



Division of Rehabilitation and Liquidation
www.floridainsurancereceiver.org

OCTOBER 24, 2006

**NOTICE TO AGENT OR BROKER
REGARDING THE RECEIVERSHIP OF FLORIDA SELECT INSURANCE COMPANY
AND THE ASSUMPTION OF THE COMPANY'S SOUTH CAROLINA POLICIES**

As you know, 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 a Florida Select agent of record providing services relating to the company's South Carolina policies. 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.

The Receiver recently mailed a notice to Florida Select's South Carolina policyholders to inform them of the assumption. The purpose of this letter is to provide you, as an agent, with additional information that may assist you in responding to questions you may receive from your clients regarding the assumption or other receivership matters. If you would like more information regarding Capitol Preferred, you may visit its website at www.capitol-preferred.com. Copies of the relevant court orders, as well as additional information regarding the receivership proceeding are available on the Receiver's website, www.floridainsurancereceiver.org.

Policy and Coverage Issues:

Continuation of Coverage: The current South Carolina policies that were issued by Florida Select will remain in full force and effect until the policies' normal expiration date, unless cancelled earlier for non-payment of premium or otherwise in the normal course of business.

***Please note: South Carolina policyholders do not need to cancel their Florida Select policies in order for coverage to continue with Capitol Preferred.**

Capitol Preferred Coverage/Renewal Issues:

Prior to the expiration of each South Carolina policy, Capitol Preferred will offer the policyholder a property renewal insurance policy on Capitol Preferred's forms and using its rates. No additional application or effort on the policyholder's part will be required. Payment of the renewal premium to Capitol Preferred will serve as your client's acceptance of the renewal.

Premium Issues:

Policyholders should continue to pay premiums as normal in order to continue their 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. We have advised the South Carolina policyholders that if they receive a notice of this type from their mortgage company, they should inform that mortgage 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

Your client may also contact Capitol Preferred at (800) 734-4749 for a letter to give to the mortgage company regarding the policy assumption. This information may enable your client’s mortgage company to reconsider any decision to “force place” the 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. New claims may be reported by calling Capitol Preferred at (800) 734-4749 or the Capitol Preferred Claims Department at (888) 388-2742.

Policy Service Requests:

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