



LOUISIANA DEPARTMENT OF INSURANCE
JAMES J. DONELON
COMMISSIONER

CEASE AND DESIST ORDER
LDI #9031 AND NAIC #10182

June 29, 2021

GeoVera Specialty Insurance Company
Attn: Robert B. Hagedorn
Regulatory Compliance Contact
251 Little Falls Drive
Wilmington, DE 19808

Article #: 7020 2450 0002 2091 5793

GeoVera Specialty Insurance Company
1455 Oliver Road
Fairfield, CA 94534-1900

Article #: 7020 2450 0002 2091 5809

GeoVera Specialty Insurance Company
P.O. Box 2408
Fairfield, CA 94533-0956

Article #: 7020 2450 0002 2091 5816

Via Email: generalcounsel@geovera.com

WHEREAS, IT HAS COME TO MY ATTENTION, as Commissioner of Insurance (Commissioner) of the Louisiana Department of Insurance (LDI), that GeoVera Specialty Insurance Company has violated certain provisions of the Louisiana Insurance Code, Title 22, La. R. S. 22:1 *et. seq.* As used hereinafter, “you” and “your” refer to GeoVera Specialty Insurance Company.

Accordingly, pursuant to the power and authority vested in me as the Commissioner, issue this Order to Cease and Desist.

LAW

The Louisiana Insurance Code, Title 22, R.S. 22:1 *et seq.* at §2. states:

§ 2. Insurance regulated in the public interest

- (1) Insurance is an industry affected with the public interest and it is the purpose of this Code to regulate that industry in all its phases. [I]t shall be the duty of the commissioner of insurance to administer the provisions of this Code.

Pursuant to La. R.S. 22:18, the Commissioner is authorized to order any insurer, person, or entity to cease and desist any such action that violates any provision of the Louisiana Insurance Code as listed in Title 22 of the Louisiana Revised Statutes.

La. R.S. 22:18 maintains in pertinent part:

§18. Suspension or revocation of insurer's licenses; fines; orders

- A. The commissioner of insurance may, as a penalty, in accordance with R.S. 49:961, refuse to renew, or may suspend, or revoke the certificate of authority or license of an insurer, person, or entity violating any of the provisions of this Code, or in lieu of suspension or revocation of a certificate or license duly issued, the commissioner may levy a fine not to exceed one thousand dollars for each violation per insurer, person, or entity, up to one hundred thousand dollars aggregate for all violations in a calendar year per insurer, person, or entity, when such violations warrant the refusal, suspension, or revocation of such certificate or license, or the imposition of the fine. The commissioner is also authorized to order any insurer, person, or entity to cease and desist any such action that violates any provision of this code.

La. R.S. 22:1265 maintains in pertinent part:

§ 1265. Property, casualty, and liability insurance policies; cancellation and non-renewal provisions; non-renewal for rate inadequacy; certain prohibitions

- D. No insurer providing property and casualty, or liability insurance shall cancel or fail to renew a homeowner's policy of insurance or to increase the policy deductible that has been in effect and renewed for more than three years unless based on nonpayment of premium, fraud of the insured, a material change in the risk being insured, two or more claims within a continuous three-year period of time within the five years preceding the current policy renewal date, or if continuation of such policy endangers the solvency of the insurer. This Subsection shall not apply to an insurer that withdraws from the homeowners' insurance market in this state or to policy deductibles increased for all homeowners' policies in this state. For the purposes of this Subsection, an incident shall be deemed a claim only when there is a demand for payment by the insured or the insured's representative under the terms of the policy. A report of a loss or a question relating to coverage shall not independently establish a claim. As used in this Subsection, the phrase "two or more claims within a continuous three-year period of time within the five years preceding the current policy renewal date" shall not include any loss incurred or arising from an "Act of God" incident which is due directly to forces of nature and exclusively without human intervention.

§ 1333. Homeowners Insurance; insurer's non-renewal without cause; inclusion in insured's file is prohibited; certain prohibitions

- C. No insurer providing property and casualty, or liability insurance shall cancel or fail to renew a homeowner's policy of insurance or to increase the policy deductible that has been in

effect and renewed for more than three years unless based on nonpayment of premium, fraud of the insured, a material change in the risk being insured, two or more claims within a continuous three-year period of time within the five years preceding the current policy renewal date, or if continuation of such policy endangers the solvency of the insurer. This Subsection shall not apply to an insurer that withdraws from the homeowners' insurance market in this state or to policy deductibles increased for all homeowners' insurance policies in this state. For the purposes of this Subsection, an incident shall be deemed a claim only when there is a demand for payment by the insured or the insured's representative under the terms of the policy. A report of a loss or a question relating to coverage shall not independently establish a claim. As used in this Subsection, the phrase "two or more claims within a continuous three-year period of time within the five years preceding the current policy renewal date" shall not include any loss incurred or arising from an "Act of God" incident which is due directly to forces of nature and exclusively without human intervention.

