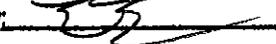




**FILED**

OCT 30 2015

OFFICE OF  
INSURANCE REGULATION

Decked by: 

OFFICE OF INSURANCE REGULATION

KEVIN MCCARTY  
COMMISSIONER

IN THE MATTER OF:

CASE NO.: 181341-15-CO

WESTON INSURANCE COMPANY

---

CONSENT ORDER

THIS CAUSE came on for consideration as a result of WESTON INSURANCE COMPANY's (hereinafter "WESTON") proposal to remove selected commercial and 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 October 2, 2015. 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. WESTON shall abide by the terms and conditions of the CITIZENS depopulation plan as a condition of issuance of this Consent Order.

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

5. On or about October 2, 2015, WESTON submitted a proposal to remove selected commercial and personal residential policies from CITIZENS. The proposal provides for an assumption to occur on or about January 12, 2016, of up to one thousand seven hundred sixty-eight (1,768) wind-only policies, consisting of one thousand forty-nine (1,049) commercial non-residential wind-only policies and seven hundred nineteen (719) commercial residential wind-only policies from CITIZENS' commercial coastal account. The proposal also provides for an assumption to occur on or about January 19, 2016, of up to seventeen thousand two hundred sixty-six (17,266) personal residential wind-only policies from CITIZENS' coastal account.

6. WESTON understands that the selected policies to be removed from CITIZENS on January 12, 2016, and January 19, 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. WESTON shall enter into appropriate agreements with CITIZENS to provide the following:

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

b. WESTON 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. WESTON agrees that once the policyholder notice required by paragraph 7a. above has been provided to affected policyholders, WESTON will honor the offer of coverage unless the policyholder opts out or the OFFICE approves termination of the offer for good cause shown.

8. WESTON must timely provide to CITIZENS all information required by the 2015 Assumption Calendar published by CITIZENS. WESTON 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 WESTON for removal from CITIZENS, as the availability of policies for removal may vary over time.

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

10. WESTON has submitted the proposed reinsurance documentation and financial projections for assumption of up to one thousand seven hundred sixty-eight (1,768) wind-only

policies, consisting of one thousand forty-nine (1,049) commercial non-residential wind-only policies and seven hundred nineteen (719) commercial residential wind-only policies from CITIZENS' commercial coastal account and for an assumption of up to seventeen thousand two hundred sixty-six (17,266) personal residential wind-only policies from CITIZENS' coastal account, expected to be assumed on or about January 12, 2016 and January 19, 2016, or on subsequent dates approved by the OFFICE and CITIZENS. Each additional assumption of CITIZENS policies by WESTON shall be subject to advance written approval by the OFFICE.

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

12. WESTON 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. WESTON 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. WESTON 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 WESTON. However, all draft documents and non-executed agreements relating to WESTON'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 WESTON, or its authorized representative, notwithstanding the fact the copy was transmitted to the OFFICE electronically. WESTON 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 WESTON.

(B) The OFFICE approves the assumption of up to one thousand seven hundred sixty-eight (1,768) wind-only policies, consisting of one thousand forty-nine (1,049) commercial non-residential wind-only policies and seven hundred nineteen (719) commercial residential wind-only policies from CITIZENS' commercial coastal account and for an assumption of up to seventeen thousand two hundred sixty-six (17,266) personal residential wind-only policies from CITIZENS' coastal account, expected to be assumed on or about January 12, 2016, and January 19, 2016, in accordance with the proposal to remove selected policies from CITIZENS, any agreement(s) between WESTON and CITIZENS, and this Consent Order.

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

(F) At the time WESTON removes any policy of insurance from CITIZENS, WESTON 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 WESTON chooses the former option, WESTON 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, WESTON shall abide by the proposal to remove selected policies from

CITIZENS in all material respects. Further, WESTON 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 WESTON relating to policies removed from CITIZENS:

(i) WESTON 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 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 WESTON contact a potential policyholder without the agent's appointment.

