicable to the SDR, its staff and subcontractors.

C. Payment of Travel Expenses

Travel expenses which are reasonable and necessary to fulfill the SDR's duties may be reimbursed from the receivership estate as set forth herein. The SDR's compliance with this policy is a prerequisite to obtaining reimbursement for expenses.

2. Travel Expenses Permitted

A. Routine Travel Expenses

Reasonable routine travel expenses are allowable, subject to the terms of this Policy. The term "routine travel" as used herein shall include travel to hearings, status conferences, SDR conferences, and meetings with the Department's representatives. Travel expenses must receive prior written approval.

The SDR shall minimize travel expenses to the company's office through proper planning and coordination. The administration of the Receivership from the company's offices may continue, subject to Department's prior written approval, until the administration can be transferred to the SDR's office.

Travel expenses will be reimbursed by the Department with submission of proper documentation and actual receipts. In complying with section 112.061, Florida Statutes, these Billing & Travel Guidelines may have additional requirements than those listed in the statute. Such expenses are subject to the following requirements:

- The Department's Division Director or Assistant Division Director must approve all travel taken on behalf of the Department in advance, in each instance, with no exceptions.
- Airfare for travel is coach class only. Any necessary change in traveler or flight changes require prior written authorization by the Contract Manager of the estate.

Per Diem and Subsistence reimbursement:

- "Class A Travel": Continuous travel of 24 hours or more away from official headquarters as defined in *Section 112.061, F.S.*
- "Class B Travel": Continuous travel of less than 24 hours that involves overnight absences from official headquarters as defined in *Section 112.061, F.S.*
- "Class C Travel": Travel for short or day trips that do not involve overnight absences from official headquarters as defined in *Section 112.061, F.S.* A traveler shall not be reimbursed on a per diem basis for Class C travel, but shall receive subsistence as provided in this section, which allowance for meals shall be based on the following schedule:
    1. Breakfast—when travel begins before 6 a.m. and extends beyond 8 a.m.
    2. Lunch—when travel begins before 12 noon and extends beyond 2 p.m.
    3. Dinner—When travel begins before 6 p.m. and extends beyond 8 p.m., or when travel occurs during nighttime hours due to special assignment.
- An authorized traveler who is on Class A or B travel can elect to be reimbursed for the actual out-of-pocket expenses for lodging instead of per diem, subject to the limitations imposed by Section 112.061, F.S., and any others herein, whichever would result in lower cost.
- Meals for travel: allowance up to $36.00 per day based on a "full" day of travel. "Full" day means travel beginning before 6 a.m. and extending beyond 8 p.m. (Breakfast: $6, Lunch: $11 and Dinner: $19).
- "Mileage: 44.5 cents per mile in private vehicle (if travel reimbursement provision is contained in contract) for authorized travel. Private vehicles may be utilized for travel only when the use of a rental car is not feasible, and must be approved in advance by the Department.
- Rental car: Travelers are required to use "Compact" rental vehicles. Travelers will not be reimbursed for use of a car larger than the "Compact" on the rental car contract because of the size or stature of the individual unless the requirements of the ADA are met. Any upgrade to a rental car class other than "Compact" must be justified in writing as the most economical and efficient method based on the number of persons traveling together and/or the amount of equipment being transported and submitted with the travel reimbursement voucher.
- Hotels: not to exceed $175.00 per night for Florida accommodations. Prior written approval must be provided to justify hotel rates that exceed $175 per night. (room rate only). Out-of-state travel for hotels will vary depending on location of travel and must be approved in advance by the Department.
- Cabs, tolls, and standard garage parking. **(Valet parking rates and tips are not reimbursable.)**

Those items listed above are general travel expenses reimbursed by the Department for travel. Other travel expenses may be paid, but only with prior written authorization by the Department to incur the expense.

Clear, original receipts are required for all expenses over $1.00. Credit card statements are not acceptable.

3. Prohibited Travel Expenses

A. Commuting to SDR's Office

The SDR shall not be reimbursed for travel from a place of residence to the SDR's office.

B. Conferences and Seminars

With the exception of SDR conferences and any other conferences expressly approved in writing by the Department, the SDR will not be reimbursed for any travel expenses to conferences and seminars.

In the event that an SDR retains an employee or subcontractor who will require travel over an extended period of time, the SDR may include the cost of the travel in the cost-benefit analysis for the project.

C. Billing for Travel Time

All travel time during which work is not actually being performed may not be billed at more than half the hourly rate.

