

insurer authorized to transact property and casualty insurance business in New Jersey since May 7, 1997; and

IT FURTHER APPEARING that Plymouth Rock Management Company of New Jersey (“PRMC”) is attorney-in-fact for PSIA; and

IT FURTHER APPEARING that IFA is a New Jersey domiciled property and casualty insurer authorized to transact property and casualty business in New Jersey since March 12, 1990, writing direct and through Independent producers (hereafter referred to as “IFA Producers”); and

IT FURTHER APPEARING that IFA desires to discontinue transacting private passenger automobile insurance in this State; and

IT FURTHER APPEARING that as of June 19, 2015, IFA had approximately 18,164 policies in-force, representing approximately 22,846 exposures, constituting 0.5 percent of the New Jersey private passenger automobile insurance market with approximately \$28 million in inforce premium; and

IT FURTHER APPEARING that as a result of the Consolidation Transaction, IFA will cancel, or non-renew all of its existing private passenger automobile insurance policies, in accordance with this Consent Order. It is the desire of Palisades and IFA to begin non-renewing those policies to be transferred to Palisades on September 15, 2015, to continue thereafter through December 31, 2015, and cancelling other policies to be transferred to Palisades beginning October 1, 2015 for policies expiring January 1, 2016 and later; and

IT FURTHER APPEARING that Palisades represents that approximately 55 percent of the transferring IFA policyholders will be offered comparable replacement coverage with PSIA and approximately 45 percent of the transferring IFA policyholders will be offered comparable

replacement coverage with PIC in accordance with the initial consolidation guidelines filed with the Department; and

IT FURTHER APPEARING that, in order to facilitate the transfer of policies from IFA to PSIA, the payment of the premium to PSIA by the transferred IFA policyholders shall constitute each insured's acceptance of PSIA's membership agreement. No membership fee shall be charged by PSIA to the transferred IFA policyholders as part of the Consolidation Transaction. A copy of PSIA's membership agreement shall be included with each offer of coverage issued by PSIA in accordance with this Consent Order; and

IT FURTHER APPEARING that PSIA and PIC will offer to the transferring IFA policyholders private passenger automobile insurance coverage that is comparable to their current coverage; and

IT FURTHER APPEARING that both PSIA and PIC, in accordance with the Business Plan submitted to the Department, have filed with the Office of Property and Casualty rate capping rules to limit the rate changes to be experienced by transferred IFA policyholders for the first five years following the initial transfer and provide for a "True Up" in year six; and

IT FURTHER APPEARING that IFA will provide written notice to all IFA Producers within ten (10) business days of issuance of this Consent Order by the Commissioner that no new or renewal business shall be written and/or placed with IFA as of the date of said notice; and

IT FURTHER APPEARING that IFA will terminate the authority of all IFA Producers to place new private passenger automobile insurance business with IFA effective as of the date of this Consent Order or as soon as practicable thereafter consistent with the requirements of applicable law and the terms of the agency contracts; and

IT FURTHER APPEARING that PSIA and PIC represent that in accordance with their transactional Agency Plan filed with the Department, they will offer each New Jersey resident

IFA Agent with 25 or more IFA private passenger automobile insurance policies in-force as of the effective date of this Consent Order a limited service agency contract or agreement to become effective on the effective date of the first policy transferred to Palisades from IFA with terms and conditions concerning the use, control and ownership of policy expirations and the payment of commissions that are no less favorable than the terms and conditions of their current contracts; and

IT FURTHER APPEARING that PSIA and PIC will not offer any type of agency contract or agreement to Low Volume or Out-of-State Producers and that policies written through such Producers shall not be a part of the Consolidation Transaction and will be non-renewed by IFA in accordance with this Consent Order; and

IT FURTHER APPEARING that IFA shall remain fully responsible for all obligations arising under or on account of the New Jersey private passenger automobile insurance policies which IFA has issued, and that Palisades shall be fully responsible for all obligations arising under or on account of policies issued by Palisades; and

IT FURTHER APPEARING that, pursuant to N.J.A.C. 11:2-29.4, IFA has requested: (i) a waiver from the one-year and 90 day waiting period pursuant to N.J.S.A. 17:17-10b(2); (ii) a waiver of the maximum three year non-renewal period set forth in N.J.S.A. 17:17-10b(4); (iii) a waiver of the requirement to send non-renewal notices no later than one year prior to the dates of the non-renewals set forth in N.J.S.A. 17:17-10b(3); and, (iv) a waiver from the requirement that the informational filing be made at least 120 days prior to the proposed date of the initial non-renewal pursuant to N.J.A.C. 11:2-29.4(a)1; and

