FILED

FEB 29 2016

OFFICE OF
INSURANCE REGULATION
Docketed by:

OFFICE OF INSURANCE REGULATION

KEVIN MCCARTY
COMMISSIONER

IN THE MATTER OF: CASE NO.: 187265-16-CO

ANCHOR PROPERTY & CASUALTY
INSURANCE COMPANY
_____/

CONSENT ORDER

THIS CAUSE came on for consideration as a result of ANCHOR PROPERTY & CASUALTY INSURANCE COMPANY's (hereinafter "ANCHOR") 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 or about February 1, 2016. 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, which the OFFICE adopted in Order No. 125161-12, providing the terms and conditions that serve as the basis for this Consent Order. ANCHOR shall abide by the terms and conditions of the CITIZENS depopulation plan as a condition of issuance of this Consent Order.

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

5. On or about February 1, 2016, ANCHOR submitted a proposal to remove selected personal residential policies from CITIZENS. The proposal provides for an assumption to occur on or about May 24, 2016, of up to ten thousand (10,000) multi-peril policies, consisting of eight thousand one hundred sixty-four (8,164) multi-peril policies from CITIZENS' personal lines account, along with one thousand eight hundred thirty-six (1,836) multi-peril policies from CITIZENS' coastal account.

6. ANCHOR understands that the selected policies to be removed from CITIZENS on May 24, 2016, 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.

7. ANCHOR shall enter into appropriate agreements with CITIZENS to provide the following:

a. ANCHOR, at its own expense, shall give at least thirty (30) days advance written notice to affected policyholders informing them of the need to contact ANCHOR before the removal date if they desire to stay with CITIZENS. The notice shall include the estimated CITIZENS renewal premium and the estimated ANCHOR policy premium.

b. ANCHOR shall accumulate any objections and shall facilitate the return of any policyholder who desires to remain insured by CITIZENS if that policyholder executes an opt-out 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 or take any action other than to express the desire to remain with CITIZENS

in writing or by electronic mail no later than 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 approved by CITIZENS and the OFFICE. ANCHOR agrees that once the policyholder notice required by paragraph 7a. above has been provided to affected policyholders, ANCHOR will honor the offer of coverage unless the policyholder opts out or the OFFICE approves termination of the offer for good cause shown.

8. ANCHOR must timely provide to CITIZENS all information required by the 2016 Assumption Calendar published by CITZENS. ANCHOR 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 ANCHOR for removal from CITIZENS, as the availability of policies for removal may vary over time.

9. ANCHOR shall limit its actual removal of policies from CITIZENS to the number and type of policies authorized by the OFFICE in this Consent Order. The OFFICE will base its review on ANCHOR'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 ANCHOR's current in-force book of property policies, ANCHOR's projected voluntary market writings, and the actual number of policies available in CITIZENS prior to the anticipated assumption date identified by ANCHOR as satisfying its filed and approved underwriting guidelines.

10. ANCHOR has submitted the proposed reinsurance documentation and financial projections for assumption of up to ten thousand (10,000) multi-peril policies, consisting of eight thousand one hundred sixty-four (8,164) multi-peril policies from CITIZENS' personal lines

account, along with one thousand eight hundred thirty-six (1,836) multi-peril policies from CITIZENS' coastal account, expected to be assumed on or about May 24, 2016, or on subsequent dates approved by the OFFICE and CITIZENS. Each additional assumption of CITIZENS policies by ANCHOR shall be subject to advance written approval by the OFFICE.

11. ANCHOR's acquisition of adequate reinsurance and maintenance of executed reinsurance agreements are material to the OFFICE's review and analysis of ANCHOR's proposal to remove selected policies from CITIZENS and to the OFFICE's approval of the proposal.

12. ANCHOR 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. ANCHOR 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, circuit or federal court action, or any appeal.

13. ANCHOR 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 ANCHOR. However, all draft documents and non-executed agreements relating to ANCHOR'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.

14. The parties agree this Consent Order will be deemed executed when the OFFICE has signed a copy of this Consent Order bearing the signature of ANCHOR, or its authorized representative, notwithstanding the fact the copy was transmitted to the OFFICE electronically.

