



**FILED**

MAY 31 2023

**OFFICE OF INSURANCE REGULATION**

**INSURANCE REGULATION**

Docketed by: *[Handwritten Signature]*

**MICHAEL YAWORSKY**  
COMMISSIONER

IN THE MATTER OF:

CASE NO.: 310944-23-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 **OFFICE OF INSURANCE REGULATION** ("OFFICE") for its review on or about April 27, 2023. 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. In

December 2022, the Florida Legislature added Section 627.351(6)(ii)3., Florida Statutes, through ch. 2022-271(8), Laws of Florida<sup>1</sup>. As a result of this statutory change, which applies to take-out offers that are part of an application to participate in depopulation submitted to the OFFICE on or after January 1, 2023, the Plan will conflict with Florida law. The Plan provides the terms and conditions that serve as the basis for this Consent Order except where the Plan conflicts with Section 627.351(6)(ii)3., Florida Statutes, as added by ch. 2022-271(8), Laws of Florida; the Florida Statutes in effect at the time of the assumption will control. LOGGERHEAD shall abide by the terms and conditions of the Plan and Section 627.351(6)(ii)3., Florida Statutes, as added by ch. 2022-271(8), Laws of Florida, 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 April 27, 2023, LOGGERHEAD submitted a proposal to assume selected policies from CITIZENS. The policies are expected to be assumed on or about August 22, 2023, and the proposal provides for an assumption of up to 1,000 policies, consisting of 1,000 personal residential policies from CITIZENS' Personal Lines Account and zero multi-peril policies from CITIZENS' Coastal Account.

6. LOGGERHEAD understands that the selected policies to be assumed from CITIZENS on August 22, 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.

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<sup>1</sup> If a policyholder receives a take-out offer from an authorized insurer, the risk is no longer eligible for coverage with the corporation unless the premium for coverage from the authorized insurer is more than 20 percent greater than the renewal premium for comparable coverage from Citizens. This applies to take-out offers that are part of an application to participate in depopulation submitted to the Office on or after January 1, 2023. Ch. 2022-271(8), Laws of Florida.

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**.

8. **LOGGERHEAD** must timely provide to **CITIZENS** all information required by the 2023 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 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 current in-force 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. 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.

12. **LOGGERHEAD** agrees to submit evidence of bound reinsurance coverage prior to the assumption date of August 22, 2023.

13. **LOGGERHEAD** understands that it must send communication 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, explains that the estimated renewal premium includes a 10% surplus contribution, and defines the surplus contribution and under what circumstances a subscriber would or would not receive a return of the surplus contribution.

14. **LOGGERHEAD** agrees that any policyholder communication related to the assumption of **CITIZENS** policies on August 22, 2023, must be submitted to and receive approval by the **OFFICE** prior to being sent to selected **CITIZENS** policyholders, unless such documentation has previously been approved by the Office.

15. **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.

16. **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**.

17. 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.

18. 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;

(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) **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 to 1,000 policies, consisting of 1,000 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 August 22, 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 May, 2023.



  
Michael Yaworsky, Commissioner  
Office of Insurance Regulation

By execution hereof, **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 he or she has the authority to bind **LOGGERHEAD RECIPROCAL INTERINSURANCE EXCHANGE** to the terms and conditions of this Consent Order.

**LOGGERHEAD RECIPROCAL  
INTERINSURANCE EXCHANGE**

[Corporate Seal]

*[Handwritten Signature]*  
**James C Santo, CEO for Loggerhead Risk  
Management LLC as attorney in fact for**

\_\_\_\_\_  
Name and Title

Loggerhead Reciprocal Interinsurance Exchange

STATE OF FLORIDA

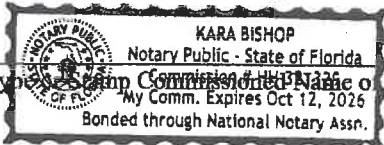
COUNTY OF HILLSBOROUGH

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

or  online notarization, this 31 day of MAY 2023, by JAMES SANTO  
(name of person)

as OFFICER for Loggerhead Risk Mngmt  
(type of authority; e.g., officer, trustee, attorney in fact) (company name)

*Kara C Bishop*  
\_\_\_\_\_  
(Signature of the Notary)

(Print, Type or Stamp Commissioned Name of Notary)  
  
KARA BISHOP  
Notary Public - State of Florida  
Commission # 1111226  
My Comm. Expires Oct 12, 2026  
Bonded through National Notary Assn.

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

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

My Commission Expires: 10-12-26



**COPIES FURNISHED TO:**

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