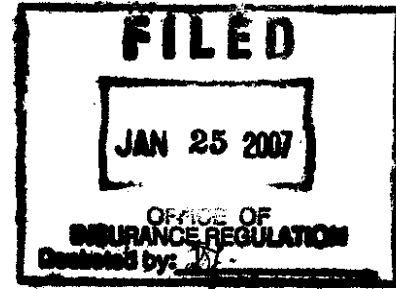




OFFICE OF INSURANCE REGULATION



KEVIN M. McCARTY  
COMMISSIONER

01061

IN THE MATTER OF:

THE FLORIDA SURPLUS LINES SERVICE OFFICE  
CITIZENS REGULAR ASSESSMENT FUNDS

CASE NO: 88826-07

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CONSENT ORDER

THIS CAUSE came on for consideration upon notification by the FLORIDA SURPLUS LINES SERVICE OFFICE (hereinafter "FSLSO") and CITIZENS PROPERTY INSURANCE CORPORATION (hereinafter "Citizens") to the OFFICE OF INSURANCE REGULATION (hereinafter "Office") that the aggregate dollar amount collected by the FSLSO exceeded the surplus lines portion of Citizens' 2004 plan year deficit regular assessment. After a complete review of the entire record, and upon consideration thereof and being otherwise fully advised in the premises, the Office finds as follows:

1. The Office has jurisdiction over the FSLSO, Citizens and the subject matter of this proceeding pursuant to Chapters 120, 626 and 627, Florida Statutes.
2. It has been represented to the Office that due to difficulties in applying a static premium percentage to the surplus lines market, the amount collected by the FSLSO exceeded the surplus lines portion of Citizens' 2004 plan year deficit regular assessment.
3. In conjunction with the levying of the regular assessment, the FSLSO informed its surplus lines agents and assessable insureds that any funds collected in excess of the amount needed to satisfy the surplus lines portion of Citizens' 2004 plan year deficit regular assessment

would be retained in an interest bearing account and used to offset future Citizens' assessments of surplus lines insureds.

4. The FLSO and Citizens have agreed to the following regarding the excess funds collected:

a. That all funds collected by the FLSO in excess of the amount needed to satisfy the surplus lines portion of Citizens' 2004 plan year deficit regular assessment shall be retained in an interest bearing account and be used to offset future Citizens' regular and emergency assessments of surplus lines insureds.

b. The interest bearing account shall be in Citizens' name and any interest earned shall be applied to offset future Citizens' regular and emergency assessments of surplus lines insureds.

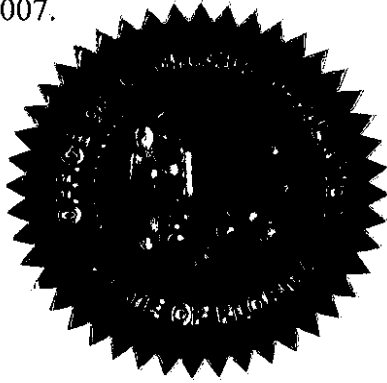
c. For purposes of Statutory Accounting Principles and Generally Accepted Accounting Principles, Citizens shall treat these funds as a restricted net asset. For calculation of the deficit, surplus shall not include the FLSO restricted net asset. Additionally, for purposes of Citizens' bond requirements, these funds shall not be considered an asset until such time as they are removed from this account and attributed to the payment of a particular assessment.


d. No funds shall be removed from this account unless both the FLSO and Citizens agree as to their application to a particular assessment. If the FLSO and Citizens are unable to agree as to the disbursement of these funds, the Office shall decide if disbursement is appropriate.

e. In the event that these funds are not accessed to pay an assessment within ten years of their deposit, these funds shall become a non-restricted net asset of Citizens.

THEREFORE, the agreement between the FLSO and Citizens, consisting of the terms and conditions set forth above, is approved.

FURTHER, all terms and conditions above are hereby ORDERED this 25<sup>th</sup> day of January, 2007.



  
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Kevin M. McCarty  
Commissioner  
Office of Insurance Regulation

By execution here of, the **FLORIDA SURPLUS LINES SERVICE OFFICE**, 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 herein. The undersigned represents that he/she has the authority to bind the **FLORIDA SURPLUS LINES SERVICE OFFICE** to the terms and conditions of this Consent Order.

**FLORIDA SURPLUS LINES SERVICE OFFICE**

By: *Gary D. Pullen*

Gary D. Pullen  
Print or Type Name

Corporate Seal

Title: Executive Director

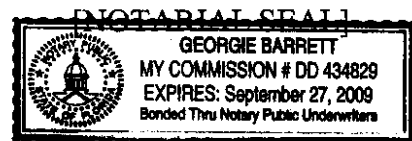
Date: January 12, 2007

On January 12, 2007 before me, Georgie Barrett, personally appeared Gary D. Pullen, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to this instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on this instrument, the person or the entity upon behalf which the person acted, executed this instrument.

Subscribed and sworn to before me this 12 day of January 2007.

Signature *Georgie Barrett*  
(Signature of Notary Public)

My Commission Expires:



By execution here of, **CITIZENS PROPERTY INSURANCE CORPORATION**, 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 herein. The undersigned represents that he/she has the authority to bind the **CITIZENS PROPERTY INSURANCE CORPORATION** to the terms and conditions of this Consent Order.

**CITIZENS PROPERTY INSURANCE CORPORATION**

By: *Scott Wallace*

Scott Wallace

Print or Type Name

Corporate Seal

Title: President and Executive Director

Date: 1/17/2007

On 1/17/2007 before me, Annabel Fontaine, personally appeared Scott Wallace, personally known to me (or

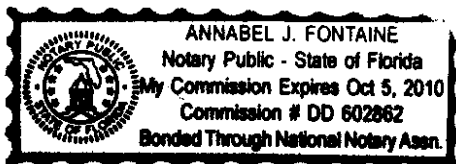
proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to this instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on this instrument, the person or the entity upon behalf which the person acted, executed this instrument.

Subscribed and sworn to before me this Jan day of 17, 2007.

Signature *Annabel J. Fontaine*  
(Signature of Notary Public)

[NOTARIAL SEAL]

My Commission Expires:



COPIES FURNISHED TO:

Matthew A. Nowels  
Assistant Corporate Counsel  
Citizens Property Insurance Corporation  
101 North Monroe Street, Suite 1000  
Tallahassee, FL 32301

Gary Pullen  
Executive Director  
Florida Surplus Lines Service Office  
1441 Maclay Commerce Drive, Suite 200  
Tallahassee, FL 32312

Belinda Miller, Deputy Commissioner  
Office of Insurance Regulation  
200 East Gaines Street, 1<sup>st</sup> floor  
Tallahassee, FL 32399-0300

Claude Mueller, Director of P&C Financial Oversight  
Office of Insurance Regulation  
200 East Gaines Street, 2<sup>nd</sup> floor  
Tallahassee, FL 32399-0300

Susan Dawson, Assistant General Counsel  
Office of Insurance Regulation  
Legal Services Office  
200 East Gaines Street, 6<sup>th</sup> floor  
Tallahassee, FL 32399-4206