

Division of Rehabilitation and Liquidation
www.floridainsurancereceiver.org

February 19, 2007

**NOTICE TO AGENTS AND BROKERS OF
FLORIDA SELECT INSURANCE COMPANY**

Dear Agent/Broker:

As you are aware, on June 30th, 2006, Florida Select Insurance Company ("Florida Select") was ordered into receivership by the Circuit Court in Leon County. On July 7, 2006 a *Notice to Agent or Broker Regarding the Receivership of Florida Select Insurance Company* (the "Notice") was sent to you. In the Notice, you were advised of the status of the receivership and provided information to assist you in advising Florida Select policyholders.

The financial condition of the company does not allow the Receiver to continue coverage for policyholders through Florida Select. As a result, Notices of Cancellation and Notices of Non-Renewals have been issued to Florida Select policyholders. In an effort to try to protect and assist policyholders, the Receiver has worked with Southern Fidelity Insurance Company ("Southern Fidelity") to provide them with an alternative replacement coverage policy.

We understand the recent Emergency Rule (69OER07-1 Residential Property Insurance Rate Filings) approved by the Financial Services Commission on January 30, 2007, places limitations on an insurer regarding non-renewing or cancelling a personal residential insurance policy. However, the unstable financial status of Florida Select does not allow the company to provide policyholders with the level of protection expected of an insurer.

The Office of Insurance Regulation has reviewed these matters, as well as the Notices of Cancellation and Notices of Non-Renewal issued to the policyholders of Florida Select. The Office of Insurance Regulation agrees that the policyholders of Florida Select are best served by the Receiver's efforts to provide a more financially stable option for them and concurs that the Emergency Rule does not apply to this situation.

To provide policyholders with as much notice as possible, they are receiving this information concerning their policy now. Any delay would have subjected their property to uncertain coverage and potentially resulted in the cancellation of their policy even closer to the 2007 Hurricane Season. There is no requirement that a policyholder accept the replacement coverage from Southern Fidelity. The policyholder may contact their agent to make alternative arrangements that may better suit their needs and advise their mortgage company of any change they may make regarding replacement coverage.

Due to the fact that cancellation and non-renewals have been issued, you **will not** be receiving additional commission checks from Florida Select. The reason for this is that you would actually owe Florida Select monies next month due to the cancellation and non-renewal of policies. Generally, Florida Select would have offset any monies it was owed against the next monthly check provided to you. However, the cancellation and non-renewal of policies eliminate the possibility of such an offset occurring. In the event that your agency owes Florida Select any additional monies, you will receive a separate invoice for payment.

Sincerely,

The Florida Department of Financial Services
as Receiver of Florida Select Insurance Company