

FILED

SEP 30 2022

INSURANCE REGULATION

Docketed by: EE



OFFICE OF INSURANCE REGULATION

DAVID ALTMAYER
COMMISSIONER

IN THE MATTER OF:

CASE NO.: 301151-22-CO

LOGGERHEAD RECIPROCAL
INTERINSURANCE EXCHANGE

CONSENT ORDER

THIS CAUSE came on for consideration as a result of LOGGERHEAD RECIPROCAL INTERINSURANCE EXCHANGE's ("LOGGERHEAD") proposal to assume selected personal lines policies from CITIZENS PROPERTY INSURANCE CORPORATION ("CITIZENS"), which was submitted to the FLORIDA OFFICE OF INSURANCE REGULATION ("OFFICE") for its review on or about August 31, 2022. Following 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 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 titled "Citizens Property Insurance Corporation Personal Residential and Commercial Lines Non-Bonus Depopulation Plan" ("Plan"), which the OFFICE adopted in Order

No. 199206-16 and approved on November 30, 2016 and amended on December 2, 2016. The Plan provides the terms and conditions that serve as the basis for this Consent Order. LOGGERHEAD shall abide by the terms and conditions of the Plan as a condition of issuance of this Consent Order.

4. LOGGERHEAD is a Florida-domiciled property and casualty reciprocal authorized to transact insurance in the state of Florida.

5. On or about August 31, 2022, LOGGERHEAD submitted a proposal to assume selected policies from CITIZENS. The policies are expected to be assumed on or about December 20, 2022, and the proposal provides for an assumption of up to six thousand (6,000) policies from CITIZENS' personal residential policies, with all six thousand (6,000) being from the Personal Lines Account.

6. LOGGERHEAD understands that the selected policies to be assumed from CITIZENS on or about December 20, 2022, will not be subject to any incentive or bonus plan, whether statutory or otherwise.

7. LOGGERHEAD is responsible for ensuring that it has entered or will enter into appropriate agreements with CITIZENS to effectuate the assumption of policies as authorized by this Consent Order. By entering into this Consent Order, LOGGERHEAD represents that it will comply with any such agreements between it and CITIZENS, including any revised depopulation process applicable to reciprocal insurers.

8. LOGGERHEAD must timely provide to CITIZENS all information required by the 2022 Assumption Calendar published by CITIZENS. LOGGERHEAD 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 LOGGERHEAD for assumption from CITIZENS, as the availability of policies for assumption may vary over time.

9. LOGGERHEAD shall limit its actual assumption of policies from CITIZENS to the number and type of policies authorized by the OFFICE in this Consent Order. The OFFICE based its review on LOGGERHEAD's proposed reinsurance program, catastrophe modeling, and financial statement projections, as well as the impact on policyholders. Such reinsurance program, catastrophe modeling, and financial statement profiles were based upon LOGGERHEAD's projected book of property policies, LOGGERHEAD's projected voluntary market writings, and the actual number of policies available in CITIZENS prior to the anticipated assumption date identified by LOGGERHEAD as satisfying its filed and approved underwriting guidelines.

10. LOGGERHEAD submitted the reinsurance documentation and financial projections for the assumption of up to the number and types of CITIZENS' policies as set forth in paragraph five above. Each additional assumption of CITIZENS policies by LOGGERHEAD shall be subject to advance written approval by the OFFICE.

11. LOGGERHEAD's acquisition of adequate reinsurance and maintenance of executed reinsurance agreements are material to the OFFICE's review and analysis of LOGGERHEAD's proposal to assume selected policies from CITIZENS and to the OFFICE's approval of assumptions in the proposal. LOGGERHEAD has represented that its proposed reinsurance is adequate to cover all business assumed or written until the time in which it renews its catastrophe reinsurance on June 1, 2023.

12. LOGGERHEAD agrees to submit evidence of bound reinsurance coverage prior to the assumption date of December 20, 2022. LOGGERHEAD agrees to submit reinsurance summary statements and executed copies of any reinsurance agreements entered into as a result of the assumption as soon as they are available after the assumption date of December 20, 2022.

13. LOGGERHEAD agrees that in order to participate in the assumption of policies from CITIZENS on December 20, 2022, it shall obtain a Financial Strength Rating acceptable to the secondary mortgage market by October 14, 2022, or before LOGGERHEAD sends any communication to selected policyholders, whichever is earlier.

14. LOGGERHEAD agrees that it must have received approval from the OFFICE of its submitted rates and forms prior to uploading its preferred policy selections and estimated renewal premiums as required by the 2022 Assumption Calendar published by CITIZENS.

