



03929

FILED

SEP 27 2010

OFFICE OF INSURANCE REGULATION

OFFICE OF
INSURANCE REGULATION
Decreted by: KEVIN M. McCARTY
COMMISSIONER

IN THE MATTER OF:

CASE NO.: 112703-10

AMERICAN INTEGRITY INSURANCE COMPANY OF FLORIDACONSENT ORDER

THIS CAUSE came on for consideration as a result of AMERICAN INTEGRITY INSURANCE COMPANY OF FLORIDA's (hereinafter "AMERICAN INTEGRITY") 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 August 30, 2010. 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, 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 (attached as exhibit "A" and hereby incorporated by reference) the terms and conditions upon which this Consent Order is

predicated. AMERICAN INTEGRITY shall abide by the terms and conditions of the CITIZENS depopulation plan as a condition of issuance of this Consent Order.

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

5. On or about August 30, 2010, AMERICAN INTEGRITY submitted a proposal to remove selected personal residential policies from CITIZENS. The plan provides for an assumption of up to twenty-three thousand (23,000) multiple peril policies from CITIZENS'. AMERICAN INTEGRITY plans to assume the CITIZENS's policies over a period of time, subject to the approval by the OFFICE.

6. AMERICAN INTEGRITY understands that the selected policies to be removed from CITIZENS on or about November 16, 2010, 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 2010 policy year, the bonus may be paid to AMERICAN INTEGRITY in accordance with that plan and agreements between AMERICAN INTEGRITY and CITIZENS. AMERICAN INTEGRITY shall enter into appropriate agreements with CITIZENS to provide the following:

a. AMERICAN INTEGRITY, 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 AMERICAN INTEGRITY before the removal date if the policyholder desires to stay with CITIZENS;

b. AMERICAN INTEGRITY 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. AMERICAN INTEGRITY shall obtain prior approval from the OFFICE of any letters sent to policy holders regarding any policies to be removed from CITIZENS.

7. AMERICAN INTEGRITY acknowledges that 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 AMERICAN INTEGRITY for removal from CITIZENS, as the availability of policies for removal may vary over time.

8. AMERICAN INTEGRITY 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 AMERICAN INTEGRITY'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 AMERICAN INTEGRITY's current in-force book of residential property policies, AMERICAN INTEGRITY's projected voluntary market writings, and actual number of policies available in CITIZENS prior to the anticipated assumption date identified by AMERICAN INTEGRITY as satisfying its filed and approved underwriting guidelines.

9. AMERICAN INTEGRITY has submitted the proposed reinsurance documentation and financial projections for assumption of up to twenty-three thousand (23,000) multiple peril policies,

expected to be assumed on November 16, 2010 or on subsequent dates approved by the OFFICE and CITIZENS. Each additional assumption of CITIZENS policies by AMERICAN INTEGRITY shall be subject to advance written approval by the OFFICE.

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

11. AMERICAN INTEGRITY 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 the parties may be entitled by law or by rules of the OFFICE. AMERICAN INTEGRITY agrees not to appeal or otherwise contest this Consent Order in any forum now, or in the future, available to it, including the right to any administrative proceeding, circuit or federal court action, or any appeal.

12. AMERICAN INTEGRITY represents that 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 AMERICAN INTEGRITY. However, all draft documents and non-executed agreements relating to AMERICAN INTEGRITY'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 executed a copy of this Consent Order bearing signature of AMERICAN INTEGRITY and/or its authorized representative, notwithstanding the fact the copy was transmitted to the OFFICE

electronically or via facsimile machine. AMERICAN INTEGRITY agrees its signature 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 AMERICAN INTEGRITY.

(b) The OFFICE approves the assumption of up to twenty-three thousand (23,000) multiple peril policies, consisting of twenty-two thousand five hundred forty-nine (22,549) policies from the personal lines account and four hundred fifty-one (451) policies from the high risk multiple peril account, for the initial assumption starting on or about November 16, 2010, in accordance with the proposal to remove selected policies from CITIZENS, any agreement(s) between AMERICAN INTEGRITY and CITIZENS, and this Consent Order.

(c) Regarding all reinsurance matters relating to policies removed from CITIZENS, for a period of three (3) years immediately following the date of entry of this Consent Order, AMERICAN INTEGRITY shall:

i. Maintain substantially the same reinsurance coverage as evidenced to the OFFICE in the proposal to remove selected policies from CITIZENS;

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) or plans;

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 AMERICAN INTEGRITY's reinsurance program. AMERICAN INTEGRITY 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. AMERICAN INTEGRITY 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, AMERICAN INTEGRITY 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. AMERICAN INTEGRITY 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. AMERICAN INTEGRITY 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,

AMERICAN INTEGRITY 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 AMERICAN INTEGRITY shall provide coverage substantially equivalent to that afforded by CITIZENS. Any and all policies removed from CITIZENS by AMERICAN INTEGRITY, 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 AMERICAN INTEGRITY's policy form, unless such policies are canceled by AMERICAN INTEGRITY for a lawful reason, or are non-renewed only in accordance with filed approved underwritings guidelines;

