



DEPARTMENT OF FINANCIAL SERVICES

Division of Rehabilitation and Liquidation
www.floridainsurancereceiver.org

April 21, 2009

POLICY CANCELLATION NOTICE - TO AGENT OR BROKER

UPDATE Regarding the Rehabilitation of Coral Insurance Company

As you know, Coral Insurance Company ("Coral") was ordered into receivership for purposes of rehabilitation on April 9, 2009. Last week, the Florida Department of Financial Services, as Receiver of Coral, mailed you a notice regarding the rehabilitation and requesting that you assist the Coral policyholders in obtaining replacement insurance coverage as quickly as possible.

Having had further opportunity to assess Coral's financial and other circumstances, the Receiver determined that additional actions were necessary to protect the Coral policyholders. Coral lacks the financial resources to purchase catastrophe reinsurance to mitigate its potential exposure in the 2009 hurricane season. This potential exposure presents unacceptable risks to policyholders, claimants, other creditors and the public. As a result, the Receiver requested and obtained an order from the Second Judicial Circuit Court in Leon County, Florida, directing the cancellation of Coral's in-force policies prior to the start of the hurricane season. In accordance with the April 20, 2009 Court Order, **all policies not otherwise cancelled or terminated prior to 12:01 a.m. on May 31, 2009, are cancelled as of that time and date.**

To assist Coral's policyholders in having funds available to obtain replacement insurance coverage, the Receiver is making arrangements to return the unearned portion of policyholders' premium already paid by the policyholders in advance of the May 31, 2009 cancellation date. Coral will continue to process cancellation requests received with cancellation dates prior to May 31, 2009 in the normal course of business. However, once the mass cancellation process has begun, cancelling policies effective as of 12:01 a.m. on May 31, 2009, any additional premium due to policyholders who cancel prior to that date will be processed on a supplemental basis.

Based upon current projections, it appears that Coral will have sufficient funds to meet its obligations, including the payment of unearned premium and claims. However, the liquidation of the company is still a possibility. To help assure that Coral has adequate funds to administer the Receivership and avoid any preferential/disparate treatment of policyholders and claimants in the event that Coral is liquidated, Coral will retain the first \$100 of the initial return premium/claim payment. If the Receiver ultimately determines that sufficient funds are available, it will process and pay the \$100 retentions at a later date.

REPLACEMENT INSURANCE COVERAGE WITH SECURITY FIRST INSURANCE COMPANY OR THROUGH MACNEILL GROUP, INC.

Please remember that Coral previously made arrangements for other companies to offer replacement insurance coverage prior to the beginning of the 2009 hurricane season.

Coral reached an agreement with Security First Insurance Company (“Security First”) that will allow for Coral’s policyholders to obtain replacement homeowners insurance coverage through Security First. Under the plan, Security First will offer Coral’s independent agents the opportunity and capacity to replace all Coral policies that provide coverage for homes with Coverage A values up to and including \$1,000,000, with similar policies from Security First at Security First’s currently filed rates.

Coral also reached an agreement with the MacNeill Group, Inc., (“MacNeill”) a Florida licensed Managing General Agent whereby MacNeill will work with Coral independent agents to try to replace all Coral policies that provide coverage for homes with Coverage A values over \$1,000,000 with similar policies from one of MacNeill’s non-admitted markets at their standard rates for this class of business.

If you do not currently have an agency appointment with Security First Insurance Company or need more information regarding the Security First arrangement, please contact Agency Administration at Security First Insurance using the following contact information:

Phone: (386)-673-5308

Fax: (386)-673-5408

E-mail: AgentAdmin@SecurityFirstFlorida.com

Website: www.Securityfirstflorida.com

FOR FURTHER INFORMATION REGARDING THE CORAL RECEIVERSHIP, POLICY STATUS, PREMIUM ISSUES OR CLAIMS ISSUES, PLEASE REFER TO THE NOTICE OF REHABILITATION WHICH WAS MAILED TO YOU LAST WEEK OR VISIT THE RECEIVER’S WEBSITE AT WWW.FLORIDAINSURANCERECEIVER.ORG.

THE RECEIVER WILL MAIL A LETTER TO POLICYHOLDERS EXPLAINING ABOUT THE REHABILITATION AND THE POLICY CANCELLATION. THIS LETTER WILL BE THE ONLY FORMAL NOTICE OF CANCELLATION THAT THE RECEIVER SENDS TO POLICYHOLDERS.

CONTACTING THE RECEIVER:

Please contact the Receiver by using the “Contact Us” form at the Receiver’s website, www.floridainsurancereceiver.org if you have any non-claims related questions regarding the receivership. You may also contact the Florida Department of Financial Services, as Receiver, at (800) 882-3054.

Again, the Receiver appreciates your continued cooperation in these matters.