



DEPARTMENT OF FINANCIAL SERVICES

Division of Rehabilitation and Liquidation
www.floridainsurancereceiver.org

**Si necesita una versión en español de este aviso, visite el sitio web de la
División de Rehabilitación y Liquidación www.floridainsurancereceiver.org**
(If you need a Spanish version of this notice, visit the Receiver's website at www.floridainsurancereceiver.org)

NOTICE TO AGENT OR BROKER – February 11, 2011

Liquidation of Commercial Insurance Alliance, a Reciprocal Insurance Company

On January 26, 2011, Commercial Insurance Alliance, a Reciprocal Insurance Company ("CIA") was ordered into receivership for purposes of liquidation by the Second Judicial Circuit Court in Leon County, Florida. The Florida Department of Financial Services is the court appointed Receiver of CIA. A copy of the Liquidation Order for CIA is available on the Receiver's website, www.floridainsurancereceiver.org.

BACKGROUND INFORMATION:

CIA was licensed as a reciprocal insurer under Chapter 629, Florida Statutes, in 2006. CIA wrote commercial multi-peril liability, commercial auto liability and surety policies. The company was located in Jacksonville, Florida, but closed its main office in 2010. At its maximum level, it is estimated that CIA had no more than 2,000 policyholders. However, under an Order from the Office of Insurance Regulation dated August 19, 2009, CIA's certificate of authority was suspended and it was ordered to cease writing new or renewal insurance business. By the time of the liquidation, the Receiver understands that all of the CIA policies, including the surety bonds, had expired and CIA was in a "run-off" mode. Thus, as of the liquidation date, there were no known policyholders.

DUTY OF AGENTS TO NOTIFY POLICYHOLDERS:

The Receiver is sending this notice of the receivership proceedings to all of the CIA agents of record in order to provide them with information to better assist them in advising the CIA policyholders who are their clients. **As you are an agent of record, you are advised that the January 26, 2011 Liquidation Order significantly affects the company's policyholders and legally imposes certain obligations on you.**

As agent for CIA and pursuant to Section 631.341, Florida Statutes, you are required to provide a written notice of the receivership, by registered or certified mail, to each CIA policyholder whose policy has not been replaced or reinsured with a solvent authorized insurer. A copy of Section 631.341, Florida Statutes, is found at the end of this notice. Within the next few weeks, the Receiver intends to send a notice of the liquidation proceeding to each of the CIA policyholders. Please note, however, that you are still required to

provide notice to policyholders under Section 631.341, Florida Statutes. When providing notice of the liquidation to the policyholders, you should inform them that:

- CIA's insurance policies are cancelled effective 11:59:59 p.m. on January 26, 2011, unless otherwise terminated prior to that date;
- The claims filing deadline for filing claims in the receivership proceeding after liquidation is 11:59:59 p.m. on January 26, 2012; and
- At a subsequent date, CIA's policyholders/subscribers may be assessed under Section 629.231, Florida Statutes.

POLICY CANCELLATION UNDER LIQUIDATION ORDER:

Under the Liquidation Order, all policies are cancelled effective 11:59:59 p.m. on January 26, 2011, unless otherwise terminated prior to that date. As explained above, the Receiver understands that all of the CIA policies actually cancelled or expired during the company's "run-off" mode, well prior to the liquidation date.

PREMIUM ISSUES:

In accordance with Section 631.155, Florida Statutes, and paragraph "R" on page 7 of the CIA Liquidation Order, all premiums and unearned commissions you collected on behalf of CIA must be accounted for and paid directly to the Receiver within 30 days. No agent, broker, premium finance company or other person may use premium monies owed to CIA for refund of unearned premium or for any purpose other than payment to the Receiver. Violation constitutes contempt of Court. You have the right to appear before the Court and show cause if you feel that you are not required to account to the Receiver.

Until further notice, please remit premiums and unearned commissions to: The Receiver of Commercial Insurance Alliance, Post Office Box 110, Tallahassee, Florida 32302-0110. Additionally, please provide the Receiver with a detailed listing of any cash collateral you collected from the insureds to obtain their policies/surety bond. This listing should include the name, address, policy number, amount, and date of cash collateral received for each such insured.

CLAIMS ISSUES:

Some of the CIA policyholders' claims may be covered by the Florida Insurance Guaranty Association ("FIGA"). Updated information regarding FIGA's potential coverage of claims will be provided on the Receiver's website, www.floridainsurancereceiver.org, as the receivership progresses. For additional general information regarding FIGA, please visit the guaranty association's website at www.figafacts.com.

Claims Filing Deadline: All policyholders should be informed that, under the Liquidation Order, the deadline for filing claims in the CIA Receivership is 11:59:59 p.m. on January 26, 2012. Instructions on filing a claim in the CIA liquidation proceeding will be posted on the Receiver's website, www.floridainsurancereceiver.org.

CONTACT INFORMATION:

Until further notice, all policy, claims, and other questions regarding CIA should be directed to the Receiver's offices. You may contact the Receiver by using the "Contact Us" form at the Receiver's website, www.floridainsurancereceiver.org. You may also contact the Florida Department of Financial Services, as Receiver, at (850) 413-3081 or toll free at 1-800-882-3054 (for Florida residents only).

Your anticipated cooperation and assistance in these matters is greatly appreciated.

AGENTS DUTY TO THEIR POLICYHOLDERS IN A LIQUIDATION OF AN INSURANCE COMPANY

Section 631.341, Florida Statutes (2010)

631.341 Notice of insolvency to policyholders by insurer, general agent, or agent.—

(1) The receiver shall, immediately after appointment in any delinquency proceeding against an insurer in which the policies have been canceled, give written notice of such proceeding to each general agent and licensed agent of the insurer in this state. Each general agent and licensed agent of the insurer in this state shall forthwith give written notice of such proceeding to all subagents, producing agents, brokers, and service representatives writing business through such general agent or licensed agent, whether or not such subagents, producing agents, brokers, and servicing representatives are licensed or permitted by the insurer and whether or not they are operating under a written agency contract.

(2) Unless, within 15 days subsequent to the date of such notice, all agents referred to in subsection (1) have either replaced or reinsured in a solvent authorized insurer the insurance coverages placed by or through such agent in the delinquent insurer, such agents shall then, by registered or certified mail, send to the last known address of any policyholder a written notice of the insolvency of the delinquent insurer.

(3) The license, permit, or certificate of authority of any person, firm, or corporation which fails to comply with the provisions of this section is subject to revocation as otherwise provided by law.

(4) If such person, firm, or corporation is not licensed or permitted or the holder of a certificate of authority under any section of this code, such person, firm, or corporation, or the officers and directors thereof, are, upon failure to comply with the provisions of this section, guilty of a misdemeanor of the first degree, punishable as provided in s. 775.082 or by a fine of not more than \$5,000.

History.—s. 750, ch. 59-205; s. 15, ch. 70-27; s. 809(1st), ch. 82-243; s. 24, ch. 83-38; ss. 187, 188, ch. 91-108; s. 4, ch. 91-429; s. 68, ch. 2002-206.