15. LOGGERHEAD understands that it must provide information to selected CITIZENS policyholders that, at minimum, describes the purpose and function of a reciprocal and how a reciprocal differs from a property and casualty insurer, includes the required 10% surplus contribution in its estimated renewal premium comparison, defines the surplus contribution and under what circumstances a subscriber would receive a return of the surplus contribution, and includes a copy of the required Subscriber Agreement

16. LOGGERHEAD agrees that any policyholder communication related to the assumption of CITIZENS policies on December 20, 2022, including the communication described in paragraph fifteen, must be submitted to and receive approval by the OFFICE prior to being sent to selected CITIZENS policyholders.

17. LOGGERHEAD 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. LOGGERHEAD 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, state or federal court action, or any appeal.

18. LOGGERHEAD represents that all explanations and documents made or submitted to the OFFICE as part of its proposal to assume selected policies from CITIZENS, including all attachments and supplements thereto, fully describe all transactions, agreements, and understandings relating to the assumption of policies from CITIZENS by LOGGERHEAD. However, all draft documents and non-executed agreements relating to LOGGERHEAD'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.

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

20. 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 assume selected policies from CITIZENS, including its attachments, the OFFICE approves the assumption of selected policies from CITIZENS, subject to adherence to the terms and conditions of this Consent Order by LOGGERHEAD.

(B) The OFFICE approves the assumption of CITIZENS' policies up to the amounts set forth above in paragraph five, in accordance with any agreements between LOGGERHEAD and CITIZENS, and this Consent Order.

(C) Regarding all reinsurance matters, LOGGERHEAD 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 assume selected policies from CITIZENS:

(i) Notify the OFFICE of any termination of any of its reinsurance agreements.

The notification shall be made to the OFFICE in writing 60 days prior to the effective date of any such termination; and

(ii) Comply with the requirements of Section 624.610, Florida Statutes, with regard to all of its reinsurance arrangements.

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

(F) At the time LOGGERHEAD assumes any policy of insurance from CITIZENS, LOGGERHEAD 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 LOGGERHEAD chooses the former option, LOGGERHEAD 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 years immediately following the date of entry of this Consent Order, LOGGERHEAD shall abide by the proposal to assume selected policies from CITIZENS in all material respects. Further, LOGGERHEAD shall abide by all terms of this Consent Order and all provisions of any agreements entered into with CITIZENS.

(H) Should the OFFICE determine LOGGERHEAD has failed to materially comply with terms of this Consent Order, the proposal to assume selected policies from CITIZENS, including its attachments and amendments thereto as submitted to the OFFICE, or terms of any agreements with CITIZENS, LOGGERHEAD shall, upon receipt of notice of such material non-compliance, have 60 days to cure its material non-compliance. In the event LOGGERHEAD fails to cure any such material non-compliance within the 60-day period, LOGGERHEAD expressly agrees the OFFICE may enter an order directing it to immediately cease writing personal lines 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 assumption of up six thousand (6,000) policies from CITIZENS' personal residential policies, with all six thousand (6,000) being from the Personal Lines Account, for the initial assumption starting on or about December 20, 2022, 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 30 day of September, 2022.



David Altmaier

David Altmaier, Commissioner
Office of Insurance Regulation

By execution hereof, LOGGERHEAD RISK MANAGEMENT, LLC, as attorney-in-fact of LOGGERHEAD RECIPROCAL INTERINSURANCE EXCHANGE, 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 they have the authority to bind LOGGERHEAD RECIPROCAL INTERINSURANCE EXCHANGE to the terms and conditions of this Consent Order.

LOGGERHEAD RISK MANAGEMENT, LLC,
attorney-in-fact

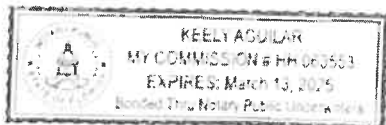
[Corporate Seal]



James Santo, Chief Executive Officer

STATE OF Florida
COUNTY OF Hillsborough

The foregoing instrument was acknowledged before me by means of physical presence or

online notarization, this 30th day of Sept. 2022, by James Santo
(name of person)
as CEO for Loggerhead Risk Management, LLC
(type of authority; e.g., officer, trustee, attorney in fact) (company name)




(Signature of the Notary)
Keely Aguilar
Notary Public
(Print, Type or Stamp Commissioned Name of Notary)

Personally Known _____ OR Produced Identification

Type of Identification Produced Driver's License

My Commission Expires 03/13/2025

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