FACTS

The LDI received a consumer complaint on December 7, 2020, regarding an insurance claim filed as a result of Hurricane Delta damage to property in Deridder, Louisiana. The complainant indicated receipt of a non-renewal notice regarding the homeowner's policy from GeoVera Specialty Insurance Company. The notice of non-renewal indicated the homeowner's policy would be canceled on January 6, 2021. The explanation for the non-renewal was Geovera's cessation of homeowners business in the given zip code. This consumer's policy had been in effect and renewed for more than four years.

On May 7, 2021, the LDI requested you to address the reason for the non-renewal of the insured's homeowner's policy. On June 9, 2021, the LDI received a response from Justin Headlee-Borden, Compliance Analyst, that read, "GeoVera Specialty regularly utilizes its adaptability as a surplus lines carrier to adjust its underwriting requirements to match the company's target risk profile. As part of strategic efforts to preserve GeoVera Specialty's exceptional financial standing (A rated by A.M. Best), the Company stopped offering homeowner's coverage in certain "inland" zip codes in Louisiana where homeowners coverage is more readily available from admitted homeowners carriers in the state. Policies in force located in the area where GeoVera Specialty ceased writing, including Ashton Felice's, were non-renewed with adequate notice being provided to the policyholder." No other reason was provided as a basis for non-renewal of the affected homeowners policy and others similarly situated.

VIOLATIONS:

While conducting insurance business in the state of Louisiana, you have non-renewed homeowner's insurance policies in a manner as described above after a continuous three-year period of coverage which constitutes violations of the Insurance Code pursuant to La. R.S. 22:1265(D) and La. R.S. 22:1333(C).

BE ADVISED:

COMMISSIONER'S ACTION:

As a result of the investigation and documentation in possession of the LDI, and in accordance with La. R.S. 22:18 and La. R.S. 49:961(C), determination has been rendered that you are in violation of the statutes listed above and the public health, safety, or welfare imperatively requires emergency action, therefore, you are a danger to the insurance buying public to such a degree that the Louisiana Commissioner of Insurance hereby orders you, **GeoVera Specialty Insurance Company**, LDI Number 9031 and NAIC Number 10182, to **CEASE AND DESIST** from the violations listed above.

YOUR ACTION:

Pursuant to La. R. S. 22:2191(A)(2), any person aggrieved by an act of the Commissioner may request a hearing. You must make a written demand for an appeal within thirty (30) days from the date of this notice. Failure to file a written demand for an appeal within thirty (30) days of this notice will preclude your right to an administrative hearing. Pursuant to La. R. S. 22:2191(B), your written demand for an appeal (1) shall reference the particular sections of the statutes and rules involved; (2) shall provide a short and plain statement of the matters asserted for review; and (3) shall attach a copy of the order or decision that you are appealing. Appealing this notice does not stay the action of the Commissioner of Insurance. Pursuant to La. R.S. 22:2204 you must request and be granted a stay of this action by the Division of Administrative Law. Your request for a stay may be included in your appeal. Your written demand for an appeal shall be filed with the Louisiana Department of Insurance at the addresses below:

Louisiana Department of Insurance
Attn: J. David Caldwell, Executive Counsel
P. O. Box 94214
Baton Rouge, LA 70804-9214

Telephone: (225) 342-4673
Fax: (225) 342-1632

File in Person at:

1702 N. Third Street
Baton Rouge, LA 70802

Signed in Baton Rouge, Louisiana this 29th day of June 2021.

JAMES J. DONELON
COMMISSIONER OF INSURANCE
STATE OF LOUISIANA

BY:



Matthew Stewart
Deputy Commissioner
Divisions of Fraud & Enforcement
Louisiana Department of Insurance
Telephone: (225) 219-5819

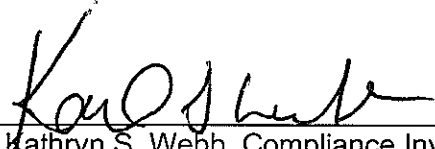
CERTIFICATE OF SERVICE

Article # 7020 2450 0002 2091 5793

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Article # 7020 2450 0002 2091 5816

I hereby certify that I have this day served the foregoing document upon **GeoVera Specialty Insurance Company** by mailing a copy thereof properly addressed with postage prepaid, this 29th day of June 2021.



Kathryn S. Webb, Compliance Investigator