IT FURTHER APPEARING that the interests and welfare of the citizens of this State can be protected by the approval of the Consolidation Transaction resulting in the orderly transfer of

IFA's private passenger automobile insurance business to Palisades subject to the terms and conditions set forth below:

NOW THEREFORE, upon the consent of the parties, and good cause having been shown;

IT IS on this 10th day of July, 2015;

ORDERED AND AGREED that the Consolidation Transaction that will result in the cancellation or non-renewal of all of IFA's private passenger automobile insurance business in New Jersey is hereby approved, subject to the terms and conditions set forth below:

1. IFA shall accept no new business in New Jersey effective ten (10) business days after the date of issuance of this Consent Order.
2. Copies of notices and correspondence intended for issuance to policyholders or IFA Producers, pursuant to this Consent Order, have been submitted to the Department and reviewed by the Department and are acceptable for use.
3. IFA shall provide at least 30 days prior written notice to the Assistant Commissioner of the Office of Property and Casualty of the Department of the date certain that the first New Jersey private passenger automobile insurance policy will be non-renewed pursuant to this Consent Order.
4. At least 30 days, but not more than 90 days, prior to the expiration date of policies renewing between September 15, 2015 and December 31, 2015, IFA shall cause to be issued notices of non-renewal to its private passenger automobile insurance policyholders written directly or through IFA Producers that are subject to this Consolidation Transaction, in accordance with New Jersey law and as required by the Commissioner. Such non-renewal notices shall explain that the mailing contains a comparable replacement coverage offer from Palisades.

5. IFA will issue cancellation notices beginning October 1, 2015, for policies expiring January 1, 2016, and later that were written directly or through IFA Producers that are subject to this Consolidation Transaction, in accordance with New Jersey law and as required by the Commissioner. These notices will be sent at least 30 days prior to the cancellation effective date. Refunds of unearned premium, if any, will be sent 10 days prior to the cancellation date, in a separate mailing. Such cancellation notices shall explain that the mailing contains a comparable replacement coverage offer from Palisades.
6. Except for IFA policyholders that were written through Low Volume Producers or that, as of the date of this Order, do not meet certain Palisades' acceptance criteria as submitted by Palisades in its business plan, Palisades shall issue offers of replacement coverage to the non-renewed and cancelled IFA policyholders written directly or through IFA Producers pursuant to the terms of the Consolidation Transaction approved in this Consent Order. Such notices shall: a) explain that Palisades is making an offer of comparable replacement coverage; and, b) shall be mailed with the applicable form of IFA cancellation or non-renewal notice.
7. At least 30 days, but not more than 90 days, prior to the expiration date of such policies, IFA shall cause to be issued notices of non-renewal to all of its private passenger automobile insurance policyholders written through Low Volume Agents or that failed to meet Palisades' acceptance criteria as permitted herein until said business is run-off, in accordance with New Jersey law as required by the Commissioner. Such notices shall explain that the policyholder should

contact his or her agent to obtain a replacement private passenger automobile insurance policy.

8. Payment of the premium to PSIA by the transferred IFA policyholder pursuant to the Consolidation Transaction shall constitute each insured's acceptance of PSIA's membership agreement. No membership fee shall be charged by PSIA to the transferred IFA policyholder as part of the Consolidation Transaction. A copy of PSIA's membership agreement shall be included with each offer of coverage issued by PSIA in accordance with this Consent Order.
9. IFA shall notify the Assistant Commissioner of the Office of Property and Casualty of the Department, in writing, of the date certain that the first New Jersey private passenger automobile insurance policy will be non-renewed pursuant to this Consent Order, at least 30 days prior to such date.
10. Within 15 days of the expiration of the last New Jersey private passenger automobile insurance policy issued by IFA, a Senior Official of IFA shall submit to the Assistant Commissioner of the Office of Property and Casualty of the Department a written certification indicating that IFA has no in-force private passenger automobile insurance policies in New Jersey. Upon receipt of this written certification, the Office of Property and Casualty shall withdraw the private passenger automobile insurance rating system for IFA.
11. All liabilities and responsibilities arising under or on account of any policy issued or renewed by IFA shall remain with IFA. This includes, but is not limited to, making the appropriate endorsements, settlement of claims, payment of agent commissions, payment of all monies and/or assessments of guaranty associations and the filing of any Excess Profit Reports with the Department, and the payment

of any refunds due to policyholders resulting therefrom, until such time as IFA shall meet the exemption requirement set forth in N.J.S.A. 17:29A-5.11. Palisades shall only be responsible for all obligations arising under or on account of Policies issued by Palisades.

