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INSURANCE REGULATION
Docketed by: Me

OFFICE OF INSURANCE REGULATION

MICHAEL YAWORSKY
COMMISSIONER

IN THE MATTER OF:

CASE NO.: 318297-23-CO

US COASTAL PROPERTY & CASUALTY INSURANCE
COMPANY

CONSENT ORDER

THIS CAUSE came on for consideration as a result of US COASTAL PROPERTY & CASUALTY INSURANCE COMPANY's ("US COASTAL P&C") 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 September 29, 2023. 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 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 Florida¹. 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. US COASTAL P&C 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. US COASTAL P&C is a Florida-domiciled property and casualty insurance company authorized to transact insurance in the state of Florida.

5. On or about September 29, 2023, US COASTAL P&C submitted a proposal to assume selected policies from CITIZENS. The policies are expected to be assumed on or about January 23, 2024, and the proposal provides for an assumption of up to 10,000 personal residential multi-peril policies from the CITIZENS' Account.

6. US COASTAL P&C understands that the selected policies to be assumed from CITIZENS on January 23, 2024, 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.

¹ 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. Because of the potential harmful impact to Florida policyholders, US COASTAL P&C shall not make takeout offers to CITIZENS policyholders that are more than forty percent higher than the policyholder's estimated renewal premium with CITIZENS. US COASTAL P&C must use rates that have either been approved by the OFFICE or rates that have been filed with the OFFICE as "use and file" when making these offers.

8. US COASTAL P&C is responsible for ensuring that it has entered or will enter into appropriate agreement(s) with CITIZENS to effectuate the assumption of policies as authorized by this Consent Order. By entering into this Consent Order, US COASTAL P&C represents that it will comply with any such agreement(s) between it and CITIZENS.

9. US COASTAL P&C must timely provide to CITIZENS all information required by the 2024 Assumption Calendar published by CITIZENS. US COASTAL P&C 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 US COASTAL P&C for assumption from CITIZENS, as the availability of policies for assumption may vary over time.

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

11. US COASTAL P&C submitted the proposed reinsurance documentation and financial projections for the assumption of up to the number and types of CITIZENS' policies as set forth in paragraph five (5) above. Each additional assumption of CITIZENS policies by US COASTAL P&C shall be subject to advance written approval by the OFFICE.

12. US COASTAL P&C's acquisition of adequate reinsurance and maintenance of executed reinsurance agreements are material to the OFFICE's review and analysis of US COASTAL P&C's proposal to assume selected policies from CITIZENS and to the OFFICE's approval of assumptions in the proposal.

13. US COASTAL P&C 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. US COASTAL P&C 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.

14. US COASTAL P&C 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 US COASTAL P&C. However, all draft documents and non-executed agreements relating to US COASTAL P&C'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.

15. 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 US COASTAL P&C, notwithstanding the fact that the copy was transmitted to the OFFICE electronically. US COASTAL P&C agrees the signature of its representative as affixed to this Consent Order shall be under seal of a Notary Public.

16. 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 US COASTAL P&C.

(B) The OFFICE approves the assumption of CITIZENS' policies up to the amounts set forth above in paragraph five (5), in accordance with any agreement(s) between US COASTAL P&C and CITIZENS, and this Consent Order.

(C) Regarding all reinsurance matters, US COASTAL P&C 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) US COASTAL P&C shall participate annually in any examination of US COASTAL P&C' reinsurance program as requested by the OFFICE. Based upon the OFFICE's

review of the models and plans, US COASTAL P&C 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, US COASTAL P&C shall provide coverage substantially equivalent to that afforded by CITIZENS at rates that have either been approved by the OFFICE or rates that have been filed with the OFFICE as "use and file", unless such policies are cancelled or nonrenewed by US COASTAL P&C for a lawful reason.

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

(H) Should the OFFICE determine US COASTAL P&C has failed to materially comply with the 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 agreement(s) with CITIZENS, US COASTAL P&C shall, upon receipt of notice of such material

non-compliance, have 60 days to cure its material non-compliance. In the event US COASTAL P&C fails to cure any such material non-compliance within the 60-day period, US COASTAL P&C 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 10,000 personal residential multi-peril policies from the CITIZENS' Account, for the initial assumption starting on or about January 23, 2024, 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 31st day of October, 2023.



A handwritten signature in blue ink, appearing to read "Michael Yaworsky", is written over a horizontal line.

Michael Yaworsky, Commissioner
Office of Insurance Regulation

By execution hereof, US COASTAL 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 they have the authority to bind US COASTAL PROPERTY & CASUALTY INSURANCE COMPANY to the terms and conditions of this Consent Order.

US COASTAL PROPERTY & CASUALTY
INSURANCE COMPANY

[Corporate Seal]



Michael McNitt, CEO and President
US Coastal Property & Casualty Insurance Company

STATE OF Florida

COUNTY OF Alachua

The foregoing instrument was acknowledged before me by means of physical presence
or online notarization, this 31st day of Oct. 2023, by Michael McNitt
(name of person)

as Officer for US Coastal P&C
(type of authority; e.g., officer, trustee, attorney in fact) (company name)



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

Personally Known OR Produced Identification _____

Type of Identification Produced _____

My Commission Expires: Sep. 28, 2025

COPIES FURNISHED TO:

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