



DEPARTMENT OF FINANCIAL SERVICES

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

**Si necesita una versión en español de este aviso, visite el sitio web de la  
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 – April 16, 2010**

### **Regarding the Rehabilitation and subsequent Liquidation of Northern Capital Insurance Company**

On April 12, 2010, Northern Capital Insurance Company (“NCIC”) 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 NCIC. The company admitted that it is insolvent and consented to the receivership. At the same time the Court entered the rehabilitation order, the Court also entered an order liquidating NCIC effective May 1, 2010. The Department requested the combination of the rehabilitation, followed directly by the effective May 1, 2010 liquidation of NCIC, primarily in order to allow the Department and NCIC’s agents additional time to assist the NCIC policyholders in obtaining replacement property and casualty insurance coverage prior to the beginning of the 2010 hurricane season. Copies of the rehabilitation and liquidation orders for NCIC are available on the Receiver’s website, [www.floridainsurancereceiver.org](http://www.floridainsurancereceiver.org).

#### **Background Company Information:**

NCIC primarily wrote homeowners, automobile and inland marine policies in Florida. NCIC had approximately 62,000 policies in-force as of the initial date of receivership.

An affiliate of NCIC, Landmark One Insurance Company changed its name to Northern Capital Select Insurance Company effective April 27, 2009. On December 31, 2009, Northern Capital Select Insurance Company merged with Northern Capital Insurance Company, with Northern Capital Insurance Company as the surviving entity. Therefore, policies written through all three companies are now insured under the same company name, Northern Capital Insurance Company.

#### **DUTY OF AGENTS TO NOTIFY POLICYHOLDERS:**

The Receiver is sending this notice of the receivership proceedings to all of the NCIC agents of record in order to provide them with information to better assist them in advising the NCIC policyholders who are their clients. **As you are an agent of record, you are advised that the May 1, 2010 liquidation order significantly affects the**

company's policyholders and legally imposes certain obligations on you. The Florida Department of Financial Services, as Receiver of NCIC expects you to contact your policyholder clients and assist them with any questions they may have regarding the receivership proceeding.

As agent for NCIC 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 NCIC 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 May 1, 2010 liquidation to the policyholders, you should inform them that:

- NCIC's insurance policies are cancelled effective 11:59:59 p.m. on May 30, 2010, unless otherwise terminated prior to that date
- The claims filing deadline for filing claims in the receivership proceeding after liquidation is 11:59 p.m. on April 30, 2011; and
- The deadline for pursuing any claims with the Florida Insurance Guaranty Association, after liquidation, is April 30, 2012.

**INFORMATION REGARDING POLICY AND CLAIMS ISSUES DURING REHABILITATION:**

Northern Capital is not writing new policies. The company's existing policies are not cancelled by the rehabilitation order and will continue in the ordinary course of business during the rehabilitation phase. **(PLEASE NOTE, HOWEVER, THAT THE LIQUIDATION ORDER WILL CANCEL POLICIES EFFECTIVE 11:59:59 P.M. ON MAY 30, 2010, UNLESS OTHERWISE TERMINATED PRIOR TO THAT DATE).** During rehabilitation, the Receiver will continue to process and pay claims in the ordinary course of business to the extent possible.

**CONTACT INFORMATION FOR NCIC DURING REHABILITATION:**

**Policy/underwriting related questions:** For homeowners' policies, contact NCIC's customer service department at 1-888-449-0140. For automobile and inland marine policies, call NCIC at 1-800-306-9180.

**Claims issues:** To file a new claim or to check on the status of a pending claim, please contact NCIC at 1-800-396-1840.

**POLICY CANCELLATION UNDER LIQUIDATION ORDER:**

**Under the May 1, 2010 Liquidation Order, all policies are cancelled effective 11:59:59 p.m. on May 30, 2010, unless otherwise terminated prior to that date.** Upon liquidation, property and casualty insurance policies are covered by the Florida Insurance Guaranty Association. See below for further details. Until 11:59:59 p.m. on May 30, 2010, please continue to call NCIC's customer service department at 1-888-449-0140 for all questions relating to NCIC policy and coverage issues.

