



DEPARTMENT OF FINANCIAL SERVICES

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

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División de Rehabilitación y Liquidación [www.floridainsurancereceiver.org](http://www.floridainsurancereceiver.org)  
(If you need a Spanish version of this notice, visit the Receiver's website at [www.floridainsurancereceiver.org](http://www.floridainsurancereceiver.org))**

## **NOTICE TO AGENT OR BROKER – October 14, 2009**

### **Regarding the Liquidation of American Keystone Insurance Company**

Effective on October 9, 2009, American Keystone Insurance Company (“AKIC”) was ordered liquidated by the Second Judicial Circuit Court in Leon County, Florida. A copy of the liquidation order for AKIC is available on the Receiver's website, [www.floridainsurancereceiver.org](http://www.floridainsurancereceiver.org).

The Receiver is sending this notice of the receivership proceedings to all of the AKIC agents of record in order to provide them with information to better assist them in advising the AKIC policyholders who are their clients. **As you are an agent of record, you are advised that the liquidation order significantly affects the company's policyholders and legally imposes certain obligations on you. The Florida Department of Financial Services, as Receiver of AKIC expects you to contact your policyholder clients and assist them with any questions they may have regarding the receivership proceeding.**

As agent for AKIC and pursuant to Section 631.341, Florida Statutes, you are also expected to provide a written notice of the receivership, by registered or certified mail, to policyholders whose policy has not been replaced or reinsured with a solvent authorized insurer. A copy of Section 631.341, Florida Statutes, is found at the end of this notice. At this time, the Receiver intends to send a notice of the liquidation proceeding to each of the AKIC 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 policyholders, you should also inform them that the claims filing deadline for filing a claim in the receivership proceeding is 11:59 p.m. on October 8, 2010. You should also inform them of any applicable filing deadlines for pursuing claims with the Florida Insurance Guaranty Association.

#### **POLICY CANCELLATION:**

AKIC primarily wrote homeowners, condominium unit owners and residential condominium association policies in Florida. AKIC had approximately 7,800 policies in-force as of the date of liquidation.

**All policies are cancelled effective 11:59 p.m. on November 8, 2009, unless otherwise terminated prior to that date.** Property and casualty insurance policies are covered by the Florida Insurance Guaranty Association. See below for further details.

Until further notice, all questions relating to current AKIC policy and coverage issues through 11:59 p.m. on November 8, 2009, should be directed to AKIC's customer service department at 1-877-350-9777.

**POLICY TRANSITION PLAN:**

The Receiver has contacted insurers which have expressed interest in AKIC's book of business and, on a very tight timeframe, anticipates receiving proposals to transition the AKIC policies to another insurance entity(ies). An accepted proposal would benefit the policyholders in that it would offer a potentially smoother transition of the policies to another insurance company(ies) and also benefit the AKIC creditors in that there would be a fee paid to the estate by the selected insurer(s) for any policies retained by the insurer(s). Assuming that the Court approves such an agreement, the Receiver or the selected insurer would send you information on the agreement along with an introductory letter with more details regarding any transition offer. To confirm that any such correspondence received is, in fact, from a selected insurer, please check the Receiver's website, [www.floridainsurancereceiver.org](http://www.floridainsurancereceiver.org) for updates on this issue and copies of any relevant Court orders.

**PREMIUM ISSUES:**

Until directed otherwise, policyholders with installment payment plans should continue to pay premiums as usual in order to continue their insurance coverage with AKIC until 11:59 p.m. on November 8, 2009. The Florida Insurance Guaranty Association ("FIGA") will pay claims for premium refunds/unearned premium 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. If the premium refund due is \$100 or less a refund will not be processed by FIGA.

In accordance with Section 631.155, Florida Statutes, paragraph 15 on page 7 of the AKIC Liquidation Order, all premiums and unearned commissions you collected on behalf of AKIC must be accounted for and paid directly to the Receiver within 30 days. No agent, broker, premium finance company or other person may use premium monies owed to AKIC for refund of unearned premium or for 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 AKIC as normal.

**CLAIMS ISSUES (FOR LOSSES INCURRED PRIOR TO 11:59 P.M. ON NOVEMBER 8, 2009):**

With the entry of the liquidation order, the Florida Insurance Guaranty Association ("FIGA") has been activated to help pay outstanding claims for property and casualty policies. 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 AKIC policy. A policyholder may file a claim in the AKIC 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. For additional general information regarding FIGA, please visit the guaranty association's website at [www.figafacts.com](http://www.figafacts.com).

**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.**

**Claims Filing Deadline:** All policyholders should be informed that the deadline for filing claims in the AKIC receivership is 11:59 p.m. on October 8, 2010. Proof of Claims forms will be available to potential claimants within the next few months. In accordance with Section 631.68, Florida Statutes, the deadline for settling a claim or filing suit against FIGA is October 8, 2011 (i.e., one year after the Receiver's claim filing deadline).

**CONTACTING THE RECEIVER:**

Please contact the Receiver by using the "Contact Us" form at the Receiver's website, [www.floridainsurancereceiver.org](http://www.floridainsurancereceiver.org) 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, at (850) 413-3081 or toll free at 1-800-882-3054.

Your anticipated cooperation and assistance in these matters is greatly appreciated.

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

### **Section 631.341, Florida Statutes (2009)**

#### **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.