(f) At the time AMERICAN INTEGRITY removes any policy of insurance from CITIZENS, AMERICAN INTEGRITY 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 AMERICAN INTEGRITY chooses the latter option, AMERICAN INTEGRITY 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. AMERICAN INTEGRITY 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, AMERICAN INTEGRITY shall abide by the proposal to remove selected policies from CITIZENS in all material respects. Further, AMERICAN INTEGRITY shall abide by all terms and provisions of any agreement(s) entered into with CITIZENS; and;

(h) Regarding required documentation to be maintained by AMERICAN INTEGRITY relating to policies removed from CITIZENS:

i. AMERICAN INTEGRITY 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. AMERICAN INTEGRITY 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 2010 Assumption Calendar;

iii. AMERICAN INTEGRITY 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, AMERICAN INTEGRITY is required to provide each agent with the policy form to be used, appointment contract and a copy of AMERICAN INTEGRITY's most currently available financial statement;

(i) AMERICAN INTEGRITY is required to comply with the following requirements when soliciting an agent's permission to participate in the assumption process:

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

ii. AMERICAN INTEGRITY must send out a direct solicitation to the agent of record and copy the agency principal;

iii. AMERICAN INTEGRITY 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. AMERICAN INTEGRITY must provide a copy of the appointment contract. AMERICAN INTEGRITY may opt to provide the agent a link to its website containing the required information;

v. AMERICAN INTEGRITY must provide a copy of the policy form. AMERICAN INTEGRITY may opt to provide the agent a link to its website containing the required information;

vi. AMERICAN INTEGRITY 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. AMERICAN INTEGRITY must provide a list of policies specific to the agent that it would like to assume;

viii. AMERICAN INTEGRITY must provide a contact number of qualified staff to answer agent's questions;

ix. AMERICAN INTEGRITY must provide an overview of its strategy for handling claims (catastrophe and non-catastrophe);

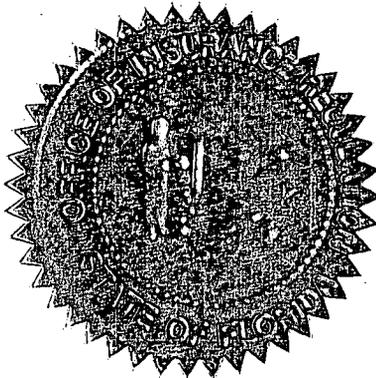
(j) Should the OFFICE determine AMERICAN INTEGRITY has failed to materially comply with terms of this Consent Order, the proposal to remove selected policies from CITIZENS, including its attachments, and amendments thereto as submitted to the OFFICE, or terms of any agreement(s) with CITIZENS, AMERICAN INTEGRITY shall, upon receipt of notice of such material non-compliance, have sixty (60) days to cure its material non-compliance. In the event AMERICAN INTEGRITY fails to cure any such material non-compliance within the sixty (60) day period, AMERICAN INTEGRITY expressly agrees the OFFICE may enter an order directing it to

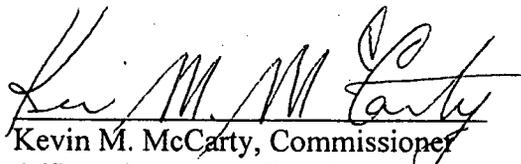
immediately cease writing personal lines residential property coverage or other lines of insurance within the State of Florida, or imposing such other sanctions authorized by statute, rule or restrictions, as may be deemed appropriate by the OFFICE.

WHEREFORE, the proposal to remove up to twenty-three thousand (23,000) multiple peril policies, consisting of twenty-two thousand five hundred forty-nine (22,549) policies from the personal lines account and four hundred fifty-one (451) policies from the high risk multiple peril account, for the initial assumption starting on or about November 16, 2010, subject to the terms and conditions of this Order, are hereby APPROVED.

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

DONE and ORDERED this 27th day of September, 2010.




Kevin M. McCarty, Commissioner
Office of Insurance Regulation

By execution hereof, AMERICAN INTEGRITY INSURANCE COMPANY OF FLORIDA 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 AMERICAN INTEGRITY INSURANCE COMPANY OF FLORIDA to the terms and conditions of this Consent Order.