(ii) WESTON 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 2015 Citizens Assumption Calendar.

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

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

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

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

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

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

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

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

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

(J) Should the OFFICE determine WESTON 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

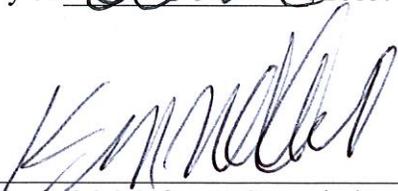
agreement(s) with CITIZENS, WESTON shall, upon receipt of notice of such material non-compliance, have sixty (60) days to cure its material non-compliance. In the event WESTON fails to cure any such material non-compliance within the sixty (60) day period, WESTON expressly agrees the OFFICE may enter an order directing it to immediately cease writing commercial and 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 one thousand seven hundred sixty-eight (1,768) wind-only policies, consisting of one thousand forty-nine (1,049) commercial non-residential wind-only policies and seven hundred nineteen (719) commercial residential wind-only policies from CITIZENS' commercial coastal account and to remove up to seventeen thousand two hundred sixty-six (17,266) personal residential wind-only policies from CITIZENS' coastal account, for the initial assumption starting on or about January 12, 2016, and January 19, 2016, respectively, is hereby APPROVED, subject to the terms and conditions of this Consent Order.

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

DONE and ORDERED this 30<sup>th</sup> day of October, 2015.



  
\_\_\_\_\_  
Kevin M. McCarty, Commissioner  
Office of Insurance Regulation

By execution hereof, WESTON 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 WESTON INSURANCE COMPANY to the terms and conditions of this Consent Order.

WESTON INSURANCE COMPANY

[Corporate Seal]

Michael Lyons, President & CEO

STATE OF Florida

COUNTY OF Miami-Dade

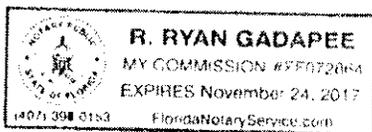
The foregoing instrument was acknowledged before me this 30th day of October 2015,

by Michael C. Lyons as President & CEO  
(name of person) (type of authority, e.g., officer, trustee, attorney in fact)

for Weston Insurance Company  
(company name)

[Notary Seal]

(Signature of the Notary)



R. Ryan Gadapee

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

Personally Known  OR Produced Identification

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

My Commission Expires: November 24, 2017

COPIES FURNISHED TO:

Bobbi Scott, Depopulation Manager  
Citizens Property Insurance Corporation  
2312 Killearn Center Boulevard  
Tallahassee, FL 32309  
Bobbi.Scott@citizensfla.com

Michael Lyons, President & CEO  
Weston Insurance Company  
2555 Ponce de Leon Boulevard, Suite 300  
Coral Gables, FL 33134  
Michael.Lyons@weston-ins.com

Ryan Gadapee, General Counsel  
Weston Insurance Company  
2555 Ponce de Leon Boulevard, Suite 300  
Coral Gables, FL 33134  
Ryan.Gadapee@weston-ins.com

David Altmaier, Deputy Commissioner  
Office of Insurance Regulation  
P&C Financial Oversight  
200 East Gaines Street  
Tallahassee, FL 32399

Robert Ridenour, Director  
Office of Insurance Regulation  
P&C Financial Oversight  
200 East Gaines Street  
Tallahassee, FL 32399

Joel Meyer, Chief Analyst  
Office of Insurance Regulation  
P&C Financial Oversight  
200 East Gaines Street  
Tallahassee, FL 32399

Alyssa Grant, Government Analyst II  
Office of Insurance Regulation  
P&C Financial Oversight  
200 East Gaines Street  
Tallahassee, FL 32399  
Alyssa.Grant@flor.com

CONTINUED

Rachic' A. Wilson  
Assistant General Counsel  
Office of Insurance Regulation  
200 East Gaines Street  
Tallahassee, FL 32399  
Rachic.Wilson@flor.com