



FILED

SEP 29 2023

INSURANCE REGULATION
Docketed by: KE

OFFICE OF INSURANCE REGULATION

MICHAEL YAWORSKY
COMMISSIONER

IN THE MATTER OF:

CASE NO.: 316531-23-CO

EDISON INSURANCE COMPANY

CONSENT ORDER

THIS CAUSE came on for consideration as a result of EDISON INSURANCE COMPANY's (hereinafter "EDISON") proposal to assume selected personal lines policies from CITIZENS PROPERTY INSURANCE CORPORATION (hereinafter "CITIZENS"), which was submitted to the FLORIDA OFFICE OF INSURANCE REGULATION (hereinafter "OFFICE") for its review on or about August 31, 2023. 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 subject matter and of the parties herein.
2. CITIZENS has been established in accordance with the provisions of Section 627.351(6), Florida Statutes, as amended, to provide insurance for residential and commercial property qualified risks under circumstances specified in the statute.
3. The Florida Legislature has enacted Section 627.351(6)(q)3.a., Florida Statutes, to encourage and provide a means for the depopulation of CITIZENS. CITIZENS submitted a plan of depopulation titled "Citizens Property Insurance Corporation Personal Residential and Commercial Lines Non-Bonus Depopulation Plan" (hereinafter "Plan"), which the OFFICE

adopted in Order No. 199206-16 and approved on November 30, 2016 and amended on December 2, 2016. In December 2022, the Florida Legislature added Section 627.351(6)(ii)3., Florida Statutes, through ch. 2022-271(8), Laws of Florida¹. As a result of this statutory change, which applies to take-out offers that are part of an application to participate in depopulation submitted to the OFFICE on or after January 1, 2023, the Plan will conflict with Florida law. The Plan provides the terms and conditions that serve as the basis for this Consent Order except where the Plan conflicts with Section 627.351(6)(ii)3., Florida Statutes, as added by ch. 2022-271(8), Laws of Florida; the Florida Statutes in effect at the time of the assumption will control. EDISON shall abide by the terms and conditions of the Plan and Section 627.351(6)(ii)3., Florida Statutes, as added by ch. 2022-271(8), Laws of Florida, as a condition of issuance of this Consent Order.

4. EDISON is a Florida-domiciled property and casualty insurance company authorized to transact insurance in the state of Florida.

5. On or about August 31, 2023, EDISON submitted a proposal to assume selected policies from CITIZENS. The policies are expected to be assumed on or about December 19, 2023, and the proposal provides for an assumption of up to 10,000 policies, consisting of 8,852 personal residential policies from CITIZENS' Personal Lines Account and 1,148 multi-peril policies from CITIZENS' Coastal Account.

6. EDISON understands that the selected policies to be assumed from CITIZENS on December 19, 2023, or at a later date approved by the OFFICE and CITIZENS will not be subject to any incentive or bonus plan, whether statutory or otherwise.

¹ If a policyholder receives a take-out offer from an authorized insurer, the risk is no longer eligible for coverage with the corporation unless the premium for coverage from the authorized insurer is more than 20 percent greater than the renewal premium for comparable coverage from Citizens. This applies to take-out offers that are part of an application to participate in depopulation submitted to the Office on or after January 1, 2023. Ch. 2022-271(8), Laws of Florida.

7. Because of the potential harmful impact to Florida policyholders, EDISON shall not make takeout offers to CITIZENS policyholders that are more than forty percent higher than the policyholder's estimated renewal premium with CITIZENS. EDISON must use approved rates when making these offers.

8. EDISON is responsible for ensuring that it has entered or will enter into appropriate agreement(s) with CITIZENS to effectuate the assumption of policies as authorized by this Consent Order. By entering into this Consent Order, EDISON represents that it will comply with any such agreement(s) between it and CITIZENS.

9. EDISON must timely provide to CITIZENS all information required by the 2023 Assumption Calendar published by CITIZENS. EDISON acknowledges that neither approval by CITIZENS nor entry into this Consent Order by the OFFICE constitutes a guarantee that the above-referenced policies will ultimately be available to EDISON for assumption from CITIZENS, as the availability of policies for assumption may vary over time.

10. EDISON shall limit its actual assumption of policies from CITIZENS to the number and type of policies authorized by the OFFICE in this Consent Order. The OFFICE based its review on EDISON's reinsurance program, catastrophe modeling, and financial statement projections, as well as the impact on policyholders. Such reinsurance program, catastrophe modeling, and financial statement profiles were based upon EDISON's current in-force book of property policies, EDISON's projected voluntary market writings, and the actual number of policies available in CITIZENS prior to the anticipated assumption date identified by EDISON as satisfying its filed and approved underwriting guidelines.

11. EDISON submitted the proposed reinsurance documentation and financial projections for the assumption of up to the number and types of CITIZENS' policies as set forth

in paragraph five (5) above. Each additional assumption of CITIZENS policies by EDISON shall be subject to advance written approval by the OFFICE.

12. EDISON's acquisition of adequate reinsurance and maintenance of executed reinsurance agreements are material to the OFFICE's review and analysis of EDISON's proposal to assume selected policies from CITIZENS and to the OFFICE's approval of assumptions in the proposal.

13. EDISON expressly waives its right to any hearing in this matter, the making of findings of fact and conclusions of law by the OFFICE, and all other and further proceedings herein to which it may be entitled by law or by rules of the OFFICE. EDISON agrees not to appeal or otherwise contest this Consent Order in any forum now or in the future available to it, including its right to any administrative proceeding, state or federal court action, or any appeal.

