



by the terms and conditions of the CITIZENS depopulation plan as a condition of issuance of this Consent Order.

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

5. On or about November 4, 2014, HOMEOWNERS CHOICE submitted a proposal to remove selected personal residential policies from CITIZENS. The proposal provides for an initial assumption to occur on or about February 17, 2015, of up to fifty thousand (50,000) multiple peril and wind-only policies from CITIZENS' personal lines and coastal account. HOMEOWNERS CHOICE plans to assume the CITIZENS policies over a period of time, subject to the approval by the OFFICE.

6. HOMEOWNERS CHOICE understands that the selected policies to be removed from CITIZENS on or about February 17, 2015, or at a later date approved by the OFFICE and CITIZENS, from the personal lines account 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 2015 policy year, the bonus may be paid to HOMEOWNERS CHOICE in accordance with that plan and agreements between HOMEOWNERS CHOICE and CITIZENS.

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

a. HOMEOWNERS CHOICE, at its own expense, shall give at least thirty (30) days advance notice to affected personal lines policyholders informing them of the need to

contact HOMEOWNERS CHOICE before the removal date if they desire to stay with CITIZENS. The notice shall include a means, such as a telephone number or website, for an agent or consumer to obtain a comparison of the renewal rate for HOMEOWNERS CHOICE and the renewal rate for CITIZENS.

b. HOMEOWNERS CHOICE 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 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 done in accordance with instructions by CITIZENS and the OFFICE. HOMEOWNERS CHOICE shall obtain prior approval from the OFFICE of any letters sent to policyholders regarding any policies to be removed from CITIZENS. HOMEOWNERS CHOICE agrees that once opt-out notices have been mailed to consumers, HOMEOWNERS CHOICE cannot terminate the offer of coverage for any reason other than a consumer opt-out. HOMEOWNERS CHOICE agrees that subsequent non-renewals of policies assumed via this assumption will be in accordance with the Florida Insurance Code.

d. HOMEOWNERS CHOICE shall at all times submit to CITIZENS any information required by the published revised 2015 Assumption Calendar. This information shall at all times be submitted timely, in accordance with the deadlines published by CITIZENS.

8. HOMEOWNERS CHOICE 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 HOMEOWNERS CHOICE for removal from CITIZENS, as the availability of policies for removal may vary over time.

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

10. HOMEOWNERS CHOICE has submitted the proposed reinsurance documentation and financial projections for assumption of up to fifty thousand (50,000) multiple peril policies, consisting of seventeen thousand five hundred (17,500) multiple peril policies from CITIZENS' personal lines account and thirty-two thousand five hundred (32,500) multiple peril and wind-only policies from CITIZENS' coastal account, expected to be assumed on or about February 17, 2015, or on subsequent dates approved by the OFFICE and CITIZENS. Each additional assumption of CITIZENS policies by HOMEOWNERS CHOICE shall be subject to advance written approval by the OFFICE.

11. HOMEOWNERS CHOICE's acquisition of adequate reinsurance and maintenance of executed reinsurance agreements are material to the OFFICE's review and

analysis of HOMEOWNERS CHOICE's proposal to remove selected policies from CITIZENS and to the OFFICE's approval of the proposal.

12. HOMEOWNERS CHOICE 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. HOMEOWNERS CHOICE 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. HOMEOWNERS CHOICE 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 HOMEOWNERS CHOICE. However, all draft documents and non-executed agreements relating to HOMEOWNERS CHOICE'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.

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 HOMEOWNERS CHOICE, or its authorized representative, notwithstanding the fact the copy was transmitted to the OFFICE electronically. HOMEOWNERS CHOICE 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 HOMEOWNERS CHOICE.

