



OFFICE OF INSURANCE REGULATION

KEVIN MCCARTY
COMMISSIONER

FILED
SEP 19 2012
OFFICE OF
INSURANCE REGULATION
Booketed by:

IN THE MATTER OF:
FLORIDA PENINSULA INSURANCE COMPANY

CASE NO.: 128731-12-CO

CONSENT ORDER

THIS CAUSE came on for consideration as a result of FLORIDA PENINSULA INSURANCE COMPANY'S (hereinafter "FLORIDA PENINSULA") proposal to remove selected personal residential policies from CITIZENS PROPERTY INSURANCE CORPORATION (hereinafter "CITIZENS"), which was submitted to the OFFICE OF INSURANCE REGULATION (hereinafter "OFFICE") for its review on September 10, 2012. 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 Legislature of the State of Florida has enacted Section 627.3511, Florida Statutes, to encourage and provide a means for the depopulation of CITIZENS. CITIZENS submitted, and the OFFICE adopted by Order No. 94539-08, a plan of depopulation. CITIZENS further submitted, and the OFFICE adopted by Order No. 125161-12, amendments to the plan of depopulation. This proposed Consent Order is predicated on the terms and conditions of these

two Orders. FLORIDA PENINSULA shall abide by the terms and conditions of the CITIZENS depopulation plan as a condition of issuance of this Consent Order.

4. FLORIDA PENINSULA is a Florida domiciled property and casualty insurance company authorized to transact insurance in the State of Florida.

5. On or about September 10, 2012, FLORIDA PENINSULA submitted a proposal to remove selected personal residential policies from CITIZENS. The plan provides for an assumption of up to forty thousand five hundred (40,500) multiple peril policies from CITIZENS' personal lines account and up to four thousand five hundred (4,500) policies from the high risk multiple peril account. FLORIDA PENINSULA plans to assume the CITIZENS's policies over a period of time, subject to the approval by the OFFICE.

6. FLORIDA PENINSULA understands that the selected policies to be removed from CITIZENS on or about November 6, 2012, or at a later date approved by the OFFICE and CITIZENS, will not be subject to any incentive or bonus plan pursuant to Section 627.3511, Florida Statutes, unless and until the OFFICE approves such a plan for use by CITIZENS provided such plan would be retroactive to policies subject to this Consent Order. If the OFFICE approves a bonus plan for use by other take-out companies or for other transactions during the 2012 policy year, the bonus may be paid to FLORIDA PENINSULA in accordance with that plan and agreements between FLORIDA PENINSULA and CITIZENS. FLORIDA PENINSULA shall enter into appropriate agreements with CITIZENS to provide the following:

a. FLORIDA PENINSULA, at its own expense, shall give at least thirty (30) days advance notice to affected policyholders, which notice will inform policyholders of the need to contact FLORIDA PENINSULA before the removal date if the policyholder desires to stay with CITIZENS.

b. FLORIDA PENINSULA shall accumulate any objections, and shall facilitate the return of any policyholder who desires to stay in CITIZENS if that policyholder expresses the desire to stay in CITIZENS within the thirty (30) day notice period prior to the removal of the policy, or within thirty (30) days after the date of the policy removal. Policyholders shall not be required to make additional payments, nor take any action other than to express the desire to remain with CITIZENS in writing, by electronic mail, or by telephone on or before thirty (30) days following the date of their policy removal.

c. All communications with agents and policyholders regarding any policies to be removed from CITIZENS must be done in accordance with instructions by CITIZENS and the OFFICE. FLORIDA PENINSULA shall obtain prior approval from the OFFICE of any letters sent to policyholders regarding any policies to be removed from CITIZENS.

7. FLORIDA PENINSULA acknowledges neither approval by CITIZENS, nor entry into this Consent Order by the OFFICE, constitutes a guarantee the above referenced policies will ultimately be available to FLORIDA PENINSULA for removal from CITIZENS, as the availability of policies for removal may vary over time.

8. FLORIDA PENINSULA shall limit its actual removal of policies from CITIZENS to the number and type of policies authorized by the OFFICE. The OFFICE will base its review on FLORIDA PENINSULA'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 shall be based upon FLORIDA PENINSULA'S current in-force book of residential property policies, FLORIDA PENINSULA'S projected voluntary market writings, and actual number of policies available in

CITIZENS prior to the anticipated assumption date identified by FLORIDA PENINSULA as satisfying its filed and approved underwriting guidelines.

9. FLORIDA PENINSULA has submitted the proposed reinsurance documentation and financial projections for assumption of up to forty-five thousand (45,000) multiple peril policies, expected to be assumed on November 6, 2012 or on subsequent dates approved by the OFFICE and CITIZENS. Each additional assumption of CITIZENS policies by FLORIDA PENINSULA shall be subject to advance written approval by the OFFICE.

