



Division of Rehabilitation and Liquidation  
[www.floridainsurancereceiver.org](http://www.floridainsurancereceiver.org)

## **NOTICE TO AGENT OR BROKER - June 7, 2006**

### **Regarding the Liquidation of Atlantic Preferred Insurance Company, Florida Preferred Property Insurance Company and Southern Family Insurance Company**

Effective June 1, 2006, the Second Judicial Circuit Court in Leon County, Florida, entered orders placing Atlantic Preferred Insurance Company, Florida Preferred Property Insurance Company, and Southern Family Insurance Company in receivership for purposes of liquidation. These companies are subsidiaries of the Poe Financial Group and are referred to together as the "Poe Insurers." The Florida Department of Financial Services is the court-appointed Receiver of the Poe Insurers. A copy of the liquidation order for each of the Poe Insurers is available on the Receiver's website, [www.floridainsurancereceiver.org](http://www.floridainsurancereceiver.org).

The Receiver is sending this notice of liquidation to all of the Poe Insurers' agents of record in order to provide them with information to better assist them in advising the Poe Insurers' policyholders who are their clients. As an agent, you are advised that the liquidation orders significantly affect the Poe Insurers' policyholders and legally impose certain obligations on you. Policyholders of the Poe Insurers may have questions regarding their rights and responsibilities as a result of the receivership proceedings. As you are an agent of record, the Florida Department of Financial Services, as Receiver of the Poe Insurers, expects your assistance in responding to the issues raised by the policyholders.

**As agent for the Poe Insurers and pursuant to Section 631.341, Florida Statutes, you are also expected to provide a written notice of the receivership to policyholders whose policy has not been replaced or reinsured in a solvent authorized insurer. A copy of Section 631.341, Florida Statutes, is found at the end of this notice. Under the Liquidation Plan approved by the Court, eligible policyholders will automatically transition to Citizens Property Insurance Corporation effective 12:01 a.m. July 1, 2006 (see below for additional details). At this point, the Receiver intends to send a notice of the liquidation proceedings and the Liquidation Plan to each of the Poe Insurers' policyholders. Please note, however, that you are still responsible for providing notice to policyholders under Section 631.341, Florida Statutes, particularly to those policyholders who are not eligible to automatically transfer to Citizens under the Liquidation Plan and to those policyholders with renewal dates occurring soon after July 1, 2006, who may need your assistance in obtaining replacement insurance coverage. When providing notice of the liquidation to the Poe Insurers' policyholders, you should also inform them that the claims filing deadline for filing a claim in the receivership proceedings of the Poe Insurers is 11:59 p.m. on June 1, 2007.**

### **POLICY CANCELLATION/ LIQUIDATION PLAN:**

**In accordance with the terms of the liquidation orders, all policies issued by the Poe Insurers are cancelled at 12:01 a.m. on July 1, 2006, unless otherwise cancelled earlier in the normal course of business. In conjunction with the Office of Insurance Regulation, the Florida Insurance Guaranty**

Association, and Citizens Property Insurance Corporation, the Receiver developed a plan to provide for an orderly transition of eligible policyholders from the Poe Insurers to other insurers or to Citizens while continuing to serve the interests of the Poe Insurers' creditors and the public. This plan was submitted to and approved by the Court on June 2, 2006. **Under the Liquidation Plan, eligible policyholders will be automatically transitioned to Citizens Property Insurance Corporation effective July 1, 2006 without the need for a new application or additional underwriting review.** A summary of the Liquidation Plan is provided below for your quick reference. **A copy of the Liquidation Plan and additional information regarding the Transition Coverage provided by Citizens is available on the Receiver's website, [www.floridainsurancereceiver.org](http://www.floridainsurancereceiver.org).**

### **Summary of Liquidation Plan:**

- "Poe Coverage," the insurance coverage with the Poe Insurers, ends at 12:01 a.m. on July 1, 2006
- Under the Poe Coverage, FIGA will handle losses occurring on or before 12:01 a.m., July 1, 2006
- "Citizens Transition Coverage" automatically picks up coverage for an Eligible Policyholder beginning July 1, 2006 and ending on the date that coverage would have ended under the Poe policy
- Citizens Transition Coverage uses the existing forms and premiums of the Poe Insurers
- A policyholder eligible for Citizens Transition Coverage is not required to file an application and does not need to pay any premium already paid to the Poe Insurers
- All Poe policyholders are eligible for Citizens Transition Coverage, except:
  - o A policyholder who has received an offer of coverage from an admitted carrier
  - o A commercial lines policyholder with an aggregate building limit of \$25 million or greater
  - o A policyholder who has obtained replacement coverage with another insurance company
  - o A policyholder whose coverage was cancelled by a Poe Insurer for non-payment of premium or underwriting reasons, or at the policyholder's request
  - o Coverage written on a form that Citizens does not write, e.g., flood and personal umbrella
- Policyholders ineligible for Citizens Transition Coverage are being advised to contact their agents to see if they qualify for "Citizens Regular Coverage" under Citizens regular forms and premiums
- Over a twelve-month period, upon the expiration of Citizens Transition Coverage, policyholders must apply for Citizens Regular Coverage under Citizens regular forms and premiums
- Policyholders should not pay renewal premiums to the Poe Insurers for renewal coverage that begins after June 30, 2006
  - o For policyholders who have already paid their renewal premium to the Poe Insurers for renewal coverage that begins after June 30, 2006, details are being finalized for the refund of such premiums, so that these moneys can be applied to their regular coverage with Citizens or another insurer

While Citizens coverage has been accepted by both FANNIE MAE and FREDDIE MAC, **policyholders and agents are urged to seek coverage from insurers other than Citizens.**

### **POLICY AND COVERAGE ISSUES:**

The Poe Insurer's policies will remain in force until 12:01 a.m. on July 1, 2006, unless cancelled earlier for nonpayment of premium, for underwriting reasons, or at the request of the policyholder. For questions relating to Citizens Transition Coverage or further details on the Liquidation Plan, please refer to the Receiver's website at [www.floridainsurancereceiver.org](http://www.floridainsurancereceiver.org).