(B) The OFFICE approves the assumption of up to fifty thousand (50,000) multiple peril policies, consisting of seventeen thousand five hundred (17,500) multiple peril policies from CITIZENS' personal lines account and thirty-two thousand five hundred (32,500) multiple peril and wind-only policies from CITIZENS' coastal account, expected to be assumed on or about February 17, 2015, in accordance with the proposal to remove selected policies from CITIZENS, any agreement(s) between HOMEOWNERS CHOICE 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, HOMEOWNERS CHOICE 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);

(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 HOMEOWNERS CHOICE's reinsurance program. HOMEOWNERS CHOICE shall further immediately submit to the OFFICE all information as requested that the OFFICE deems necessary for the OFFICE to complete its review; and

(v) Cede reinsurance to, or otherwise contract for reinsurance with, only reinsurers who are authorized or approved by the OFFICE, or such other reinsurers as may be approved in advance and in writing by the OFFICE. HOMEOWNERS CHOICE 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, HOMEOWNERS CHOICE 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 that would be affected by a catastrophe. HOMEOWNERS CHOICE include in this filing an exposure management plan identifying 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. HOMEOWNERS CHOICE 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, HOMEOWNERS CHOICE 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 suspending writing of any additional business, including the CITIZENS policies.

(E) Any and all policies removed from CITIZENS by HOMEOWNERS CHOICE shall provide coverage substantially equivalent to that afforded by CITIZENS. Any and all policies removed from CITIZENS by HOMEOWNERS CHOICE, 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 HOMEOWNERS CHOICE's policy form, unless such policies are canceled by HOMEOWNERS CHOICE for a lawful reason.

(F) At the time HOMEOWNERS CHOICE removes any policy of insurance from CITIZENS, HOMEOWNERS CHOICE 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 HOMEOWNERS CHOICE chooses the latter option, HOMEOWNERS CHOICE 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. HOMEOWNERS CHOICE 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, HOMEOWNERS CHOICE shall abide by the proposal to remove selected

policies from CITIZENS in all material respects. Further, HOMEOWNERS CHOICE shall abide by all terms and provisions of any agreement(s) entered into with CITIZENS.

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

(i) HOMEOWNERS CHOICE 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 revised 2015 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 HOMEOWNERS CHOICE contact a potential policyholder without the agent's appointment.

(ii) HOMEOWNERS CHOICE 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 2015 Citizens Assumption Calendar.

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

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

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

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

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

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

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

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

(ix) HOMEOWNERS CHOICE must provide an overview of its strategy for handling claims (cat and non-cat).

(J) Should the OFFICE determine HOMEOWNERS CHOICE 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, HOMEOWNERS CHOICE shall, upon receipt of notice of such material non-compliance, have sixty (60) days to cure its material non-compliance. In the event HOMEOWNERS CHOICE fails to cure any such material non-compliance within the sixty (60) day period, HOMEOWNERS CHOICE 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 fifty thousand (50,000) multiple peril policies, consisting of seventeen thousand five hundred (17,500) multiple peril policies from CITIZENS' personal lines account and thirty-two thousand five hundred (32,500) multiple peril and wind-only policies from CITIZENS' coastal account, for the initial assumption starting on or about February 17, 2015, 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 2nd day of December, 2014.



  
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Kevin M. McCarty, Commissioner  
Office of Insurance Regulation

By execution hereof, HOMEOWNERS CHOICE 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 HOMEOWNERS CHOICE PROPERTY & CASUALTY INSURANCE COMPANY to the terms and conditions of this Consent Order.

HOMEOWNERS CHOICE

[Corporate Seal]

*Scott R Wallace*

Scott R Wallace, President

STATE OF FLORIDA

COUNTY OF HILLSBOROUGH

The foregoing instrument was acknowledged before me this 2<sup>ND</sup> day of DECEMBER 2014,

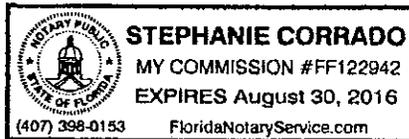
by SCOTT R. WALLACE as PRESIDENT  
(name of person) (type of authority; e.g., officer, trustee, attorney in fact)

for HOMEOWNERS CHOICE PROPERTY & CASUALTY INSURANCE COMPANY, INC.  
(company name)

[Notary Seal]

*Stephanie Corrado*

(Signature of the Notary)



STEPHANIE CORRADO

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

Personally Known  OR Produced Identification \_\_\_\_\_

Type of Identification Produced \_\_\_\_\_

My Commission Expires 8/30/2016

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