



FILED

JUN 17 2010

OFFICE OF
INSURANCE REGULATION

Docketed by: 

OFFICE OF INSURANCE REGULATION

KEVIN M. MCCARTY
COMMISSIONER

IN THE MATTER OF:

Case No.: 110837-10-CO

XL RE LTD

CONSENT ORDER

THIS CAUSE came on for consideration upon the filing of an application with the OFFICE OF INSURANCE REGULATION (hereinafter referred to as the "OFFICE") by XL RE LTD (hereinafter referred to as "APPLICANT") to become an Eligible Reinsurer (hereinafter referred to as "Application"), pursuant to Section 624.610(3)(e), Florida Statutes, and Rule 690-144.007, Florida Administrative Code. Following a complete review of the entire record and upon consideration thereof, and being otherwise fully advised in the premises, the OFFICE hereby finds as follows:

1. The OFFICE has jurisdiction over the subject matter and of the parties herein.
2. APPLICANT has applied for and, subject to the present and continuing satisfaction of the requirements, terms and conditions established herein, met all of the conditions precedent to becoming an Eligible Reinsurer in Florida, pursuant to the requirements set forth by the Florida Insurance Code.
3. APPLICANT is a stock insurer organized under the laws of Bermuda, and whose shares are owned and controlled one hundred percent (100%) by Mid Ocean Holdings Ltd., a

Bermuda holding company whose ultimate parent company is XL Capital Ltd., a company incorporated under the laws of the Cayman Islands.

4. APPLICANT has represented that the purpose of its Application to be become an Eligible Reinsurer under Section 624.610(3)(e), Florida Statutes, and Rule 69O-144.007, Florida Administrative Code, is to allow ceding insurers (defined in the Rule as domestic insurers) to take credit in their accounting and in financial statements on account of such reinsurance ceded without full collateral.

5. In determining APPLICANT's qualifications as an Eligible Reinsurer pursuant to Section 624.610(3)(e), Florida Statutes, and Rule 69O-144.007, Florida Administrative Code, the OFFICE has considered the following information submitted by APPLICANT or obtained by the OFFICE:

(a) APPLICANT's surplus of Four Billion, Eight Hundred Fifteen Million, Five Hundred Sixty-six Thousand, Seven Hundred Eighty-one U.S. Dollars (\$4,815,566,781) as reported in its statutory financial statement as of December 31, 2009, which exceeds the One Hundred Million U.S. Dollars (\$100,000,000) surplus required under Section 624.610(3)(e), Florida Statutes, and Rules 69O-144.007(3) and (8)(c)(1), Florida Administrative Code;

(b) APPLICANT's secure financial strength rating from at least two (2) nationally recognized statistical rating organizations;

(c) The domiciliary regulatory jurisdiction of the APPLICANT;

(d) APPLICANT's domiciliary regulator structure and authority with regard to solvency regulation requirements and financial surveillance;

(e) The substance of financial and operating standards for reinsurers of APPLICANT's domiciliary regulator;

(f) The form and substance of financial reports or other public financial statements required to be filed by the reinsurers in APPLICANT's domiciliary jurisdiction in accordance with generally accepted accounting principles;

(g) APPLICANT's domiciliary regulator's willingness to cooperate with United States regulators in general and the OFFICE in particular;

(h) The history and performance of reinsurers in APPLICANT's domiciliary jurisdiction; and

(i) Other pertinent information submitted by APPLICANT pursuant to Section 624.610(3)(e), Florida Statutes, and Rule 69O-144.007, Florida Administrative Code.

6. APPLICANT shall adhere to the continuing requirements for an Eligible Reinsurer as described more fully in Rule 69O-144.007, Florida Administrative Code.

7. For purposes of Rule 69O-144.007(4), Florida Administrative Code, APPLICANT acknowledges the collateral required for the ceding insurer to take one hundred percent (100%) credit in its financial statements on account of such reinsurance ceded be no less than twenty percent (20%), unless otherwise amended by the OFFICE. Said collateral requirement shall take effect for agreements incepting on or after the date of execution of this Consent Order up until such time as the collateral requirement may be amended by the OFFICE.

