



**FILED**

**JAN 31 2023**

**INSURANCE REGULATION**

Docketed by: AB

**OFFICE OF INSURANCE REGULATION**

IN THE MATTER OF:

CASE NO.: 305917-23-CO

CYPRESS PROPERTY & CASUALTY  
INSURANCE COMPANY

CONSENT ORDER

THIS CAUSE came on for consideration as a result of CYPRESS PROPERTY & CASUALTY INSURANCE COMPANY's ("CYPRESS") proposal to assume selected personal lines policies from CITIZENS PROPERTY INSURANCE CORPORATION ("CITIZENS"), which was submitted to the OFFICE OF INSURANCE REGULATION ("OFFICE") for its review on or about December 29, 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 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 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. CYPRESS shall abide by the terms and conditions of the Plan as a condition of issuance of this Consent Order.

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

5. On or about December 29, 2022, CYPRESS submitted a proposal to assume selected policies from CITIZENS. The policies are expected to be assumed on or about April 18, 2023, and the proposal provides for an assumption of up to 5,000 policies, consisting of 5,000 personal residential policies from CITIZENS' Personal Lines Account and zero multi-peril policies from CITIZENS' Coastal Account.

6. CYPRESS understands that the selected policies to be assumed from CITIZENS on April 18, 2023, 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. CYPRESS 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, CYPRESS represents that it will comply with any such agreements between it and CITIZENS.

8. CYPRESS must timely provide to CITIZENS all information required by the 2023 Assumption Calendar published by CITIZENS. CYPRESS 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 CYPRESS for assumption from CITIZENS, as the availability of policies for assumption may vary over time.

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

10. CYPRESS submitted 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 CYPRESS shall be subject to advance written approval by the OFFICE.

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

12. CYPRESS 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. CYPRESS 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.

13. CYPRESS 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 CYPRESS. However,

all draft documents and non-executed agreements relating to CYPRESS'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 and docketed a copy of this Consent Order bearing the signature of the authorized representative of CYPRESS, notwithstanding the fact the copy was transmitted to the OFFICE electronically. CYPRESS 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 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 CYPRESS.

(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 CYPRESS and CITIZENS, and this Consent Order.

(C) Regarding all reinsurance matters, CYPRESS 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;

(ii) 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

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

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

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

(H) Should the OFFICE determine CYPRESS 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, CYPRESS shall, upon receipt of notice of such material non-compliance, have 60 days to cure its material non-compliance. In the event CYPRESS fails to cure any such material non-compliance within the 60-day period, CYPRESS 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 to 5,000 policies, consisting of 5,000 personal residential policies from CITIZENS' Personal Lines Account and zero multi-peril policies from CITIZENS' Coastal Account, for the initial assumption starting on or about April 18, 2023, 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 31<sup>st</sup> day of January, 2023.



Anoush Brangaccio  
Commissioner Designee  
Office of Insurance Regulation

By execution hereof, CYPRESS 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 or she has the authority to bind CYPRESS PROPERTY & CASUALTY INSURANCE COMPANY to the terms and conditions of this Consent Order.



CYPRESS PROPERTY & CASUALTY INSURANCE COMPANY

*Enda McDonnell*

Enda McDonnell, Co-Chief Executive Officer

STATE OF Florida

COUNTY OF Duval

The foregoing instrument was acknowledged before me this 31<sup>st</sup> day of January 2023,

by Enda McDonnell as Co-Chief Executive Officer  
(name of person) (type of authority; e.g., officer, trustee, attorney in fact)

for Cypress Property & Casualty Insurance Company  
(company name)

*Stefany Dudra*

(Signature of the Notary)

Stefany Dudra

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

Personally Known  OR Produced Identification

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

My Commission Expires: 5/4/2025



Stefany Dudra  
Notary Public  
State of Florida  
Comm# HH093700  
Expires 5/4/2025

COPIES FURNISHED TO:

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