

FILED

FEB 25 2020

INSURANCE REGULATION
Docketed by: 2.10



OFFICE OF INSURANCE REGULATION

DAVID ALTMAIER
COMMISSIONER

IN THE MATTER OF:

CASE NO.: 260177-20-CO

HERITAGE PROPERTY & CASUALTY
INSURANCE COMPANY

CONSENT ORDER

THIS CAUSE came on for consideration upon review by the FLORIDA OFFICE OF INSURANCE REGULATION ("OFFICE") of a proposed amendment to its Plan of Operation by HERITAGE PROPERTY & CASUALTY INSURANCE COMPANY ("HERITAGE"). After 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. HERITAGE is a domestic property and casualty insurer authorized to transact insurance business in the state of Florida. The OFFICE granted HERITAGE a Permit to form a domestic insurer in Florida subject to the terms and conditions set forth in Consent Order 127438-12-CO and issued HERITAGE a Certificate of Authority pursuant to Chapter 624, Part III, Florida Statutes.
3. Paragraph 15 of Consent Order 127438-12-CO requires HERITAGE to secure written approval from the OFFICE prior to any material deviation from its Plan of Operation.

4. On December 2, 2020, HERITAGE submitted to the OFFICE for approval a proposed amendment to its Plan of Operation to write homeowners' policies in California on an Excess and Surplus lines basis ("The Plan").

5. Expanding operations into other states constitutes a material deviation from HERITAGE's Plan of Operation.

6. In support of The Plan, HERITAGE represents that it is fully aware of the risks associated with writing homeowners' policies in California and has conducted due diligence for over a year regarding the California property insurance market. HERITAGE further represents that writing homeowners' policies in California will diversify risk resulting in overall lower costs for its reinsurance coverage.

THE PLAN

7. HERITAGE affirms that all information, explanations, representations, statements, and documents provided to the OFFICE in connection to The Plan, including all attachments and supplements thereto, are true and correct and fully describe the expansion operations. HERITAGE further agrees and affirms that said information, explanations, representations, statements, and documents, including all attachments and supplements thereto, are material to the issuance of this Consent Order and have been relied upon by the OFFICE in its determination to enter into this Consent Order.

8. The Plan provides for the following:

a. HERITAGE's affiliated Managing General Agent will manage substantially all aspects of the business operations.

b. HERITAGE will utilize some of its Florida based staff to service the business until the premium volume in California will support an office in that state.

- c. Policies will be written throughout the state of California.
- d. HERITAGE will implement controls to avoid a concentration of risk, including but not limited to wildfire risk.
- e. A wildfire score will be obtained to assist in evaluating each risk's exposure to wildfire.
- f. HERITAGE has the necessary geocoding capabilities internally or through an outside vendor to provide ongoing monitoring of the risk concentration.

9. HERITAGE shall provide the following information to the OFFICE prior to commencing writing business in California:

- a. A copy of the underwriting manual to be used for the California risks with specifics regarding the use of its grid systems that identify the location of each risk, and how those systems will be used to determine whether to accept or reject specific risks;
- b. A certification, from a credentialed actuary with experience setting rates for wildfires in California, that the rates to be charged in California are adequate for the risks written.
- c. A written description of the specific reinsurance coverage levels, with concentration limitation provisions identified, and retentions for the California business.
- d. Evidence that reinsurance is in place in the form of executed copies of the agreements.

10. HERITAGE shall provide the following after the first policy in California has been written:

- a. Monthly reports of total insured value ("TIV") exposure for each grid that

comprises the grid system, including the designation of risks as either wildfire, urban, or interface.

- b. Monthly reports of the total year to date premium written in California.
- c. The results of a wildfire risk model run on a yearly or more frequent basis.

11. HERITAGE agrees that any material deviation from The Plan as submitted to the office on December 2, 2019, or the information, explanations, representations, statements, and documents provided to the OFFICE in connection to THE PLAN, including all attachments and supplements thereto, made without the OFFICE's prior written approval, would constitute a willful violation of this consent order.

GENERAL TERMS

12. HERITAGE acknowledges and agrees that failure to comply with any of the terms of this Consent Order would constitute an immediate danger to the public and the OFFICE may immediately suspend, revoke, or take other administrative action as it deems appropriate upon the Certificate of Authority of HERITAGE in this state, in accordance with Sections 120.569(2)(n) and 120.60(6), Florida Statutes.

13. Any prior orders or consent orders that HERITAGE has entered into with the OFFICE prior to the execution of this Consent Order shall apply and remain in full force and effect for HERITAGE, except where provisions of such orders or consent orders have expired; have been superseded by subsequent orders or consent orders; or are inconsistent with this Consent Order.

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

15. The parties agree this Consent Order shall be deemed to be executed when the OFFICE has signed and docketed a copy of this Consent Order bearing the signature of

HERITAGE, or its authorized representative, under the seal of a notary public, notwithstanding the fact that the copy may have been transmitted to the OFFICE electronically. Further, HERITAGE agrees that its signature, as affixed to this Consent Order, shall be under the seal of a Notary Public.

WHEREFORE, the agreement between HERITAGE PROPERTY & CASUALTY INSURANCE COMPANY and the FLORIDA OFFICE OF INSURANCE REGULATION, to amend HERITAGE PROPERTY & CASUALTY INSURANCE COMPANY's Plan of Operation to allow homeowners' policies to be written in California on an Excess and Surplus lines basis, 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 25 day of February 2020.



David Altmaier

David Altmaier, Commissioner
Office of Insurance Regulation

By execution hereof, HERITAGE PROPERTY & CASUALTY 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 they have the authority to bind HERITAGE PROPERTY & CASUALTY INSURANCE COMPANY to the terms and conditions of this Consent Order. The undersigned also certifies that they have provided the signature below voluntarily and without coercion, based upon the assistance of legal counsel for HERITAGE PROPERTY & CASUALTY INSURANCE COMPANY.

HERITAGE PROPERTY & CASUALTY
INSURANCE COMPANY

By: *Richard Widicombe*

Print Name: Richard Widicombe

Title: PRESIDENT

Date: 2-25-2020

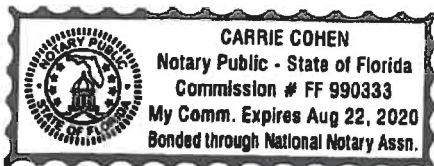
STATE OF Florida

COUNTY OF Pinellas

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

or online notarization, this 25th day of February 2020, by Richard Widicombe
(name of person)

as President for Heritage Property & Casualty Insurance Co.
(type of authority; e.g., officer, trustee, attorney in fact) (company name)



Carrie Cohen
(Signature of the Notary)

Carrie Cohen
(Print, Type or Stamp Commissioned Name of Notary)

Personally Known / OR Produced Identification _____

Type of Identification Produced _____

My Commission Expires: _____

COPIES FURNISHED TO:

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