14. EDISON represents that all explanations and documents made or submitted to the OFFICE as part of its proposal to assume selected policies from CITIZENS, including all attachments and supplements thereto, fully describe all transactions, agreements, and understandings relating to the assumption of policies from CITIZENS by EDISON. However, all draft documents and non-executed agreements relating to EDISON's plan shall not be deemed approved by this Consent Order until such time as executed agreements or final documents are submitted to and approved by the OFFICE.

15. The parties agree this Consent Order will be deemed executed when the OFFICE has signed and docketed a copy of this Consent Order bearing the signature of the authorized representative of EDISON, notwithstanding the fact that the copy was transmitted to the OFFICE electronically. EDISON agrees the signature of its representative as affixed to this Consent Order shall be under seal of a Notary Public.

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

IT IS THEREFORE ORDERED that:

(A) Upon consideration of the proposal to assume selected policies from CITIZENS, including its attachments, the OFFICE approves the assumption of selected policies from CITIZENS, subject to adherence to the terms and conditions of this Consent Order by EDISON.

(B) The OFFICE approves the assumption of CITIZENS' policies up to the amounts set forth above in paragraph five (5), in accordance with any agreement(s) between EDISON and CITIZENS, and this Consent Order.

(C) Regarding all reinsurance matters, EDISON shall:

(i) Maintain catastrophe reinsurance at such levels that are acceptable to the OFFICE but in no event less than that evidenced to the OFFICE in the proposal to assume selected policies from CITIZENS;

(ii) Notify the OFFICE of any termination of any of its reinsurance agreements. The notification shall be made to the OFFICE in writing 60 days prior to the effective date of any such termination; and

(iii) Comply with the requirements of Section 624.610, Florida Statutes, with regard to all of its reinsurance arrangements.

(D) EDISON shall participate annually in any examination of EDISON's reinsurance program as requested by the OFFICE. Based upon the OFFICE's review of the models and plans, EDISON may be required at the OFFICE's sole discretion to take corrective action to cure any overexposure identified by the OFFICE. Such action may include obtaining additional amounts of reinsurance coverage as directed by the OFFICE or suspending writing of any additional business, including the CITIZENS policies.

(E) Upon the expiration of the assumed CITIZENS policies, EDISON shall provide coverage substantially equivalent to that afforded by CITIZENS at approved rates, unless such policies are cancelled or nonrenewed by EDISON for a lawful reason.

(F) At the time EDISON assumes any policy of insurance from CITIZENS, EDISON shall either obtain a new policy application from each affected policyholder or maintain in its files a copy of the policyholder's application on file with CITIZENS. If EDISON chooses the former option, EDISON may not initiate any retroactive increase in rates or premium or any retroactive decrease in coverage provided under the assumed CITIZENS policy (if applicable) as a result of the information obtained from or through the new policy application.

(G) For a period of three (3) years immediately following the date of entry of this Consent Order, EDISON shall abide by the proposal to assume selected policies from CITIZENS in all material respects. Further, EDISON shall abide by all terms of this Consent Order and all provisions of any agreement(s) entered into with CITIZENS.

(H) Should the OFFICE determine EDISON has failed to materially comply with terms of this Consent Order, the proposal to assume selected policies from CITIZENS, including its attachments and amendments thereto as submitted to the OFFICE, or terms of any agreement(s) with CITIZENS, EDISON shall, upon receipt of notice of such material non-compliance, have 60 days to cure its material non-compliance. In the event EDISON fails to cure any such material non-compliance within the 60-day period, EDISON expressly agrees the OFFICE may enter an order directing it to immediately cease writing personal lines or other lines of insurance within the state of Florida, imposing such other sanctions authorized by statute or rule, or imposing other restrictions as may be deemed appropriate by the OFFICE.

WHEREFORE, the assumption of up to 10,000 policies, consisting of 8,852 personal residential policies from CITIZENS' Personal Lines Account and 1,148 multi-peril policies from CITIZENS' Coastal Account, for the initial assumption starting on or about December 19, 2023, subject to the terms and conditions of this Consent Order, is hereby APPROVED.

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

DONE and ORDERED this 29th day of September, 2023.



A handwritten signature in blue ink, appearing to read "Michael Yaworsky". The signature is written in a cursive style with a horizontal line at the end.

Michael Yaworsky, Commissioner
Office of Insurance Regulation

By execution hereof, EDISON 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 therein. The undersigned represents that they have the authority to bind EDISON INSURANCE COMPANY to the terms and conditions of this Consent Order.

EDISON INSURANCE COMPANY

[Corporate Seal]

Paul Adkins
Paul Adkins, Chief Executive Officer
Edison Insurance Company

STATE OF Florida
COUNTY OF Palm Beach

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

or online notarization, this 29 day of September 2023, by Paul Adkins
(name of person)

as CEO for Edison Insurance Company
(type of authority; e.g., officer, trustee, attorney in fact) (company name)

Megan Johnson
(Signature of the Notary)
MEGAN JOHNSON
Commission # **HH 361824**
Expires February 13, 2027
(Print, Type or Stamp Commissioned Name of Notary)

Personally Known X OR Produced Identification _____

Type of Identification Produced _____

My Commission Expires: _____

COPIES FURNISHED TO:

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