10. FLORIDA PENINSULA'S acquisition of adequate reinsurance and maintenance of executed reinsurance agreements is material to the OFFICE'S review and analysis of FLORIDA PENINSULA'S proposal to remove selected policies from CITIZENS and to the OFFICE's approval of the proposal.

11. FLORIDA PENINSULA expressly waives its rights 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. FLORIDA PENINSULA agrees not to appeal or otherwise contest this Consent Order in any forum now, or in the future, available to it.

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

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

14. 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 remove selected policies from CITIZENS, including its attachments, the OFFICE approves the proposal to remove selected policies from CITIZENS, subject to adherence to the terms and conditions of this Consent Order by FLORIDA PENINSULA.

(B) The OFFICE approves the assumption of up to forty-five thousand (45,000) multiple peril policies, consisting of forty thousand five hundred (40,500) policies from the personal lines account and four thousand five hundred (4,500) policies from the high risk multiple peril account, for the initial assumption starting on or about November 6, 2012, in accordance with the proposal to remove selected policies from CITIZENS, any agreement(s) between FLORIDA PENINSULA and CITIZENS, and this Consent Order.

(C) Regarding all reinsurance matters, FLORIDA PENINSULA shall:

- (i) Maintain adequate reinsurance coverage at all times;
- (ii) Submit to the OFFICE any and all replacement or additional reinsurance agreement(s), or amendment(s) to reinsurance agreement(s) that materially change the reinsurance coverage in (c)(i). The agreement(s), amendment(s) or plans shall be submitted

to the OFFICE for review, and approval, sixty (60) days prior to the date of effectuation of any such agreement(s) or amendment(s);

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

(iv) Submit in writing to the OFFICE the proposed utilization of any substitute or additional reinsurers for the OFFICE's review and approval sixty (60) days prior to the companies being utilized within FLORIDA PENINSULA'S reinsurance program. FLORIDA PENINSULA shall further immediately submit to the OFFICE all information as requested which the OFFICE deems necessary for the OFFICE to complete its review; and

(v) Cede reinsurance, or otherwise contract for reinsurance, only with reinsurers who are authorized and/or approved by the OFFICE, or such other reinsurers as may be approved in advance and in writing by the OFFICE. FLORIDA PENINSULA shall comply with the requirements of Section 624.610, Florida Statutes, with regard to all of its reinsurance arrangements.

(D) For the three (3) years immediately following the date of entry of this Consent Order, FLORIDA PENINSULA shall file with the OFFICE, on an annual basis no later than June 1 of each year, a catastrophe loss model with probable maximum loss estimate amounts from a one hundred-year storm based upon the exposure information gathered from all of its policies in force as of April 15 of each year which would be affected by a catastrophe. FLORIDA PENINSULA shall include in this filing an exposure management plan, which will identify the company's ability to provide satisfactory financial capacity to cover the company's exposure to catastrophic hurricane loss. The plan shall identify the reinsurance coverage and

surplus levels being utilized to maintain a satisfactory financial capacity with regard to catastrophe exposure. FLORIDA PENINSULA shall also include within the plan specific actions intended to limit catastrophic exposures to the company's financial capacity. Based upon the OFFICE's review of the models and plans, FLORIDA PENINSULA may be required at the OFFICE's sole discretion to take corrective action to cure any overexposure identified by the OFFICE. Such action may also include obtaining additional amounts of reinsurance coverage as directed by the OFFICE or suspend writing of any additional business, including the CITIZENS policies;

(E) Any and all policies removed from CITIZENS by FLORIDA PENINSULA shall provide coverage substantially equivalent to that afforded by CITIZENS. Any and all policies removed from CITIZENS by FLORIDA PENINSULA, pursuant to its proposal to remove selected policies from CITIZENS, must be renewable by the policyholder at approved rates and upon the same terms at the first such renewal onto FLORIDA PENINSULA'S policy form, unless such policies are canceled by FLORIDA PENINSULA for a lawful reason;

(F) At the time FLORIDA PENINSULA removes any policy of insurance from CITIZENS, FLORIDA PENINSULA 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 FLORIDA PENINSULA chooses the latter option, FLORIDA PENINSULA shall nevertheless be required to obtain a new policy application from each affected policyholder no later than twenty-four (24) months from the effective date of any policy of insurance removed from CITIZENS. FLORIDA PENINSULA may not initiate any retrospective increase in rates or the premium or any retrospective decrease in coverage provided under the assumed CITIZENS

policy (if applicable) as a result of the information obtained from or through the new policy applications;

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

(H) Regarding required documentation to be maintained by FLORIDA PENINSULA relating to policies removed from CITIZENS:

(i) FLORIDA PENINSULA is required to track all agents, as well as the related policy information, who have declined to participate in the takeout process. This information shall be submitted to Citizens by the deadline published in the Citizens Assumption Calendar. Citizens will then mail out notices informing the policyholders of the agent's declination. This will allow the affected policyholders the opportunity to address the declination with their agent and possibly receive their agent's approval in time to be included in the current takeout.

