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Judge orders receivership, liquidation for Sunshine State Insurance



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A state circuit court judge has ruled that a Jacksonville property and casualty insurer is insolvent.

The **Florida Department of Financial Services** was appointed as the receiver for the company, **Sunshine State Insurance Co.**, in the June 3 order signed by Leon County Circuit Court Judge [Kevin Carroll](#). As receiver, the department can take immediate possession of all the assets of the company and liquidate them.

The **Florida Office of Insurance Regulation** is working on a transition plan to provide continued coverage for Sunshine State's policyholders, according to court documents.

"Our paramount concern is the protection of policyholders and to fashion a solution that results in uninterrupted coverage for those policyholders," [Harvey Bennett](#), director of communications for the Office of Insurance Regulation, said in an email to Tampa Bay Business Journal. "The Office has received proposals from other Florida property insurers who are interested in providing substitute coverage immediately for Sunshine policyholders and we have turned that information over to the Department of Financial Services (DFS), along with our financial analysis of those companies."

The receivership comes one week after **United Insurance Holdings Corp.** in St. Petersburg [backed away from plans](#) to buy Sunshine State. United Insurance (NASDAQ: UIHC) terminated its non-binding letter of intent to acquire Sunshine State "based on a comprehensive due diligence investigation, a significant investment of resources, and careful consideration," [John Forney](#), United's CEO, said in a confidential May 28 letter included in the court filing.

United originally offered to buy Sunshine State on May 15, the deadline imposed by the state for the company to find a buyer or raise more capital. It couldn't meet those conditions by May 30.

Sunshine State had 37,684 policies in force as of Dec. 31, including 4,888 policies in the Tampa Bay area, according to filings with insurance regulators. The company had not obtained adequate reinsurance coverage for the 2014 hurricane season, which began June 1, leaving policyholders unprotected, according to a May 30 letter from [Kevin McCarty](#), insurance commissioner, to the Florida CFO's office. The company also had insufficient unearned premium reserves, and an order of liquidation was needed to trigger the obligations of the **Florida Insurance Guaranty Association** to cover losses, the letter said.

Margie Manning is Quality and Content Editor of the Tampa Bay Business Journal. She also covers banking, finance and professional services.