



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

**NOTICE TO AGENT OR BROKER – March 27, 2007**

**Regarding the Liquidation of Vanguard Fire and Casualty Company**

The Second Judicial Circuit Court in Leon County, Florida, entered an order placing Vanguard Fire and Casualty Company (“Vanguard”) in receivership for purposes of liquidation effective at 12:01 a.m. on March 26, 2007. The Florida Department of Financial Services is the court-appointed Receiver of Vanguard. A copy of the liquidation order for Vanguard 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 Vanguard’s agents of record in order to provide them with information to better assist them in advising the Vanguard policyholders who are their clients. As an agent, you are advised that the liquidation order significantly affects the Vanguard policyholders and legally imposes certain obligations on you. Policyholders of Vanguard 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 Vanguard, expects your assistance in responding to the issues raised by the policyholders.

**As agent for Vanguard 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. At this point, the Receiver intends to send a notice of the liquidation proceedings to each of the approximately 60,000 Vanguard policyholders. Please note, however, that you are still responsible for providing notice to policyholders under Section 631.341, Florida Statutes. When providing notice of the liquidation to the Vanguard policyholders, you should also inform them that the claims filing deadline for filing a claim in the Vanguard receivership is 11:59 p.m. on Wednesday, March 26, 2008.**

**POLICY CANCELATION:**

**In accordance with the terms of the Liquidation Order, all policies are canceled at 12:01 a.m. on April 25, 2007, unless otherwise canceled earlier in the normal course of business. Specifically, paragraph 16, on page 11 of the Liquidation Order provides that:**

Pursuant to the provisions of Section 631.252, Florida Statutes, all policies of insurance or similar contracts of coverage that have not expired are canceled effective 12:01 a.m. as of April 25, 2007. Policies or contracts of coverage with normal expiration dates prior to the dates otherwise applicable under this paragraph, or which are terminated by insureds or lawfully canceled by the Receiver or insurer before such date, shall stand canceled as of the earlier date.

Until further notice, all questions relating to current Vanguard policy and coverage issues through 12:01 a.m. on April 25, 2007, should be directed to Vanguard Fire & Casualty Company at 1-866-830-6423.

**OFFER OF REPLACEMENT INSURANCE COVERAGE WITH ROYAL PALM INSURANCE COMPANY OR SECURITY FIRST INSURANCE COMPANY:**

In order to assist Vanguard policyholders, the Department of Financial Services has arranged with Royal Palm Insurance Company (Royal Palm) and Security First Insurance Company (Security First) to provide an offer of replacement insurance coverage to the Vanguard policyholders. Royal Palm Insurance Company and Security First Insurance Company are both authorized insurers in Florida and have an "A" Demotech rating which meets the requirements of mortgage lenders. Royal Palm and Security First will offer a new policy of insurance to all current Vanguard policyholders, with an effective date of April 25, 2007 or upon expiration of the policyholder's coverage, whichever event occurs sooner. Approximately 76% of Vanguard's policyholders will be offered coverage through Security First while 24% will be offered coverage through Royal Palm. Policyholders are being directed to contact their agents to determine which of the two companies will offer them coverage.

The Receiver, Royal Palm and Security First are in the process of sending letters to all known Vanguard policyholders informing them of how they may take advantage of the Royal Palm and Security First offers. At this time, Royal Palm and Security First are able to offer immediate replacement insurance coverage to policyholders with *no* property damage to their homes. These policyholders will have until May 25, 2007, to pay premium to Royal Palm and Security First for their new coverage. However, the two companies will only be able to offer insurance coverage to Vanguard policyholders with property damage upon receipt of evidence that the home repairs have been completed. Royal Palm and Security First will provide agents with further instructions on these matters. In the interim, the Receiver is *strongly* urging policyholders with property damage to work with their agents in seeking replacement insurance coverage or, in the event that no other coverage is available, in obtaining temporary, limited coverage through Citizens Property Insurance Corporation as soon as possible.

Policyholders with questions regarding the offers of new coverage are directed to contact their agent or call Royal Palm and Security First at 1-866-351-3060.

**PREMIUM ISSUES:**

In accordance with Section 631.155, Florida Statutes, and paragraph 15(S), on page 7 of the Liquidation Order, all premiums and commissions you collected on behalf of Vanguard must be accounted for and paid directly to the Receiver within 30 days. No agent, broker or premium finance company may use premium monies owed to Vanguard for refund of unearned premium or 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 Vanguard at the following address:**

**Receiver of Vanguard Fire and Casualty Company  
PO Box 3760  
Winter Park, FL 32790**

**Premium Refunds/Unearned Premium** – The Florida Insurance Guaranty Association (“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.

**CLAIMS ISSUES (FOR LOSSES INCURRED PRIOR TO 12:01 A.M. ON APRIL 25, 2007):**

With the entry of the liquidation order, 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) 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 Vanguard policy. A policyholder may file a claim in the Vanguard receivership 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 the Florida Insurance Guaranty Association at 1-866-928-4310 (toll-free). Consumers who need to report a new claim are directed to contact their agent or contact FIGA at the referenced phone number.

All policyholders should be informed that the deadline for filing claims in the Vanguard receivership is 11:59 p.m. on Wednesday, March 26, 2008. Proof of Claims forms will be available to potential claimants within the next few months.

**CONTACTING THE RECEIVER:**

Please contact the Receiver at (800) 882-3054 if you have any non-claims related questions regarding the receivership (for claims questions, please refer to the phone numbers provided under Claims Issues). 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).

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

**Section 631.341, Florida Statutes (2006)**

**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.