



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

**NOTICE TO POLICYHOLDERS – March 27, 2007**

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

Dear Policyholder:

This letter is being sent to you because our records indicate that you are or have recently been a policyholder 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).

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

**In accordance with the terms of the Liquidation Order, all Vanguard policies in effect as of the liquidation date are canceled at 12:01 a.m. on April 25, 2007, unless otherwise canceled earlier in the normal course of business.** If your agent or you have questions relating to current Vanguard policy and coverage issues through 12:01 a.m. on April 25, 2007, please contact Vanguard Fire and Casualty Company at 1-866-830-6423.

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 and Security First 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. Policyholders will have until May 25, 2007, to pay premium to Royal Palm and Security First for new coverage. Enclosed is a letter from Security First Managers, the managing general agent for the two companies, which further explains the offer of coverage from Royal Palm and Security First.

**PLEASE CONTACT YOUR AGENT AS SOON AS POSSIBLE** to make sure that you do not have any lapse in insurance coverage. Your agent is best able to advise you as to your insurance options, including coverage options with Royal Palm and Security First. Also, you should contact your agent immediately if you have any existing property damage to your home for special instructions on obtaining replacement insurance coverage. For further information regarding the offers of new coverage, please contact your agent or call Royal Palm and Security First at 1-866-351-3060.

### **PREMIUM ISSUES:**

If you owe any premium for Vanguard coverage prior to April 25, 2007, please continue to make premium payments to Vanguard as normal to avoid any lapse in coverage. However, please do not make any payments to Vanguard for premiums on policies with renewal dates occurring on and after April 25, 2007.

**Premium Refunds/Unearned Premium** – Policyholders who cancel their Vanguard Coverage prior to April 25, 2007, or whose policies are canceled by the liquidation order are entitled to a pro-rata refund of the unused portion of their premiums. 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. For updated information regarding premium refunds, please check the Receiver's website, [www.floridainsurancereceiver.org](http://www.floridainsurancereceiver.org). You may file a claim in the Vanguard receivership for the \$100 deductible. More information on filing claims is provided below.

### **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 has been activated to help pay outstanding claims. FIGA is a nonprofit corporation that was created by statute to provide a mechanism for the payment of claims when an insurance company is ordered liquidated.

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 separate claim in the Vanguard receivership for the \$100 deductible, for amounts over the cap, and for claims that are not covered by FIGA. Within the next few months, the Receiver will send instructions for filing a claim. The deadline for filing claims in the Vanguard receivership is 11:59 p.m. on Wednesday, March 26, 2008.

If you need to check on the status of an existing claim, please call the Florida Insurance Guaranty Association at 1-866-928-4310. For new claims, please contact your agent or contact FIGA at the above phone number.

### **CONTACTING THE RECEIVER:**

Additional information regarding the Vanguard receivership, including responses to frequently asked questions, is available on the Receiver's website, [www.floridainsurancereceiver.org](http://www.floridainsurancereceiver.org). You may contact the Florida Department of Financial Services, as Receiver, by using the "Contact Us" form at the Receiver's website. For general questions regarding the receivership, you may also contact the Receiver at 1-800-882-3054.

# SECURITY FIRST MANAGERS, L.L.C.

Managing General Agent for **Royal Palm Insurance & Security First Insurance**

## **IMPORTANT INFORMATION REGARDING THE INSURANCE ON YOUR HOME**

March 28, 2007

Dear Sir or Madam:

Because the Second Judicial Circuit Court in Tallahassee, Florida ordered Vanguard Fire & Casualty Company into receivership to be liquidated, you must purchase a new insurance policy from another company to protect your home. The judge's liquidation order was effective Monday, March 26, 2007, and requires the cancellation of all Vanguard policies no later than 12:01 a.m., Wednesday, April 25, 2007.

In order to assist Vanguard policyholders during this difficult time, the Florida Department of Financial Services, as Receiver for Vanguard, has arranged for Security First Insurance Company and Royal Palm Insurance Company to offer homeowners insurance to Vanguard policyholders.

### **For Policies Expiring before April 25, 2007**

If your policy has an expiration date prior to this state-mandated cancellation, and you have not purchased insurance from another carrier, we would like to offer to cover your home.

To obtain coverage from Security First or Royal Palm, you should contact your insurance agent to fill out an application. We have instituted a special program to expedite your application. After the application process is satisfactorily completed, a new policy will be issued to you.

### **For Policies Expiring on April 25, 2007**

If your insurance policy with Vanguard will expire on April 25, 2007, you do not have to take any action at this time to receive an offer of coverage from Security First or Royal Palm. Furthermore, you do not have to respond to this letter in any way.

Security First or Royal Palm will be issuing your new policy based on information the Receiver provided. We hope to have the new policy mailed to you by April 20, 2007. Please review our offer carefully to ensure the information and coverage limits are accurate. If you have any questions or need to make changes, contact your insurance agent. To accept the offer of coverage, all you will need to do is pay the premium. The coverage provided by your new insurance policy will begin on April 25, 2007, as long as we receive payment by May 25, 2007.

**If we have not received payment for the premium on or before May 25, 2007, this offer will no longer be valid, and you will not have had any coverage provided by Security First or Royal Palm. Moreover, you will not have any coverage after the date of the cancellation of your current Vanguard policy.**

We understand the financial burden the liquidation may be placing on you. Your agent will work with you to make sure you receive all premium discounts to which you are entitled for items such as burglar alarms and hurricane shutters. Additionally, Security First and Royal Palm offer convenient two- and four-pay payment plans and can provide premium financing through our partner Focus Finance.

You can learn more about Security First and Royal Palm by visiting the companies' websites at [www.sficins.com](http://www.sficins.com) and [www.rpinsurance.com](http://www.rpinsurance.com), respectively.

If you have difficulties contacting your agent, we have also established a toll-free Consumer Help Line for Vanguard policyholders at 866-351-3060.

We look forward to serving your homeowners and property insurance needs.

Sincerely,

Locke Burt  
President