



DEPARTMENT OF FINANCIAL SERVICES

Division of Rehabilitation and Liquidation
www.floridainsurancereceiver.org

NOTICE TO AGENT OR BROKER – August 3, 2009

**Regarding the Rehabilitation of First Commercial Insurance Company
and First Commercial Transportation and Property Insurance Company**

The Second Judicial Circuit Court in Leon County, Florida, entered orders placing First Commercial Insurance Company ("First Commercial") and its 100% owned subsidiary, First Commercial Transportation and Property Insurance Company ("First Commercial Transportation"), in receivership for purposes of rehabilitation effective on July 10, 2009. The Florida Department of Financial Services is the court-appointed Receiver of both First Commercial and First Commercial Transportation. Copies of the rehabilitation orders for both companies are available on the Receiver's website, www.floridainsurancereceiver.org.

The Receiver is sending this notice of rehabilitation to all of First Commercial's and First Commercial Transportation's agents of record in order to provide them with information to better assist them in advising the First Commercial/First Commercial Transportation policyholders who are their clients. **As you are an agent of record, the Florida Department of Financial Services, as Receiver of both First Commercial and First Commercial Transportation expects you to contact your policyholder clients and assist them with any questions they may have regarding the receivership proceeding.**

POLICY STATUS:

If you have policy or underwriting related questions on the First Commercial or First Commercial Transportation policies, please contact the companies' customer service representatives at:

First Commercial Insurance Company
First Commercial Transportation and Property Insurance Company
Customer Service - (866) 570-2184 (Monday – Friday from 9:00 a.m. – 5:30 p.m.).

Specific information regarding the policy status for each company follows.

FIRST COMMERCIAL INSURANCE COMPANY – Policy Status

The rehabilitation order does NOT cancel the First Commercial policies; existing policies will remain in full force and effect until cancelled in the normal course of business, by the policyholder or by a future Court order. Policyholders with installment payment plans should continue to pay premiums as usual in order to continue their insurance coverage with First Commercial.

First Commercial ceased writing new or renewal insurance policies in late June. At this time, the company plans to continue sending out non-renewal notices. However, the company is not accepting any endorsements to policies which would increase the company's potential liabilities. The Receiver is in the process of evaluating

the company's financial situation and whether or not the company may be successfully rehabilitated. For these reasons, policyholders whose policies recently expired or are about to expire should seek replacement insurance coverage as quickly as possible.

SPECIAL INFORMATION REGARDING FIRST COMMERCIAL'S MULTI-PERIL COVERAGE: Policyholders who have multi-peril coverage through First Commercial, whether as a mono-line or package policy, need to seek replacement coverage as soon as possible. First Commercial does not have reinsurance coverage for these policies. In the near future, the Receiver intends to request Court approval to cancel these policies. While current policies remain in force at this time, agents are strongly urged to contact their customers to move these policies to other insurers, particularly to avoid the significant losses that may be sustained as a result of a hurricane during this 2009 hurricane season.

FIRST COMMERCIAL TRANSPORTATION AND PROPERTY INSURANCE COMPANY – Policy Status

The rehabilitation order does NOT cancel the First Commercial Transportation policies; existing policies will remain in full force and effect until cancelled in the normal course of business, by the policyholder or by a future Court order. Policyholders with installment payment plans should continue to pay premiums as usual in order to continue their insurance coverage with First Commercial Transportation.

First Commercial Transportation ceased writing new or renewal insurance policies in late June. In addition, the Court recently ordered the Receiver to not renew any coverages after July 10, 2009, irrespective of the notice requirement of Section 627.4133(1), Florida Statutes. Similarly, the Receiver may only accept policy endorsements for the limited purpose of adding or subtracting vehicles to fleets or those endorsements which would not increase the risk exposure of the company. The Receiver plans to send a Notice to Policyholders informing them of the receivership proceeding and the non-renewal of policies. However, this will be the only notice of nonrenewal which will be mailed to any of the policyholders. The Receiver is in the process of evaluating the company's financial situation and whether or not the company may be successfully rehabilitated. For these reasons, **policyholders whose policies recently expired or are about to expire should seek replacement insurance coverage as quickly as possible.**

PREMIUM ISSUES:

In accordance with Section 631.155, Florida Statutes, and paragraph 9, on page 5 of the Rehabilitation Orders, all premiums and unearned commissions you collected on behalf of First Commercial or First Commercial Transportation must be accounted for and paid directly to the Receiver within 30 days of demand from the Receiver. Please consider this letter as the Receiver's demand for payment of these premiums and unearned commissions. No agent, broker or premium finance company may use premium monies owed to First Commercial or First Commercial Transportation for refund of unearned premium or 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 continue to remit premiums and unearned commissions to First Commercial or First Commercial Transportation as normal. Please also remember to inform your clients that any policyholders with installment payment plans should continue to pay premiums as usual in order to continue their insurance coverage with First Commercial or First Commercial Transportation.

Premium Refunds/Unearned Premium – During rehabilitation, the Receiver will continue to process and pay premium refunds/unearned premium as normal to the extent possible.

CLAIMS ISSUES:

To file a new claim or to check on the status of a pending claim, please contact First Commercial or First Commercial Transportation as follows:

First Commercial Insurance Company
First Commercial Transportation and Property Insurance Company
Claims - (305) 820-4844 (Monday – Friday from 8:30 a.m. – 5:00 p.m.)

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 receiverships (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.

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