

FILED

MAY 21 2020

INSURANCE REGULATION
Docketed by: *JK*



OFFICE OF INSURANCE REGULATION

DAVID ALTMAIER
COMMISSIONER

IN THE MATTER OF:

CASE NO.: 263849-20-CO

WESTON INSURANCE COMPANY
_____ /

CONSENT ORDER

THIS CAUSE came on for consideration upon review by the FLORIDA OFFICE OF INSURANCE REGULATION (“OFFICE”) of certain WESTON INSURANCE COMPANY (“WESTON” or “Company”) transactions with and receivables from affiliates. After a complete review of the entire record and upon consideration thereof, and otherwise being fully advised in the premises, the OFFICE hereby finds as follows:

1. The OFFICE has jurisdiction over the parties and the subject matter of this proceeding.
2. WESTON is a domestic property and casualty insurer authorized to transact the business of insurance in Florida pursuant to a subsisting Certificate of Authority issued by the OFFICE in accordance with the provisions of Chapter 624, Part III, Florida Statutes.
3. WESTON is owned 100% by Weston Insurance Holdings Corporation (“Weston Holdings”). Weston Insurance Management, LLC (“WIM”), is also owned 100% by Weston Holdings.

4. The December 31, 2019, financial statement for WESTON filed with the OFFICE includes assets that are receivables from its affiliates including the following:

- a. A \$1.8 million loan receivable due from WIM and
- b. A receivable of approximately \$9.5 million from WIM.

5. Subsequent to December 31, 2019, Weston Select Insurance Company (“Weston Select”), a subsidiary of WESTON, was dissolved as a part of a planned expansion into other states that included the acquisition of Anchor Specialty Insurance Company by Weston Holdings. As a result of the dissolution of Weston Select, the stock of Weston Select was cancelled and the underlying assets of Weston Select were absorbed by WESTON. The dissolution of Weston Select provided additional liquidity to WESTON.

6. In accordance with Section 628.371(4), Florida Statutes, WESTON requested approval of an extraordinary dividend of up to \$5 million, which the OFFICE approved on April 23, 2020. On April 28, 2020, WESTON paid a dividend to Weston Holdings in the amount of \$5 million.

7. Subsequent to December 31, 2019, WESTON loaned additional funds to WIM that increased the \$1.8 million loan balance, listed in paragraph 4.a. above, to \$3.1 million as of March 31, 2020. In addition, the receivable from WIM reported on line 23 of WESTON’s March 31, 2020, financial statement, and listed in paragraph 4.b. above, increased to approximately \$12.4 million.

8. The amounts receivable from WIM, listed in paragraph 4 above, are more than 10% of WESTON’s admitted assets and approximately 60% of its reported March 31, 2020, surplus in excess of the minimum surplus required. This exceeds the limitations of Section 625.325, Florida Statutes.

9. In order to improve the liquidity of WESTON, the Company agrees that it will submit a Capital Management Plan (“Plan”) to the OFFICE by June 1, 2020. The Plan must address the following:

a. A schedule of quarterly or more frequent payments to reduce the amount of the current \$3.1 million loan receivable from WIM to a zero balance and the termination of the loan agreement;

b. A schedule of quarterly or more frequent payments to reduce the amount of the \$12.4 million receivable from WIM and the limitation of the receivable to \$100,000 or less; and

c. The planned use of reinsurance to mitigate WESTON’s catastrophic risk.

10. WESTON agrees to cooperate with the OFFICE in its review of the Plan and to implement the Plan as approved by the OFFICE.

11. WESTON agrees to the following restrictions until such time as it completes the Plan as approved by the OFFICE:

a. WESTON will file monthly financial statements of WIM, including balance sheet, income statement, and a statement of cash flows. Those statements are due 21 days after the end of each month, beginning with a due date of May 21, 2020, for the month ending April 30, 2020.

b. WESTON will file monthly financial statements of WESTON using the NAIC’s Quarterly Financial Statement Blank. Those statements are due 21 days after the end of each month, beginning with a due date of May 21, 2020, for the month ending April 30, 2020.

c. All premiums produced through WIM will be deposited directly into WESTON accounts only and will not be processed or held by WIM.

- d. WESTON will not loan or advance any additional funds to WIM.
 - e. WESTON agrees to maintain total adjusted capital at 3 times the authorized control level risk-based capital.
 - f. WESTON will not file applications for a Certificate of Authority, or request authority for any additional lines of business, or seek eligible surplus lines status in any state without the prior written approval of the OFFICE.
 - g. WESTON will enter into reinsurance agreements only with non-affiliated reinsurers.
 - h. WESTON will provide, by June 1, 2020, a detailed analysis of the reasonableness of the fees and expenses paid by WESTON related to the business of insurance.
 - i. WESTON will not participate in any additional take-outs from Citizens Property Insurance Corporation or the Texas Windstorm Insurance Association without the prior written approval of the OFFICE.
 - j. WESTON will not pay dividends without the prior written approval of the OFFICE.
12. WESTON agrees that any failure to comply with any of the terms above will constitute a willful violation of a lawful order of the OFFICE.
13. WESTON 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 WESTON in this state, in accordance with Sections 120.569(2)(n) and 120.60(6), Florida Statutes.
14. Any prior orders, consent orders, or corrective action plans that WESTON has

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

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

16. Any deadlines, reporting requirements, other provisions, or requirements set forth in this Consent Order may be altered or terminated by written approval of the OFFICE.

17. WESTON expressly waives its rights to a hearing in this matter, the making of findings of fact and conclusions of law by the OFFICE, and all further and other proceedings to which WESTON may be entitled, either by law or by rules of the OFFICE. WESTON 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 them, including the right to any administrative proceeding, state or federal court action, or any appeal.

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

WHEREFORE, the agreement between WESTON INSURANCE COMPANY and the FLORIDA 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 21 day of May 2020.




David Altmaier

David Altmaier, Commissioner
Office of Insurance Regulation

By execution hereof, WESTON 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 WESTON 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 WESTON INSURANCE COMPANY.

WESTON INSURANCE COMPANY

By: 

Print Name: Michael C. Lyons

Title: President & CEO

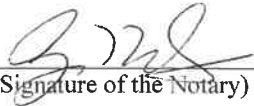
Date: May 20, 2020

STATE OF Florida

COUNTY OF Miami-Dade

The foregoing instrument was acknowledged before me by means of physical presence or online notarization, this 20th day of May 2020, by Michael C. Lyons (name of person) as President & CEO for Weston Insurance Company (type of authority; e.g., officer, trustee, attorney in fact) (company name).




(Signature of the Notary)

Bryan T. McCully
(Print, Type or Stamp Commissioned Name of Notary)

Personally Known XX OR Produced Identification N/A

Type of Identification Produced N/A

My Commission Expires: May 1, 2021

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