



FILED

MAR 11 2014

OFFICE OF
INSURANCE REGULATION
Docketed by: RS

OFFICE OF INSURANCE REGULATION

Kevin M. McCarty
Director

IN THE MATTER OF:

CASE NO.: 149915-14-CO

SUNSHINE STATE INSURANCE COMPANY
_____ /

CONSENT ORDER

THIS CAUSE came on for consideration upon the agreement between SUNSHINE STATE INSURANCE COMPANY (hereinafter referred to as "SUNSHINE STATE") and the OFFICE OF INSURANCE REGULATION (hereinafter referred to as the "OFFICE") regarding the financial condition of SUNSHINE STATE. After a complete review of the entire record and upon consideration thereof, and being otherwise advised in the premises, the OFFICE finds as follows:

1. The OFFICE has jurisdiction over the parties and subject matter of this action.
2. SUNSHINE STATE is a domestic property and casualty insurer authorized to do business in the State of Florida and is subject to regulation by the OFFICE, pursuant to the Florida Insurance Code.
3. On or about February 24, 2014 SUNSHINE STATE notified the OFFICE that the required 2013 annual financial statements, due March 1, 2014, would not be timely filed. SUNSHINE STATE indicated that a possible accounting error, related to catastrophe excess of loss reinsurance contracts entered into in 2008 and 2011, had been recently discovered.

SUNSHINE STATE further indicated that the journal entry required to correct the error was going to reduce SUNSHINE STATE's surplus as regarding policyholders reported in the 2013 annual financial statements. In addition to the impact of correcting this accounting error, SUNSHINE STATE represented that surplus would be negatively impacted by operational losses incurred during the ordinary course of business during the fourth quarter of 2013.

4. SUNSHINE STATE, in a meeting with the OFFICE on Wednesday March 5, 2014, made material representations that the decrease to surplus described in paragraph three (3) will not result in impairment, insolvency, or otherwise result in SUNSHINE STATE being out of compliance with the Florida Insurance Code including solvency requirements under Sections 624.408, 624.4085, and 624.4095, Florida Statutes. SUNSHINE STATE acknowledges that said representations have been relied upon by the OFFICE in its determination to enter into this Consent Order.

5. SUNSHINE STATE acknowledges that at any time an officer or director knows or should know that the capital or surplus of SUNSHINE STATE is impaired, whether or not delinquency proceedings have been or are to be initiated, no officer or director of SUNSHINE STATE shall authorize or permit SUNSHINE STATE to solicit or accept new policies or renewal of policies, pursuant to Section 626.9541(1)(w), Florida Statutes.

6. SUNSHINE STATE agrees that upon execution of this Consent Order, it shall be bound by the following terms and conditions:

a. SUNSHINE STATE agrees to file the 2013 annual financial statements as required by Section 624.424, Florida Statutes, by 5:00 p.m. on March 26, 2014.

b. SUNSHINE STATE agrees that by May 15, 2014, it will have an agreement to either infuse capital to bring surplus to the level required of a newly admitted

company of fifteen million U.S. Dollars (\$15,000,000), pursuant to Section 624,408, Florida Statutes or present an executed agreement for the acquisition or recapitalization of SUNSHINE STATE to the OFFICE accompanied by a good faith security deposit. If the required action has not been accomplished by May 15, 2014, SUNSHINE STATE agrees to cancel or transfer policies to another licensed insurer and provide forty-five (45) days written notice to its policyholders as required by Section 627.4133, Florida Statutes. SUNSHINE STATE agrees that the licensed insurer chosen for transfer of policies will require prior approval by the OFFICE and the transfer of policies will require the transfer of unearned premium associated with those policies.

c. SUNSHINE STATE agrees to discontinue writing any new Florida direct or indirect business until the terms of this consent order are fulfilled.

d. SUNSHINE STATE agrees to continue to service its existing business in Florida and shall continue to honor all claims and liabilities arising under its contractual obligations as they relate to all of its policies issued in this state.

e. SUNSHINE STATE agrees that it will not pay commissions for reinsurance to U.S Re Companies, Inc. or its affiliates, nor make any payments to affiliates of SUNSHINE STATE unless approved by the OFFICE.

f. SUNSHINE STATE agrees to provide an accounting of all payments to and from affiliates between January 1, 2013 and March 6, 2014 by March 31, 2014.

7. SUNSHINE STATE expressly waives a hearing in this matter, the making of Findings of Fact and Conclusions of Law by the OFFICE and all further and other proceedings herein to which it may be entitled by law or rules of the OFFICE. SUNSHINE STATE hereby knowingly and voluntarily waives all rights to challenge or to contest this Consent Order in any

forum now available to it, including the right to any administrative proceedings, circuit or federal court action or any appeal.

