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INSURANCE REGULATION
Docketed by:

OFFICE OF INSURANCE REGULATION

MICHAEL YAWORSKY
COMMISSIONER

Index: OIR 2025-9

IN THE MATTER OF:

CASE NO.: 400844-25-CO

PATRIOT SELECT PROPERTY AND CASUALTY INSURANCE COMPANY
_____/

CONSENT ORDER

THIS CAUSE came for consideration as a result of PATRIOT SELECT PROPERTY AND CASUALTY INSURANCE COMPANY's ("PATRIOT SELECT") 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 December 2, 2024. 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., 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,

approved on November 30, 2016, and amended on December 2, 2016. In December 2022, the Florida Legislature added section 627.351(6)(ii)3. through ch. 2022-271(8), Laws of Florida[1]. 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., as added by ch. 2022-271(8); the Florida Statutes in effect at the time of the assumption will control. PATRIOT SELECT shall abide by the terms and conditions of the Plan and section 627.351(6)(ii)3., as added by ch. 2022-271(8), as a condition of issuance of this Consent Order.

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

5. On or about December 2, 2024, PATRIOT SELECT submitted a proposal to assume selected policies from CITIZENS. The policies are expected to be assumed on or about April 15, 2025, and the proposal provides for an assumption of up to 39,500 personal residential multi-peril policies from the CITIZENS' Account.

6. PATRIOT SELECT understands that it must satisfy all terms and conditions as set forth in Paragraph 8 of Consent Order 400690-24-CO ("Supervision Order") and be released from administrative supervision by the OFFICE on or before February 17, 2025, in order for PATRIOT SELECT to be eligible to participate in the April 15, 2025, assumption from CITIZENS.

[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.

Accordingly, if there is any conflicting language between this Consent Order and the Supervision Order, the Supervision Order shall supersede this Consent Order.

7. PATRIOT SELECT understands that the selected policies to be assumed from CITIZENS on April 15, 2025, 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.

8. Coverage offered by PATRIOT SELECT must be "comparable coverage" as required by section 627.351(6). PATRIOT SELECT cannot establish comparable coverage through the offer of optional endorsements. Comparable coverage means, at a minimum, that the offer of coverage, without endorsements, include the same major covered perils at substantially similar levels of coverage as that already provided by CITIZENS. The premium calculation used to determine the 20% eligibility threshold detailed in section 627.351(6) must be calculated using offers of coverage that are comparable without the need to offer additional terms or endorsements.

9. Because of the potential harmful impact to Florida policyholders, PATRIOT SELECT shall not make takeout offers to CITIZENS policyholders that are more than forty percent higher than the policyholder's estimated renewal premium with CITIZENS. PATRIOT SELECT must use rates that have been approved by the OFFICE at the time of execution of this Consent Order. The estimated premium offered by PATRIOT SELECT must reflect the cost of an offer of comparable coverage.

10. PATRIOT SELECT 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, PATRIOT SELECT represents that it will comply with any such agreements between it and CITIZENS.

11. PATRIOT SELECT must timely provide to CITIZENS all information required by the 2025 Assumption Calendar published by CITIZENS. PATRIOT SELECT 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 PATRIOT SELECT for assumption from CITIZENS, as the availability of policies for assumption may vary over time.

12. PATRIOT SELECT 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 PATRIOT SELECT's projected 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 PATRIOT SELECT's projected voluntary market writings and the actual number of policies available in CITIZENS prior to the anticipated assumption date identified by PATRIOT SELECT as satisfying its filed and approved underwriting guidelines.

13. PATRIOT SELECT 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 (5) above. Each additional assumption of CITIZENS policies by PATRIOT SELECT shall be subject to advance written approval by the OFFICE.

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

15. PATRIOT SELECT agrees to submit evidence of bound reinsurance coverage prior to the assumption date of April 15, 2025. PATRIOT SELECT 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 April 15, 2025.

16. PATRIOT SELECT agrees that in order to participate in the assumption of policies from CITIZENS on April 15, 2025, it shall obtain a Financial Strength Rating acceptable to the secondary mortgage market by February 25, 2025, or before PATRIOT SELECT sends any communication to selected policyholders, whichever is earlier.

17. PATRIOT SELECT 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. PATRIOT SELECT 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. PATRIOT SELECT 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 PATRIOT SELECT. However, all draft documents and non-executed agreements relating to PATRIOT SELECT'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 OFFICE may rescind this approval for any reason before PATRIOT SELECT assumes the policies, which is expected to take place on or about April 15, 2025.

20. 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 the authorized representative of

PATRIOT SELECT, notwithstanding the fact that the copy was transmitted to the OFFICE electronically. PATRIOT SELECT agrees the signature of its representative as affixed to this Consent Order shall be under seal of a Notary Public.

21. 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 PATRIOT SELECT.

(B) The OFFICE approves the assumption of CITIZENS' policies up to the amounts set forth above in paragraph five (5), in accordance with any agreements between PATRIOT SELECT and CITIZENS, and this Consent Order.

(C) Regarding all reinsurance matters, PATRIOT SELECT 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) PATRIOT SELECT shall participate annually in any examination of PATRIOT SELECT's reinsurance program as requested by the OFFICE. Based upon the OFFICE's review

of the models and plans, PATRIOT SELECT 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, PATRIOT SELECT shall provide coverage substantially equivalent to that afforded by CITIZENS at rates that have been approved by the OFFICE at the time of execution of this Consent Order, unless such policies are cancelled or nonrenewed by PATRIOT SELECT for a lawful reason.

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

(H) Should the OFFICE determine PATRIOT SELECT 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 agreements with CITIZENS, PATRIOT SELECT shall, upon receipt of notice of such material

non-compliance, have 60 days to cure its material non-compliance. In the event PATRIOT SELECT fails to cure any such material non-compliance within the 60-day period, PATRIOT SELECT 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 39,500 personal residential multi-peril policies from the CITIZENS' Account, for the initial assumption starting on or about April 15, 2025, 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 24 day of JANUARY, 2025.

Michael Yaworsky, Commissioner
Office of Insurance Regulation

By execution hereof, PATRIOT SELECT PROPERTY AND 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 PATRIOT SELECT PROPERTY AND CASUALTY INSURANCE COMPANY to the terms and conditions of this Consent Order.

PATRIOT SELECT PROPERTY AND CASUALTY INSURANCE COMPANY

[Corporate Seal]

John W. Rollins, Chief Executive Officer
Patriot Select Property and Casualty Insurance Company

STATE OF Florida

COUNTY OF Pinellas

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

or ☐ online notarization, this 24th day of January 2025, by John Rollins
(name of person)

as CEO for Patriot Select.
(type of authority; e.g., officer, trustee, attorney-in-fact) (company name)

NOTARY PUBLIC STATE OF FLORIDA

TAMMIE L. ALLENDER
Commission # HH 252944
Expires May 23, 2026

Tammie L. Allender
(Signature of the Notary)

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

Personally Known X OR Produced Identification

Type of Identification Produced

My Commission Expires: May 23, 2026

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