

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report: September 15, 2021  
(Date of earliest event reported)

**FEDNAT HOLDING COMPANY**

(Exact name of registrant as specified in its charter)

Florida	000-25001	65-0248866
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)
14050 N.W. 14th Street, Suite 180 Sunrise, FL	33323	
(Address of principal executive offices)	(Zip Code)	

Registrant's telephone number, including area code: (800) 293-2532

Not applicable

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol</u>	<u>Name of each exchange on which registered</u>
Common Stock	FNHC	Nasdaq Global Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

**Item 7.01. Regulation FD Disclosure.**

On September 15, 2021, Demotech, Inc. issued the press release that is furnished as Exhibit 99.1 to this Current Report on Form 8-K, affirming the financial stability rating of FedNat Holding Company (the “Company”).

On September 15, 2021, the Company issued the press release that is furnished as Exhibit 99.2 to this Current Report on Form 8-K, providing an update to the activities of the Company’s Strategic Review Committee.

**Item 9.01. Financial Statements and Exhibits.**

- (d) Exhibits. The following exhibit index lists the exhibits that are either filed or furnished with this Current Report on Form 8-K.
- 99.1 [Press Release of Demotech, Inc. dated September 15, 2021 \(furnished only\)](#)
- 99.2 [Press Release of Fednat Holding Company dated September 15, 2021 \(furnished only\)](#)
- 104 Cover Page Interactive File (the cover page tags are embedded within the Inline XBRL document).

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

### FEDNAT HOLDING COMPANY

Date: September 15, 2021

By: /s/ Ronald A. Jordan

Name: Ronald A. Jordan

Title: Chief Financial Officer  
(Principal Financial Officer)

# Demotech Affirms the Financial Stability Ratings® of Carriers in the FedNat Holding Company



**Columbus, Ohio, September 15, 2021:** The Financial Stability Ratings® (FSR) of A, *Exceptional*, assigned to FedNat Insurance Company, Maison Insurance Company, and Monarch National Insurance Company have been affirmed by Demotech, Inc. This level of FSR is assigned to insurers who possess exceptional financial stability related to maintaining positive surplus as regards policyholders, sufficient liquidity of invested assets, an acceptable level of financial leverage, reasonable loss and loss adjustment expense reserves (L&LAE) and realistic pricing, to name some critical metrics.

Demotech founder and President, Joe Petrelli, noted that additional information was considered to supplement the Q2 2021 financial statements and operating results. We obtained information through conversations and meetings with executive management that was not available at the time of the most recent statutory financial statements. Given our current understanding of the revisions in corporate business model, in anticipation of the favorable impact of the efforts on the Company's operating plan, the availability of capital, and future operating results, in conjunction with the Company's immediate access to sufficient capital to honor or defend meritorious claims as they come due, including the recent catastrophe losses and loss adjustment expenses, we issue this affirmation of the Financial Stability Ratings® based upon the totality of our review of the June 30, 2021 operating results and actions of management. Any future affirmations will require demonstrable evidence of the impact of the revisions on the company's financial stability.

According to Mike Braun, Chief Executive Officer, FedNat Holding Company, President, FedNat Insurance Company, "The Company has experienced an unprecedented amount of weather related events over the past eighteen months, more than has been experienced in its nearly thirty years of business. FedNat, along with the support of its reinsurance partners, continues to provide quality and timely service to all of our policyholders that have been impacted by this weather. We very much value Demotech's leading financial stability rating expertise that recognizes the challenging environment in which we operate as well as our initiatives to improve future financial results."

Petrelli also stated, "The rigorous, albeit expensive, horizontal reinsurance program purchased by the companies protected stakeholders, particularly claimants. The policyholders of these insurers have been well-served by the catastrophe reinsurance requirements associated with the assignment of a Financial Stability Rating® from Demotech."

## ***About Demotech, Inc.***

Demotech, Inc. is a financial analysis firm specializing in evaluating the financial stability of regional and specialty insurers. Since 1985, Demotech has served the insurance industry by assigning accurate, reliable, and proven Financial Stability Ratings® (FSRs) for Property & Casualty insurers and Title underwriters. FSRs are a leading indicator of financial stability, providing an objective baseline of the future solvency of an insurer. Demotech's philosophy is to review and evaluate insurers based on their area of focus and execution of their business model rather than solely on financial size. Demotech was the first to review and rate independent regional and specialty insurers. Demotech's consistently increasing list of accreditations and acceptances has resulted in rating and reviewing more than 400 insurers operating in the US. Visit [www.demotech.com](http://www.demotech.com) for additional information.

## ***About FedNat Holding Company***

FedNat Holding Company is a regional insurance holding company that controls substantially all aspects of the insurance underwriting, distribution and claims processes through our subsidiaries and contractual relationships with independent agents and general agents. The Company, through its wholly owned subsidiaries FedNat Insurance Company, Maison Insurance Company and Monarch National Insurance Company, is focused on providing homeowners insurance in Florida, Texas, Louisiana, Alabama, South Carolina and Mississippi. More information is available at <https://www.fednat.com/investor-relations>.