D. Audit of Travel Expenses

The Department will audit SDR invoices for compliance with the foregoing guidelines. If the need for reduction or disallowance of any of the entries is found, the SDR will be notified. Failure to supply the documentation required by these guidelines may result in the delay, disallowance of payment, and/or rejection of the invoice. The guidelines were developed to aid the Department in monitoring the efficiency, progress and expense of contracted SDR services.

Reasons for **disallowance of payment** include, but are not limited to the following:

1. Lack of adequate invoice supporting documentation, such as clear, original receipts.
2. Duplication
3. Lack of prior approval for travel.
4. Travel time billed at more than half the hourly rate.
5. Travel expense incurred between offices without prior written approval.
6. Invoice for services rendered or reimbursable expenses incurred submitted to the Department ninety (90) days or more from the date services were rendered or reimbursable expense was incurred.

DEPARTMENT OF FINANCIAL SERVICES
Public Records Requirements

Addendum A

1. **Public Records Access Requirements.**

a. If the Contractor is acting on behalf of the Department in its performance of services under the Contract, the Contractor must allow public access to all documents, papers, letters, or other material, regardless of the physical form, characteristics, or means of transmission, made or received by the Contractor in conjunction with the Contract (Public Records), unless the Public Records are exempt from public access pursuant to section 24(a) of Article I of the Florida Constitution or section 119.07(1), F.S.

b. The Department may unilaterally terminate the Contract if the Contractor refuses to allow public access to Public Records as required by law.

2. **Public Records Requirements Applicable to All Contractors**.

a. For purposes of the Contract, the Contractor is responsible for becoming familiar with Florida's Public Records law, consisting of chapter 119, F.S., section 24(a) of Article I of the Florida Constitution, or other applicable state or federal law (Public Records Law).

b. All requests to inspect or copy Public Records relating to the Contract must be made directly to the Department. Notwithstanding any provisions to the contrary, disclosure of any records made or received by the State in conjunction with the Contract is governed by Public Records Law.

c. If the Contractor has a reasonable, legal basis to assert that any portion of any records submitted to the Department is confidential, proprietary, trade secret, or otherwise not subject to disclosure ("Confidential" or "Trade Secret") under Public Records Law or other legal authority, the Contractor must simultaneously provide the Department with a separate redacted copy of the records the Contractor claims as Confidential or Trade Secret and briefly describe in writing the grounds for claiming exemption from the Public Records Law, including the specific statutory citation for such exemption. The un-redacted copy of the records must contain the Contract name and number and must be clearly labeled "Confidential" or "Trade Secret." The redacted copy of the records should only redact those portions of the records that the Contractor claims are Confidential or Trade Secret. If the Contractor fails to submit a redacted copy of records it claims are Confidential or Trade Secret, such action may constitute a waiver of any claim of confidentiality.

d. If the Department receives a Public Records request, and if records that have been marked as "Confidential" or "Trade Secret" are responsive to such request, the Department will provide the Contractor-redacted copies to the requester. If a requester asserts a right to the portions of records claimed as Confidential or Trade Secret, the Department will notify the Contractor that such an assertion has been made. It is the Contractor's responsibility to assert that the portions of records in question are exempt from disclosure under Public Records Law or other legal authority. If the Department becomes subject to a demand for discovery or disclosure of the portions of records the Contractor claims as Confidential or Trade Secret in a legal proceeding, the Department will give the Contractor prompt notice of the demand, when possible, prior to releasing the portions of records the Contractor claims as Confidential or Trade Secret (unless disclosure is otherwise prohibited by applicable law). The Contractor shall be responsible for defending its determination that the redacted portions of its records are Confidential or Trade Secret. No right or remedy for damages against the Department arises from any disclosure made by the Department based on the Contractor's failure to promptly legally protect its claim of exemption and commence such protective actions within ten days of receipt of such notice from the Department.

e. If the Contractor claims that the records are "Trade Secret" pursuant to section 624.4213, F.S., and all the requirements of section 624.4213(1), F.S., are met, the Department will respond to the Public Records Request in accordance with the provisions specified in that statute.

f. The Contractor shall ensure that exempt or confidential and exempt Public Records are not disclosed except as permitted by the Contract or by Public Records Law.