AMERICAN INTEGRITY INSURANCE COMPANY
OF FLORIDA

Robert C. Ritchie
Robert Ritchie, President

Corporate Seal

STATE OF Florida
COUNTY OF Hillsborough

The foregoing instrument was acknowledged before me this 27 day of Sept. 2010,
by ROBERT C. RITCHIE as PRESIDENT
(name of person) (type of authority e.g. officer, trustee attorney in fact)
for AMERICAN INTEGRITY INS. CO.
(company name)

Violet Rose
Signature of the Notary
VIOLET ROSE
MY COMMISSION # DD952929
EXPIRES January 18, 2014
Florida Notary Service.com
(Notary Seal 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

Mr. Robert Ritchie, President
American Integrity Insurance Company of Florida
7650 W. Courtney Campbell Causeway, Suite 1200
Tampa, FL 33607
RRitchie@aificfl.com

Robin Westcott, Director
P&C Financial Oversight
Office of Insurance Regulation
200 East Gaines Street
Robin.Wescott@flor.com

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

Shannon Doheny, Assistant General Counsel
Legal Affairs Division
Office of Insurance Regulation
200 East Gaines Street
Tallahassee, FL 32399-0333
Shannon.Doheny@flor.com



FILED

MAR 11 2008

OFFICE OF INSURANCE REGULATION

**OFFICE OF
INSURANCE REGULATION**
Decided by: [Signature]

KEVIN M. MCCARTY
COMMISSIONER

IN THE MATTER OF:

Case No. 94539-08

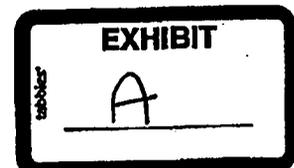
CITIZENS PROPERTY INSURANCE CORPORATION

**ORDER APPROVING CITIZENS PROPERTY INSURANCE CORPORATION'S
PERSONAL RESIDENTIAL AND COMMERCIAL RESIDENTIAL NON-BONUS
TAKEOUT PLANS**

TO: Scott Wallace, President
Citizens Property Insurance Corporation
101 North Monroe Street, Suite 1000
Tallahassee, Florida 32301

THIS MATTER came before the Office of Insurance Regulation (hereinafter referred to as the "OFFICE") for consideration upon the filing by Citizens Property Insurance Corporation (hereinafter referred to as "CITIZENS") for the OFFICE's approval of the Personal Residential and Commercial Residential Non-Bonus Takeout Plans (hereinafter referred to as the "Takeout Plans"). The OFFICE, having considered the provisions of the Takeout Plans, and being fully advised in the premises, hereby finds as follows:

1. The OFFICE has jurisdiction over the parties and the subject matter of these proceedings.
2. Pursuant to Section 627.351(6)(p)3.a., Florida Statutes, CITIZENS shall adopt one or more programs for the reduction of both new and renewal writings in the corporation. The programs are subject to approval by the OFFICE.



3. The Board of Governors of CITIZENS at its duly noticed and convened meeting of January 25, 2008, approved the Takeout Plans. On or about February 10, 2008, CITIZENS submitted to the OFFICE for approval, both the Personal Residential and the Commercial Residential Takeout Plans.

4. The Takeout Plans are attached hereto as Exhibits A and B.

5. CITIZENS has developed a takeout process that includes a required notification to policyholders by the takeout companies at least thirty (30) days in advance of a personal lines takeout so that CITIZENS can continue the effort to remove risk to the voluntary market while honoring a new statutory requirement that the policyholder has a right to stay in CITIZENS for a specified period of time, even if the policyholder receives an offer of coverage from the voluntary market. In furtherance of this effort, CITIZENS has been giving notice to takeout companies to avoid the selection of policies where the agent has categorically disapproved of policy removals. The notification is for the very practical purpose of saving the effort to de-select policies after the agent refuses a takeout. Because this process is done prior to policy selection, under current practice, the policyholder is unaware that their policy would have been a potential candidate for an offer of coverage from a voluntary insurer.

6. CITIZENS shall discontinue this notice so that the takeout companies will make their selections without categorically eliminating policies from eligibility for removal. Takeout companies will still notify agents as well as policyholders in advance of the proposed policy removal date, and will seek the approval of the agent for appointment. However, the agents should be required to decline appointment in each instance of a refusal to allow policies to be removed, and the affected policyholders should be notified by CITIZENS that a voluntary insurance company selected their policy for removal, but their agent refused.

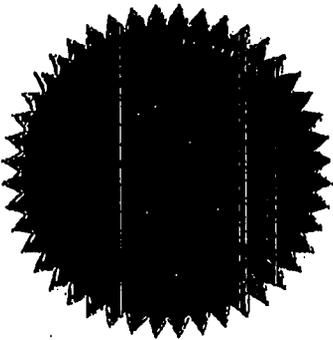
7. For assumptions occurring after May 1, 2008, CITIZENS must send notice to any policyholder whose policy has been selected for assumption by an assuming insurer, but whose agent is unable or unwilling to be appointed for the assuming insurer, that an offer of coverage was made which may have saved them premium dollars. The notice must also provide the policyholder with the offering insurer's contact information to permit the insured to contact the company directly to make a determination on their own of whether to seek coverage from the offering insurer.

8. Approval of these Takeout Plans shall not constitute the OFFICE's approval of any specific insurance company depopulation plans subject to the OFFICE's review.

IT IS THEREFORE ORDERED:

Subject to the terms and conditions outlined above, the Personal Residential and the Commercial Residential Takeout Plans approved by the CITIZENS Board of Governors on January 25, 2008, are APPROVED.

DONE AND ORDERED this 11th day of March, 2008.




Kevin M. McCarty
Commissioner
Office of Insurance Regulation