



Division of Rehabilitation and Liquidation
www.floridainsurancereceiver.org

NOTICE – OCTOBER 10, 2006 - NOTICE

Re: Receivership of Florida Select Insurance Company
Assumption of the South Carolina Policies

Dear Florida Select Policyholder:

On June 30, 2006, Florida Select Insurance Company (“Florida Select”) was ordered into receivership for purposes of rehabilitation by the Second Judicial Circuit Court in Leon County, Florida. The Florida Department of Financial Services is the court appointed Receiver of Florida Select.

Florida Select’s records indicate that you are one of the company’s South Carolina policyholders. Working closely with the South Carolina Department of Insurance, we have developed a plan to provide for Florida Select’s South Carolina policyholders to continue their homeowners’ insurance coverage through Capitol Preferred Insurance Company (“Capitol Preferred”). Capitol Preferred is an “A” rated insurance company located in Tallahassee, Florida, and licensed in South Carolina. Under the Court approved plan, Capitol Preferred assumed Florida Select’s South Carolina policies effective September 15, 2006. If you would like more information regarding Capitol Preferred, you may visit its website at www.capitol-preferred.com. Your agent may also be able to assist you with any questions you may have on these matters.

Policy and Coverage Issues:

Continuation of Coverage: The current policy that was issued to you by Florida Select will remain in full force and effect until its normal expiration date, unless cancelled earlier for non-payment of premium or otherwise in the normal course of business.

***Please note: You do not need to cancel your Florida Select policy in order for your coverage to continue with Capitol Preferred.**

Capitol Preferred Coverage/Renewal Issues:

Prior to the expiration of your policy, Capitol Preferred will offer you a property renewal insurance policy on Capitol Preferred’s forms and using its rates. No additional application or effort on your part will be required. Your payment of the renewal premium to Capitol Preferred will serve as your acceptance of the renewal.

Premium Issues:

You should continue to pay premiums as normal in order to continue your insurance coverage.

Mortgage Issues:

Some mortgage companies are sending notices to Florida Select policyholders that the policyholder must have coverage with an “A” rated insurer or the mortgage company will “force place” the insurance with another carrier. Due to its receivership status, Florida Select is not an “A” rated insurance company. If you receive a notice of this type from your mortgage company, you may wish to inform the company that:

- Capitol Preferred (a Demotech “A” rated insurer) assumed Florida Select’s South Carolina policies and the responsibility for the payment of any claims under these policies which are incurred on or after September 15, 2006
- Florida Select, through its Receiver, and Capitol Preferred have obtained appropriate levels of reinsurance to cover any catastrophic losses

You may contact Capitol Preferred at (800) 734-4749 for a letter to give to your mortgage company regarding your policy assumption. This information may enable your mortgage company to reconsider any decision to “force place” your insurance coverage elsewhere.

Consumer Inquiries/Claims Issues:

During rehabilitation, the Receiver will continue to process and pay Florida Select’s pre-September 15, 2006, claims in the ordinary course of business to the extent possible. Please report all new claims to your agent or by calling the Capitol Preferred at (800) 734-4749.

Policy Service Requests:

Capitol Preferred assumed responsibility for your policy effective September 15, 2006. For policy service, including coverage changes or cancellation requests before the expiration date shown on your Florida Select policy, please contact your agent or call (800) 734-4749. Capitol Preferred will provide you with information on how to request policy service after you receive your Capitol Preferred policy.

For additional information regarding Florida Select or the receivership process, please visit the Receiver’s website at www.floridainsurancereceiver.org or contact the Florida Department of Financial Services at 1-800-882-3054.