12. The Agency Plan filed by Palisades as part of the Consolidation Transaction filing is hereby acknowledged by the Department as being consistent with N.J.S.A. 17:22-6.14a(n). Palisades certifies that it will comply with N.J.S.A. 17:22-6.14a(n) with respect to agent's rights. In accordance with that Plan, Palisades shall offer limited service agency contracts or agreements to each New Jersey resident IFA Agent with 25 or more IFA private passenger automobile insurance policies in-force as of the effective date of this Order, to become effective on the effective date of the first policy transferred to Palisades from IFA.
13. Palisades will not offer any type of agency contract or agreement to the Low Volume Producers and policies written through Low Volume Producers.
14. IFA shall terminate the authority of IFA Producers and the Low Volume Producers to place new or renewal private passenger automobile insurance business with IFA effective on the date of this Consent Order or as soon as practicable thereafter consistent with the requirements of N.J.S.A. 17:22-6.14a(n) and the terms of existing agency contracts. IFA shall also notify the Low Volume producers that Palisades will not be offering them any type of limited agency contract or agreement and that their books of business will be non-renewed by IFA as required by the Commissioner in accordance with the terms of this Consent Order.

15. In order to preserve the integrity of the financial components of this Consolidation Transaction, IFA Producers that are also Palisades' agents are hereby prohibited from cancelling and re-writing IFA policyholders with new Palisades' private passenger automobile insurance policies in any manner that is outside the terms of the Consolidation Transaction approved herein.
16. Palisades shall proceed with the issuance and renewal of transferred IFA policyholders in accordance with the rate capping rules it has filed with the Assistant Commissioner of the Office of Property and Casualty of the Department, which rules limit the rate changes to be experienced by transferred IFA policyholders for the first five years following the initial transfer and provide for "True Up" in year six.
17. The following requests by IFA are hereby approved: (i) a waiver from the one-year and 90 day waiting period pursuant to N.J.S.A. 17:17-10b(2); (ii) a waiver of the maximum three year non-renewal period set forth in N.J.S.A. 17:17-10b(4); (iii) a waiver of the requirement to send non-renewal notices no later than one year prior to the dates of the non-renewals set forth in N.J.S.A. 17:17-10b(3); and (iv) a waiver from the requirement that the informational filing be made at least 120 days prior to the proposed date of the initial non-renewal pursuant to N.J.A.C. 11:2-9.4(a)1.
18. The Palisades' business plan regarding its obligations as a Qualified Insurer under the Automobile Insurance UEZ program established pursuant to N.J.S.A. 17:29D-1 shall be amended to include this Consolidation Transaction as an effort by the Palisades Group to expand its participation by proactively accepting exposures within the Urban Enterprise Zones as a method of meeting its UEZ obligations.

IT IS FURTHER ORDERED AND AGREED that the approval of the Consolidation Transaction filed by IFA and Palisades is subject to the satisfactory fulfillment of each of the conditions stated above. The conditions herein comprise the Ordered requirements applicable to the Consolidation Transaction and are in addition to any other obligations imposed upon the parties by any other law or orders of the Commissioner which are not specifically waived herein or specifically inconsistent with this Consent Order.

IT IS FURTHER ORDERED AND AGREED that PRMC, its parent and/or any of its affiliates, and IFA, its parent and/or any of its affiliates, shall not be required to guarantee any obligation of PSIA or PIC.

IT IS FURTHER ORDERED AND AGREED that this Consent Order may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Order.

Kenneth E. Kobylowski
Commissioner

**Consented to by the parties as to form,
content and entry:**

Palisades Safety and Insurance Association

By: Plymouth Rock Management Company
of New Jersey As Attorney-In-Fact for Palisades
Safety and Insurance Association

By:

Gerald I. Wilson, President and CEO

7/10/15
Date

Palisades Insurance Company

By:

Edward J. Fernandez, President and CEO

7/10/15
Date

IFA Insurance Company

By: David Walsh
David Walsh, President

7/10/15
Date

IFA Consolidation Transaction jc/inoord