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## FEDNAT'S STRATEGIC REVIEW COMMITTEE PROVIDES UPDATE

SUNRISE, FL—September 15, 2021—FedNat Holding Company (NASDAQ:FNHC), (“FedNat” or the “Company”), a regional property and casualty insurance holding company, today provided an update on the activities of its Strategic Review Committee (“SRC”), formed late last year by the Company’s Board of Directors to oversee a review of the Company’s business plan, capital deployment, geographic footprint and long-term strategy to identify strategic alternatives in an effort to create enhanced value for the Company’s stakeholders, in particular its shareholders. The SRC is composed of three of FedNat’s independent directors and has Piper Sandler & Co. as its financial advisor.

Bruce F. Simberg, FedNat’s Chairman of the Board and Chairman of the SRC, said, “Since the creation of the SRC last year, it has met at least weekly with our financial and legal advisors to identify and, if possible, implement strategic transactions. Unfortunately, just as we were beginning our work, 2021 continued 2020’s string of catastrophe losses with an unusually high number of severe weather events, including Winter Storm Uri and several severe convective storms. These added to the significant financial challenges already facing the Company at the end of 2020 – requiring us to raise two rounds of capital totaling approximately \$36 million – and frankly in some ways delaying the SRC’s work.”

Simberg continued, “While our advisors and the SRC have engaged in discussions with numerous potential counterparties, the effects of 2021’s weather understandably caused some to pause. However, as today’s announcement by Demotech confirming our *A-Exceptional* rating illustrates, we believe that we currently possess financial stability related to maintaining positive surplus as regards policyholders, sufficient liquidity of invested assets, an acceptable level of financial leverage, as well as reasonable loss and loss adjustment expense reserves (L&LAE) and updated product pricing. We are indeed grateful that Demotech showed the keen interest and diligence required to understand and appreciate the current status of our business. We look forward to the potential favorable progress that we expect to result from the improvements that we have made in our business model over the last year that are not reflected in our current operating results.”

Simberg continued, “We nevertheless understand that we have a big job to do – in order to maintain that rating, we must continue to demonstrate progress in our business plan and our ability to raise capital as needed. We also continue to explore potential transformative strategic transactions that not only could ensure our ability to honor and defend meritorious policyholder claims when due but also provide value to our shareholders. Our objective, assuming that we receive one or more proposals that merit consideration by us and our shareholders, would be to engage such party or parties to attempt to reach an agreement that could be in place by the end of 2021. Meanwhile, we will continue with our ongoing initiatives to raise rates, reduce our policy counts until rates are adequate, and maintain access to capital sources.”

Simberg added, “We recently have entered into a strategic advisory arrangement with one of our significant shareholders, Steven A. Hale. We invited Steve to attend the SRC and Board meetings and he played a key role in our recent meetings with Demotech.”

Hale said, “I appreciate the Company’s invitation as well as the opportunity to work with the Company, its advisors, and the SRC. My interests are certainly aligned with those of the SRC – to bring the best long-term value to shareholders. During the last few weeks while I have worked with the SRC, I have been impressed with the progress to date and available paths forward, and admire their diligence, dedication and hard work. I am pleased to be a part of these endeavors through both advice and capital, as needed, and look forward to continuing efforts with the SRC.”

Neither the Board nor the SRC has set a specific timetable for conclusion of the strategic review, and the Company does not intend to comment further unless and until the Board has approved a specific course of action or the Company has otherwise determined that further disclosure is appropriate or required by law. There can be no assurance that the strategic review will result in a transaction or other course of action.

### **Notice Regarding Forward-Looking Statements**

This press release contains “forward-looking” statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements involve risks and uncertainties and include statements regarding FedNat’s expectations as to the results of its operational and other business initiatives, its belief that it has opportunities to create shareholder value, and whether the review of strategic alternatives will result in a transaction or other outcome. You can identify these statements by the use of terminology such as “believe,” “will,” “expect,” “anticipate,” “intend,” “could,” “would,” “estimate,” “or “continue” or the other negative variations thereof or comparable terminology or similar forward-looking terms. You should not rely on these forward-looking statements as they involve risks and uncertainties that may cause actual results to vary materially from the forward-looking statements. Factors that might contribute to such differences include, among others, that continuing effects (loss development) of prior weather events, effects of weather events for the remainder of 2021, FedNat’s ability to raise capital when necessary upon acceptable terms, the availability of and FedNat’s ability to procure reinsurance upon acceptable terms; and general economic conditions and changes in laws and regulations. For more information regarding the risks and uncertainties that could cause actual results to differ materially from those expressed or implied in these forward-looking statements, as well as risks relating to FedNat’s business in general, FedNat refers you to the “Risk Factors” section of its Securities and Exchange Commission filings, including its most recent Form 10-K and 10-Q, which are available on the SEC’s website at [www.sec.gov](http://www.sec.gov) and on the Company’s website at [www.fednat.com](http://www.fednat.com). Any forward-looking statements are based on current expectations and FedNat assumes no obligation to update change or revise any forward-looking statement, whether as a result of new information, additional or subsequent developments or otherwise.

**About the Company:**

FedNat is a regional insurance holding company that controls substantially all aspects of the insurance underwriting, distribution and claims processes through our subsidiaries and contractual relationships with independent agents and general agents. The Company, through its wholly owned subsidiaries including FedNat Insurance Company, Maison Insurance Company, and Monarch National Insurance Company, is focused on providing homeowners insurance in Florida, Texas, Louisiana, Alabama, South Carolina and Mississippi. We market, distribute and service our own and third-party insurers' products and other services through a network of independent and general agents.

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