8. APPLICANT represents in its Application that it will likely establish a collateral security in the form of a Letter of Credit for purposes of securing its U.S. liabilities to U.S. ceding insurers. Such Letter of Credit shall comply with Section 624.610(4)(c), Florida Statutes, and Rule 69O-144.005(6), Florida Administrative Code. Further, any other form of security utilized by APPLICANT in lieu of a Letter of Credit shall comply with Section 624.610, Florida Statutes, and Rule 69O-144.007, Florida Administrative Code.

9. Pursuant to Rule 69O-144.007(8)(c)(2), Florida Administrative Code, APPLICANT shall assume only the kind or kinds of reinsurance ceded by ceding insurers for which APPLICANT is authorized in its domiciliary jurisdiction. Further, APPLICANT acknowledges that in accordance with Rule 69O-144.007(1), Florida Administrative Code, the eligible reinsurer status shall only pertain to property and casualty insurance and shall not apply to life and health.

10. APPLICANT acknowledges that in order to maintain its eligible reinsurer status, it is required to file annually with the OFFICE all documentation required by Rule 69O-144.007(8)(e), Florida Administrative Code, on or before the anniversary date of the execution of this Consent Order.

11. APPLICANT submits to the jurisdiction of the United States courts with respect to contracts entered into with ceding insurers domiciled in Florida and has appointed an agent for service of process in Florida with respect to those contracts. Furthermore, APPLICANT agrees to post one hundred percent (100%) collateral for its Florida liabilities if it resists the enforcement of a valid and final judgment from a court in the United States or if otherwise required by the OFFICE pursuant to Rule 69O-144.007, Florida Administrative Code.

12. This Consent Order shall expire on December 31, 2012, at 11:59 PM.

13. APPLICANT shall report to the OFFICE, Bureau of Property & Casualty Financial Oversight, any time that it is named as a party defendant in a class action lawsuit, within fifteen (15) days after the class is certified, and APPLICANT shall include a copy of the complaint at the time it reports the class action lawsuit to the OFFICE.

14. APPLICANT shall pay within thirty (30) days of execution of this Consent Order, Two Thousand Five Hundred U.S. Dollars (\$2,500) for legal costs associated with this Consent Order.

15. The deadlines set forth in this Consent Order may be extended by written approval of the OFFICE. Approval of any deadline extension is subject to statutory or administrative regulation limitations.

16. APPLICANT affirms that all representations are true and all requirements set forth herein are material to the issuance of this Consent Order.

17. APPLICANT shall report to the OFFICE within sixty (60) days from the date of the execution of this Consent Order a certification evidencing compliance with all of the requirements of this Consent Order. Any exceptions shall be so noted and contained in the certification. Exceptions noted in the certification shall also include a timeline defining when the outstanding requirements of the Consent Order will be complete. Said certification shall be submitted to the OFFICE via electronic mail and directed to the attention of the Assistant General Counsel representing the OFFICE in this matter and as named in this Consent Order.

18. APPLICANT agrees that, upon execution of this Consent Order by the OFFICE, failure to adhere to one or more of the terms and conditions contained herein may result, without further proceedings, in the withdrawal of APPLICANT's status as an Eligible Reinsurer in this state, in accordance with Sections 120.569(2)(n) and 120.60(6), Florida Statutes.

19. Executive Order 13224, signed by President George W. Bush on September 23, 2001, blocks the assets of terrorists and terrorist support organizations identified by the United States Department of the Treasury, Office of Foreign Assets Control. The Executive Order also prohibits any transactions by U.S. persons involved in the blocked assets and interests. The list of identified terrorists and terrorist support organizations is periodically updated at the Treasury Department's Office of Foreign Assets Control website, www.treas.gov/ofac. APPLICANT shall maintain and adhere to procedures necessary to detect and prevent prohibited transactions with

individuals and entities which have been identified at the Treasury Department's Office of Foreign Assets Control website.