3. Additional Public Records Duties of Section 119.0701, F.S., If Applicable.

If the Contractor is a "contractor" as defined in section 119.0701(1)(a), F.S., the Contractor shall:

a. Keep and maintain Public Records required by the Department to perform the service.

b. Upon request, provide the Department with a copy of requested Public Records or allow the Public Records to be inspected or copied within a reasonable time at a cost that does not exceed the cost provided in chapter 119, F.S., or as otherwise provided by law.

c. Ensure that Public Records that are exempt or confidential and exempt from Public Records disclosure requirements are not disclosed except as authorized by law for the duration of the Contract term and following completion of the Contract if the Contractor does not transfer the Public Records to the Department.

d. Upon completion of the Contract, transfer, at no cost, to the Department all Public Records in possession of the Contractor or keep and maintain Public Records required by the Department to perform the service. If the Contractor transfers all Public Records to the Department upon completion of the Contract, the Contractor shall destroy any duplicate Public Records that are exempt or confidential and exempt from Public Records disclosure requirements. If the Contractor keeps and maintains Public Records upon completion of the Contract, the Contractor shall meet all applicable requirements for retaining Public Records. All Public Records stored electronically must be provided to the Department, upon request from the Department's custodian of Public Records, in a format specified by the Department as compatible with the information technology systems of the Department. These formatting requirements are satisfied by using the data formats as authorized in the Contract or Microsoft Word, Outlook, Adobe, or Excel, and any software formats the Contractor is authorized to access.

e. **IF THE CONTRACTOR HAS QUESTIONS REGARDING THE APPLICATION OF CHAPTER 119, F.S., TO THE CONTRACTOR'S DUTY TO PROVIDE PUBLIC RECORDS RELATING TO THE CONTRACT, CONTACT PUBLIC RECORDS AT:**

Telephone:	**(850) 413-4408**
Email:	**Rehab.PublicRequest@myfloridacfo.com**
Mailing Address:	**The Department of Financial Services** **Division of Rehabilitation and Liquidation** **Legal Section** **325 John Knox Road, Atrium Building** **Suite 101** **Tallahassee, Florida 32303**

A Contractor who fails to provide the Public Records to the Department within a reasonable time may be subject to penalties under section 119.10, F.S.

DEPARTMENT OF FINANCIAL SERVICES
Data Security Requirements

Version 1

4. **Data Security.**
The Contractor, its employees, subcontractors, and agents, shall comply with Rule Chapter 60GG-2, Florida Administrative Code (F.A.C.), which contains information technology (IT) security procedures and requires adherence to the Department's security policies, the relevant parts of which are contained herein, in performance of this Contract. The Contractor shall provide immediate notice to the Department's Information Security Office, within the Office of Information Technology, in the event it becomes aware of any security breach or any unauthorized transmission or loss of any or all of the data collected, created for, or provided by the Department (State Data). Except as required by law or legal process, and after notice to the Department, the Contractor shall not divulge to third parties any Confidential Information obtained by the Contractor or its agents, distributors, resellers, subcontractors, officers, or employees in the course of performing Contract work according to applicable rules, including, but not limited to, Rule Chapter 60GG-2, F.A.C. "Confidential Information" means information in the possession of, or under the control of, the state of Florida (State) or the Contractor that is exempt from public disclosure pursuant to chapter 119, Florida Statutes (F.S.), or to any other applicable provision of State or federal law that serves to exempt information from public disclosure. This includes, but is not limited to, the security procedures, business operations information, or commercial proprietary information in the possession of the State or the Department. The Contractor will not be required to keep confidential any information that is publicly available through no fault of the Contractor, material that the Contractor developed independently without relying on the State's Confidential Information, or information that is otherwise obtainable under State law as a public record.

5. **Data Protection.**
No State Data will be transmitted, processed, or stored outside of the United States of America regardless of method, except as required by law. Access to State Data will only be available to staff approved and authorized by the Department that have a legitimate business need. Access to State Data does not include remote support sessions for devices that might contain the State Data; however, during remote support sessions the Department requires the Contractor to escort the remote support access and maintain visibility of the support personnel's actions. The Contractor shall encrypt all data transmissions containing Confidential Information. The Contractor agrees to protect, indemnify, defend, and hold harmless the Department from and against any and all costs, claims, demands, damages, losses, and liabilities arising from or in any way related to the Contractor's breach of this addendum or the negligent acts or omissions of the Contractor related to this addendum.

6. **Separate Security Requirements.**
Any Criminal Justice Information Services-specific and/or Health Information Portability and Accountability Act-specific security requirements are attached in a separate addendum, if applicable. The Contractor shall develop data security procedures to ensure only authorized access to data submissions by personnel for contracted activities.

7. **Ownership of State Data.**
State Data will be made available to the Department upon its request, in the form and format reasonably requested by the Department. Title to all State Data will remain property of the Department and/or become property of the Department upon receipt and acceptance. The Contractor shall not possess or assert any lien or other right against or to any State Data in any circumstances.