



CHIEF FINANCIAL OFFICER
STATE OF FLORIDA

ALEX SINK

February 3, 2009

Mr. Jim Thompson, President
State Farm Florida Insurance Company
2 Urban Center, Suite 600
4890 West Kennedy Boulevard
Tampa, Florida 33609

Dear Mr. Thompson:

After reviewing your company's intended withdrawal plan from Florida's property and casualty insurance market, I understand that State Farm Florida Insurance Company (State Farm Florida) is projecting it will become insolvent in 2011, assuming no hurricane losses occur during the next two hurricane seasons. The plan also indicates that merely \$175 million in hurricane losses will accelerate this insolvency to the second half of 2010. This indicates a more severe hurricane during the 2009 hurricane season could accelerate State Farm Florida's anticipated insolvency to an even earlier date.

Since last week's announcement of State Farm Florida Insurance Company's intent to withdrawal, my department has received hundreds of calls from consumers who are concerned about their future insurance needs. How State Farm Florida's plans impact your insurance consumers is especially of interest to me, both as a Cabinet member and the elected official who oversees insurance agents in our state.

Under the insurance license issued by the Department of Financial Services, a general lines insurance agent is empowered to place business with **any** authorized insurer for which he or she receives an appointment. However, State Farm Florida limits the power of its 826 Florida agents to place business for their customers. By contract, State Farm Florida agents can only place property insurance business with State Farm Florida and the state-run property insurer, Citizens Property Insurance Corporation (Citizens).

Given State Farm Florida's projected insolvency within the next two years and intended withdrawal, I find it inappropriate to limit your agents' ability to help your customers find the best possible property insurance coverage.

DEPARTMENT OF FINANCIAL SERVICES
OFFICE OF COMMUNICATIONS
200 EAST GAINES STREET • TALLAHASSEE, FLORIDA 32399-0302
(850) 413-2842 • FACSIMILE (850) 413-4993



Affirmative Action / Equal Opportunity Employer

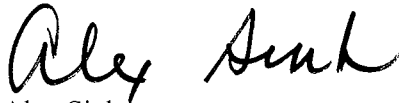
Your contractual limitation forces both State Farm Florida agents and policyholders to choose between two alternatives:

- 1) Preserving the relationship between the State Farm Florida agent and his or her customer (thereby foregoing the opportunity for alternative private market coverage) and placing the customer in state-run Citizens; or
- 2) Forcing the customer to sever his or her relationship with their State Farm Florida agent and find another agent who is able to find private market coverage for the customer.

These choices hardly seem fair to your 826 agents and 4,479 agent staff members who rely on their customer base for their livelihood. It is also unfair to the customers who may have a decades-long relationship with their State Farm agent.

For years, State Farm Florida has held itself out as a good neighbor to Floridians. Given your long-standing relationship with our state, I believe you owe it both to your agents and policyholders to withdraw from the market in the fairest manner possible. I urge you to immediately allow your agents to obtain insurance appointments from other property insurance companies. Your loyal insurance consumers deserve the opportunity to keep their relationship with their State Farm agent and be placed with the property insurance company that best meets their insurance needs.

Sincerely,



Alex Sink

Cc: Sean Shaw, Florida Insurance Consumer Advocate