8. SUNSHINE STATE agrees that the failure to adhere to one or more of the terms and conditions of this Consent Order shall constitute a violation of a lawful order of the OFFICE and shall subject SUNSHINE STATE to such administrative action as the OFFICE may deem appropriate.

9. The OFFICE may extend or waive any deadline or requirement in this Consent Order by written notice, subject to any limitations under applicable statutes or administrative regulations.

10. Each party to this action shall bear its own costs and attorney fees.

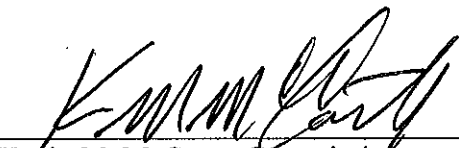
11. The parties agree that this Consent Order shall be deemed to be executed when the OFFICE has executed a copy of this Consent Order bearing the signature of SUNSHINE STATE or its authorized representative, notwithstanding the fact that the copy may have been transmitted to the OFFICE electronically.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

WHEREFORE, the agreement between SUNSHINE STATE and the OFFICE, the terms and conditions of which are set forth above is APPROVED.

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

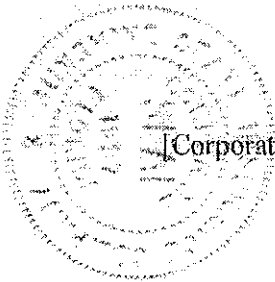
DONE and ORDERED this 11th day of March, 2014.





Kevin M. McCarty, Commissioner
Office of Insurance Regulation

By execution hereof, SUNSHINE STATE INSURANCE COMPANY 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 SUNSHINE STATE INSURANCE COMPANY to the terms and conditions of this Consent Order.



SUNSHINE STATE INSURANCE COMPANY

By:

Joseph F. Braunstein Jr.

Print Name: JOSEPH F. BRAUNSTEIN JR.

Title:

PRESIDENT + CEO

Date:

3/10/14

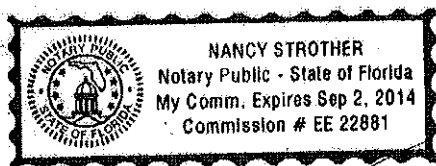
STATE OF FLORIDA

COUNTY OF DWAL

The foregoing instrument was acknowledged before me this 10th day of March 2014

by Joseph F. Braunstein Jr. as OFFICER
(Name of Person) (Type of Authority - e.g. officer, trustee, attorney-in-fact)

for SUNSHINE STATE INSURANCE COMPANY.
(Company Name)



Nancy Strother
(Signature of the Notary)

NANCY STROTHER
(Print, Type or Stamp Commissioned Name of Notary)

Personally Known ☒ OR Produced Identification ☐

Type of Identification Produced N/A

COPIES FURNISHED TO:

JOSEPH F. BRAUNSTEIN, JR., CHIEF EXECUTIVE OFFICER
Sunshine State Insurance Company
12724 Gran Bay Parkway West, Suite 150
Jacksonville, FL 32258-9486
Telephone: (904) 365-6200

TAL PICCIONE, CHAIRMAN OF THE BOARD
Sunshine State Insurance Company
12724 Gran Bay Parkway West, Suite 150
Jacksonville, FL 32258-9486
Telephone: (904) 365-6200

BRIAN MAY, GOVERNMENT ADVISOR
Floridian Partners, LLC
235 Catalonia Avenue
Coral Gables, FL 33134
Telephone: (305) 461-4260
Email: bmay@flapartners.com

BETH A. VECCHIOLI, SENIOR POLICY ADVISOR
Holland & Knight
315 South Calhoun Street, Suite 600
Tallahassee, FL 32301
Telephone: (850) 425-5623
Email: beth.vecchioli@hklaw.com

DAVID ALTMAIER, DIRECTOR
Florida Office of Insurance Regulation
Property and Casualty Financial Oversight
Larson Building, 2nd Floor
200 East Gaines Street
Tallahassee, FL 32399-0327
Telephone: (850) 413-3849
Email: [david.altmaier @flor.com](mailto:david.altmaier@flor.com)

VIRGINIA CHRISTY, ASSISTANT GENERAL COUNSEL
Florida Office of Insurance Regulation
Legal Services Office
Larson Building, 6th Floor
200 East Gaines Street, Room 646A
Tallahassee, FL 32399-0327
Telephone: (850) 413- 4220
Email: virginia.christy@flor.com