ANCHOR agrees the signature of its representative as affixed to this Consent Order shall be under seal of a Notary Public.

15. 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 ANCHOR.

(B) The OFFICE approves the assumption of up to ten thousand (10,000) multi-peril policies, consisting of eight thousand one hundred sixty-four (8,164) multi-peril policies from CITIZENS' personal lines account, along with one thousand eight hundred thirty-six (1,836) multi-peril policies from CITIZENS' coastal account, expected to be assumed on or about May 24, 2016, in accordance with the proposal to remove selected policies from CITIZENS, any agreement(s) between ANCHOR and CITIZENS, and this Consent Order.

(C) Regarding all reinsurance matters, ANCHOR 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 remove 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 sixty (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) ANCHOR shall participate annually in any examination of ANCHOR's reinsurance program as requested by the OFFICE. Based upon the OFFICE's review of the models and plans, ANCHOR 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, ANCHOR shall provide coverage substantially equivalent to that afforded by CITIZENS at approved rates, unless such policies are cancelled or nonrenewed by ANCHOR for a lawful reason.

(F) At the time ANCHOR removes any policy of insurance from CITIZENS, ANCHOR 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 ANCHOR chooses the former option, ANCHOR 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, ANCHOR shall abide by the proposal to remove selected policies from CITIZENS in all material respects. Further, ANCHOR shall abide by all terms of this Consent Order and all provisions of any agreement(s) entered into with CITIZENS.

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

(i) ANCHOR is required to track all agents, as well as the related policy information, that have declined to participate in the takeout process. This information shall be submitted to CITIZENS by the deadline published in the 2016 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. At no time shall ANCHOR contact a potential policyholder without the agent's appointment.

(ii) ANCHOR 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 2016 Citizens Assumption Calendar.

(iii) ANCHOR 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, ANCHOR is required to provide each agent with the policy form to be used, appointment contract, and a copy of ANCHOR's most current available financial statement.

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

(i) ANCHOR must utilize email and at least one other method for contact, such as via facsimile or United States Postal Service.

(ii) ANCHOR must send out a direct solicitation to the agent of record and copy the agency principal.

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

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

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

(vi) ANCHOR 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) ANCHOR must provide a list of policies specific to the agent that it would like to assume.

(viii) ANCHOR must provide a contact number of qualified staff to answer the agent's questions.

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

(J) Should the OFFICE determine ANCHOR 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, ANCHOR shall, upon receipt of notice of such material non-compliance, have sixty (60) days to cure its material non-compliance. In the event ANCHOR fails to cure any such material non-compliance within the sixty (60) day period, ANCHOR expressly agrees the OFFICE may enter an order directing it to immediately cease writing

personal residential 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 proposal to remove up to ten thousand (10,000) multi-peril policies, consisting of eight thousand one hundred sixty-four (8,164) multi-peril policies from CITIZENS' personal lines account, along with one thousand eight hundred thirty-six (1,836) multi-peril policies from CITIZENS' coastal account, for the initial assumption starting on or about May 24, 2016, 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 February, 2016.

Kevin M. McCarty, Commissioner
Office of Insurance Regulation

By execution hereof, ANCHOR 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 therein. The undersigned represents that he has the authority to bind ANCHOR PROPERTY & CASUALTY INSURANCE COMPANY to the terms and conditions of this Consent Order.

ANCHOR PROPERTY & CASUALTY
INSURANCE COMPANY

[Corporate Seal]

Jennifer Pintacuda, CFO

STATE OF Florida

COUNTY OF Pinellas

The foregoing instrument was acknowledged before me this 26th day of February 2016,

by Jennifer Pintacuda (name of person) as CFO (type of authority; e.g., officer, trustee, attorney in fact)

for Anchor Property + Casualty Insurance (company name)

[Notary Seal]

TYLER J ANDREJACK
MY COMMISSION # EE863012
EXPIRES January 07, 2017
(407) 398-0153 FloridaNotaryService.com

(Signature of the Notary)

Tyler Andrejack
(Print, Type, or Stamp Commissioned Name of Notary)

Personally Known ✓ OR Produced Identification _____

Type of Identification Produced _____

My Commission Expires: 01/07/2017

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