(ii) FLORIDA PENINSULA is required to track all agents, as well as the related policy information, who after discussing with the policyholder, decide to participate in the takeout process and submit this information to Citizens by the deadline published in the revised 2012 Assumption Calendar.

(iii) FLORIDA PENINSULA is required to keep a record of all agents who decline participation along with an explanation for the declination.

(iv) When contacting an agent regarding a potential takeout policy, FLORIDA PENINSULA is required to provide each agent with the policy form to be used,

appointment contract and a copy of FLORIDA PENINSULA'S most currently available financial statement.

(I) FLORIDA PENINSULA is required to comply with the following requirements when soliciting an agent's permission to participate in the assumption process:

(i) FLORIDA PENINSULA must utilize email and at least one other method for contact (i.e. call, fax or regular mail);

(ii) FLORIDA PENINSULA must send out a direct solicitation to the agent of record and copy the agency principal;

(iii) FLORIDA PENINSULA must provide all agents a minimum of 14 days to review the solicitation. This will allow agents adequate time to research the company and make an informed decision;

(iv) FLORIDA PENINSULA must provide a copy of the appointment contract. FLORIDA PENINSULA may opt to provide the agent a link to its website containing the required information;

(v) FLORIDA PENINSULA must provide a copy of the policy form. FLORIDA PENINSULA may opt to provide the agent a link to its website containing the required information;

(vi) FLORIDA PENINSULA must provide a chart identifying any differences in coverage from Citizens, which will help both the agent and the policyholder in making an informed decision;

(vii) FLORIDA PENINSULA must provide a list of policies specific to the agent that it would like to assume;

(viii) FLORIDA PENINSULA must provide a contact number of qualified staff to answer agent's questions;

(ix) FLORIDA PENINSULA must provide an overview of its strategy for handling claims (cat and non-cat);

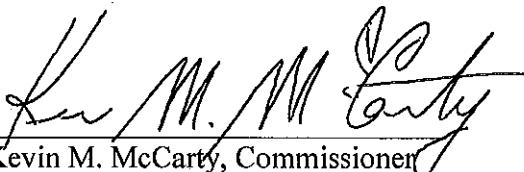
(J) Should the OFFICE determine FLORIDA PENINSULA has failed to materially comply with terms of this Consent Order, the proposal to remove selected policies from CITIZENS, including its attachments, and amendments thereto as submitted to the OFFICE, or terms of any agreement(s) with CITIZENS, FLORIDA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

WHEREFORE, the proposal to remove up to forty-five thousand (45,000) multiple peril policies, consisting of forty thousand five hundred (40,500) policies from the personal lines account and four thousand five hundred (4,500) policies from the high risk multiple peril account, for the initial assumption starting on or about November 6, 2012, subject to the terms and conditions of this Consent Order, are hereby APPROVED.

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

DONE and ORDERED this 19th day of September, 2012.




Kevin M. McCarty, Commissioner
Office of Insurance Regulation

By execution hereof, FLORIDA PENINSULA 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 he has the authority to bind FLORIDA PENINSULA INSURANCE COMPANY to the terms and conditions of this Consent Order.

FLORIDA PENINSULA INSURANCE COMPANY

Cristina S. Murphy on behalf of R.L. Desjardon
Roger Louis Desjardon, Chief Executive Officer

Corporate Seal

STATE OF Florida
COUNTY OF Dade

The foregoing instrument was acknowledged before me this 19th day of Sept. 2012,
by Cristina S. Murphy as Controller on behalf of Roger L. Desjardon, President
(name of person) (type of authority e.g. officer, trustee attorney in fact)
for FLORIDA PENINSULA INSURANCE COMPANY
(company name)



Kathleen Postel
(Signature of the Notary)

Kathleen Postel
(Print, Type or Stamp Commissioned Name of Notary)

Personally Known OR Produced Identification _____
Type of Identification Produced _____

COPIES FURNISHED TO:

Bobbi Scott, Depopulation Manager
Citizens Property Insurance Corporation
Corporate Offices
101 North Monroe Street, Suite 1000
Tallahassee, FL 32301
Bobbi.Scott@citizensfla.com

Roger Louis Desjadon, Chief Executive Officer
Florida Peninsula Insurance Company
903 NW 65th Street Suite 200
Boca Raton, FL 33487
Roger.Desjadon@floridapeninsula.com

Carolyn Morgan, Director
Office of Insurance Regulation
P&C Financial Oversight
200 East Gaines Street
Tallahassee, FL 32399-0329

David Altmaier, Chief Analyst
Office of Insurance Regulation
P&C Financial Oversight
200 East Gaines Street
Tallahassee, FL 32399-0329

Amanda Rudock, Financial Examiner/Analyst II
Office of Insurance Regulation
P&C Financial Oversight
200 East Gaines Street
Tallahassee, FL 32399-0329
Amanda.Rudock@flor.com