All inquiries relating to policy coverage, endorsements and cancellation of Poe Coverage and Citizens Transition Coverage should be referred to Citizens' Tampa Service Office at 1-800-365-8541.

Please note: Citizens does not issue flood policies. The Receiver is currently working on a plan to provide for coverage for flood policyholders through another authorized insurance company. These policyholders will receive notification on the status of their flood policy prior to July 1, 2006.

### **PREMIUM ISSUES:**

**Premium Payments** – For policies with renewal dates occurring prior to July 1, 2006, please continue to make premium payments to the Poe Insurers as normal until further notice from the Receiver or Citizens.

Please do not make any payments to the Poe Insurers for premiums on policies with renewal dates occurring after June 30, 2006. Policyholders in this situation will need to obtain replacement insurance coverage as soon as possible in order to prevent any lapse in coverage. These policyholders may apply to Citizens for regular coverage or obtain coverage from an alternative insurer. The Receiver is currently finalizing details for the refund of any premiums previously paid for such coverage so that the policyholders may apply the premium to their regular coverage with Citizens or another insurer.

**Premium Refunds/Unearned Premium** - Policyholders who cancel their Poe Coverage prior to July 1, 2006 or who cancel their Citizens Transition Coverage are entitled to a pro-rata refund of the unused portion of their premiums from FIGA. Policyholders who receive Citizens Transition Coverage will not receive unearned premium. Those amounts will be paid by FIGA directly to Citizens. For those policyholders who do not transition to Citizens, FIGA will pay unearned premium claims after the Receiver completes its processing of the policy records and sends the unearned premium records to FIGA. A \$100 statutory deductible will be taken from the amount owed. FIGA will return the unearned premium as quickly as possible.

### **AGENT ISSUES:**

Most Poe independent agents are already appointed with Citizens. The Receiver has been informed that Citizens will not be appointing Poe & Associates, Inc., which is an insurance agency affiliated with the Poe Insurers. Citizens will service these policies directly.

If you are appointed as an agent by Citizens for the Citizens Transition Coverage, you may retain the commission you have already been paid by the Poe Insurers for Poe policies that renew prior to July 1, 2006.

However, if the Citizens Transition Coverage cancels early or for policies that are not eligible for Citizens Transition Coverage, you are required to return the remaining unearned commission to the Receiver.

If you are holding commission (or premium) for Poe policies that renew on July 1, 2006 and later, instructions will be provided shortly.

**CLAIMS ISSUES (FOR LOSSES INCURRED PRIOR TO JULY 1, 2006):**

With the entry of the liquidation orders, the Florida Insurance Guaranty Association (“FIGA”) has been activated to help pay outstanding claims. The processing and payment of pending covered claims will be made by FIGA (subject to the lesser of policy limits or FIGA’s maximum cap). The maximum amount FIGA will cover is \$300,000 with special limits applying to (1) damages to structure and contents on homeowners claims and (2) on condominium and homeowners association claims. For damages to structure and contents on homeowners claims the FIGA cap is an additional \$200,000. For condominium and homeowners association claims the cap will be \$100,000 multiplied by the number of units in the association. No claim will be paid in excess of this cap. All claims are subject to a \$100 deductible over and above any deductible identified in the Poe Insurer’s policy. A policyholder may file a claim in the estate of the insurance company for the \$100 deductible and for amounts over the cap. The Receiver will send proof of claim forms and instructions for filing a claim.

Claimants who need to check on the status of an existing claim should call FIGA at 1-800-746-1045 (toll-free) or 1-866-928-4310 (toll-free). Consumers who need to report a new claim may contact their agent or contact FIGA at the referenced phone numbers.

All policyholders should be informed that the deadline for filing claims in the individual Poe Insurers’ receiverships is 11:59 p.m. on June 1, 2007. Proof of Claims forms will be available to potential claimants within the next few months.

**CLAIMS ISSUES (FOR LOSSES INCURRED ON AND AFTER JULY 1, 2006):**

Inquiries relating to claims for losses incurred on and after July 1, 2006 should be submitted to Citizens Property Insurance Corporation (“Citizens”). Specific contact information for this purpose will be provided soon.

**CONTACTING THE RECEIVER:**

Please contact the Receiver at 1-800-882-3054 for general questions regarding the receivership. You may also contact the Florida Department of Financial Services, as Receiver, by using the “Contact Us” form at the Receiver’s website, [www.floridainsurancereceiver.org](http://www.floridainsurancereceiver.org).

For claims questions, please refer to the phone number provided under Claims Issues. For policy coverage questions, please refer to the phone number provided under Policy and Coverage Issues.

**AGENTS DUTY TO THEIR POLICYHOLDERS  
IN AN INSOLVENCY OF AN INSURANCE COMPANY**

**Section 631.341, Florida Statutes (2005)**

**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.