20. APPLICANT expressly waives a hearing in this matter, the making of Findings of Fact and Conclusions of Law by the OFFICE and all further and other proceedings herein to which the parties may be entitled by law or rules of the OFFICE. APPLICANT hereby knowingly and voluntarily waives all rights to challenge or to contest this Consent Order in any forum now or in the future available to it, including the right to any administrative proceeding, circuit or federal court action or any appeal.

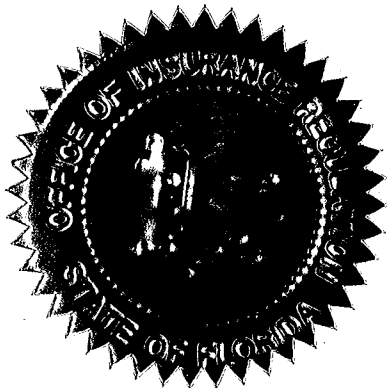
21. Except as noted in this Consent Order, each party to this action shall bear its own costs and fees.

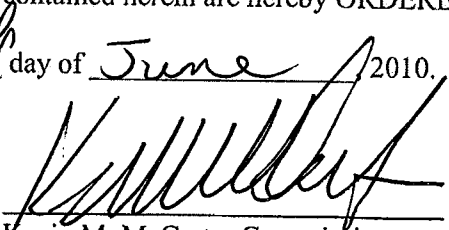
22. The parties agree that this Consent Order shall be deemed to be executed when the OFFICE has executed a copy of this Consent Order bearing the signature of APPLICANT or its authorized representative, notwithstanding the fact that the copy may have been transmitted to the OFFICE electronically. Further, APPLICANT agrees that its signature as affixed to this Consent Order shall be under the seal of a Notary Public.

WHEREFORE, the agreement between XL RE LTD and the OFFICE OF INSURANCE REGULATION, the terms and conditions of which are set forth above, is APPROVED.

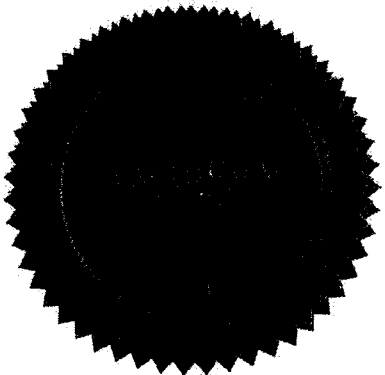
FURTHER, all terms and conditions contained herein are hereby ORDERED.

DONE and ORDERED this 17th day of June 2010.




Kevin M. McCarty, Commissioner
Office of Insurance Regulation

By execution hereof, XL RE LTD. consents to entry of this Consent Order, agrees without reservation to all of the above terms and conditions and shall be bound by all provisions herein. The undersigned represents that he/she has the authority to bind XL RE LTD. to the terms and conditions of this Consent Order.



XL RE LTD

By: [Handwritten Signature]

Print Name: Greg Hendrick

Title: President

Date: June 9, 2010

CITY
STATE OF HAMILTON

COUNTRY OF BERMUDA

The foregoing instrument was acknowledged before me this 9th day of JUNE 2010,

by GREGORY HENDRICK as PRESIDENT
(name of person) (type of authority, e.g. officer, trustee, attorney in fact)

for XL RE LTD
(company name)

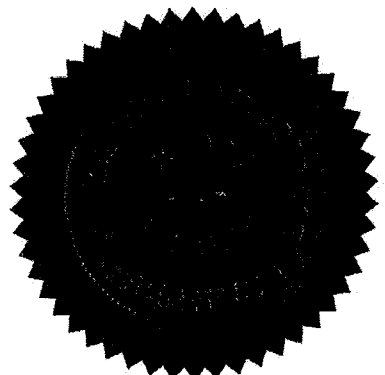
[Handwritten Signature]
(Signature of the Notary)

KIM R. WILKERSON OUTERBRIDGE
(Print, Type or Stamp Commissioned Name of Notary)

Personally Known OR Produced Identification _____

Type of Identification Produced _____

My Commission Expires: ON DEATH



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