**OFFER OF REPLACEMENT INSURANCE COVERAGE FOR SELECTED NCIC POLICYHOLDERS FROM AMERICAN INTEGRITY INSURANCE COMPANY:**

Prior to receivership, the Florida Office of Insurance Regulation arranged with American Integrity Insurance Company ("American Integrity") to provide an offer of replacement insurance coverage to selected NCIC policyholders with homeowners' insurance coverage. The agreement with American Integrity benefits the selected policyholders in that it offers a potentially smoother transition of the policies to another insurance company and also benefits the NCIC creditors in that American Integrity will pay the NCIC estate set amounts under the agreement for policies retained by the insurer.

American Integrity will offer this insurance coverage to approximately 18,000 NCIC policyholders to become effective upon the cancellation of their NCIC policies. American Integrity is an authorized insurer in Florida and has a Demotech, Inc., Financial Stability Rating of “A,” which meets the needs of most mortgage lenders.

The Receiver and American Integrity will send letters to all affected policyholders suggesting that they contact their agents to learn how they may take advantage of the American Integrity offer. **Agents are asked to contact American Integrity through its agent hotline at 1-866-663-8812 or by email to [aiicncap@aiicfl.com](mailto:aiicncap@aiicfl.com) for additional information regarding this offer.**

**POLICY TRANSITION PLAN:**

The Receiver has contacted insurers which have expressed interest in NCIC’s book of business and, on a very tight timeframe, anticipates receiving proposals to transition the remaining NCIC policies to another insurance entity(ies). 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.

In the interim, the Receiver is *strongly* urging policyholders to work with their agents in seeking replacement insurance coverage through the American Integrity offer or, in the event that no other coverage is available, through Citizens Property Insurance Corporation as soon as possible.

**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 NCIC until 11:59:59 p.m. on May 30, 2010. Upon liquidation, the Florida Insurance Guaranty Association (“FIGA”) is responsible for paying claims for premium refunds/unearned premium. 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 or on behalf of FIGA. A policyholder may have a claim in the NCIC liquidation proceeding for the \$100 deductible or the gross refund less than \$100.

In accordance with Section 631.155, Florida Statutes, and paragraph S on page 7 of the NCIC Liquidation Order, all premiums and unearned commissions you collected on behalf of NCIC 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 NCIC 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 NCIC as normal.

**POST LIQUIDATION CLAIMS ISSUES (FOR LOSSES INCURRED PRIOR TO 11:59:59 P.M. ON MAY 30, 2010):**

With the entry of the May 1, 2010, Liquidation Order, the Florida Insurance Guaranty Association (“FIGA”) will be 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) after the liquidation date. 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 NCIC policy. A policyholder may file a claim in the NCIC receivership for the \$100 deductible and for amounts over the cap. The Receiver will provide instructions for

filing a claim in the liquidation proceeding. For additional general information regarding FIGA, please visit the guaranty association's website at [www.figafacts.com](http://www.figafacts.com). After May 1, 2010, contact information will be posted on the Receiver's website, [www.floridainsurancereceiver.org](http://www.floridainsurancereceiver.org), for claimants to use in contacting the Florida Insurance Guaranty Association to check on the status of their claims and/or report new claims. **Before May 1, 2010, please do not contact FIGA for any matters relating to NCIC.**

**Claims Filing Deadline:** All policyholders should be informed that, under the May 1, 2010 Liquidation Order, the deadline for filing claims in the NCIC receivership is 11:59 p.m. on April 30, 2011. Instructions on filing a claim in the NCIC liquidation proceeding will be posted on the Receiver's website, [www.floridainsurancereceiver.org](http://www.floridainsurancereceiver.org), after the liquidation date. In accordance with Section 631.68, Florida Statutes, the deadline for settling a claim or filing suit against FIGA is April 30, 2012 (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 above). You may also contact the Florida Department of Financial Services, as Receiver, at (850) 413-3081 or toll free at 1-800-882-3054 (for Florida residents only).

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.