



Division of Rehabilitation and Liquidation
www.floridainsurancereceiver.org

April 21, 2006

Notice to Dealers Regarding the Receivership of The Exotic Warranty Company

On April 12, 2006, The Exotic Warranty Company ("Exotic") was ordered into receivership for purposes of liquidation by Judge Thomas H. Bateman III of the Second Judicial Circuit Court in Leon County, Florida. The Florida Department of Financial Services is the court appointed Receiver of Exotic. A copy of the liquidation order is available at the Receiver's website, www.floridainsurancereceiver.org.

According to the records of Exotic, your dealership may have sold Motor Vehicle Service Agreements ("warranties") issued by Exotic and/or its affiliates, including Fidelity Worldwide Corporation. Exotic was not authorized under Florida law to offer motor vehicle warranties. Pursuant to Section 634.031(1), Florida Statutes, a person may not "transact, administer, or market, attempt to transact, administer, or market, or in any manner hold itself out as transacting, administering, or marketing the service agreement business, on behalf of herself or himself or itself, in this state or from this state unless it is authorized to do so under a subsisting license issued to it" by the Florida Office of Insurance Regulation. This requirement applies regardless of whether the service agreement company is located within or outside the State of Florida. Failure to verify a company's licensing may result in the possible aiding or representing of an unauthorized insurer.

Please be aware that Section 626.901, Florida Statutes, prohibits any parties from aiding or representing an unauthorized insurer. *Also, Section 626.902, Florida Statutes, holds any such parties liable for the resultant claims arising from the actions of an unauthorized insurer.*

Cancellation of Warranty Contracts: Pursuant to court order, all sales of warranties issued by Exotic and/or its affiliates are to be discontinued immediately, and any existing warranties are cancelled as of the liquidation date, April 12, 2006. Under Section 631.341, Florida Statutes, you should immediately provide notice of this cancellation to any warranty owners to whom you sold Exotic contracts. A copy of Section 631.341, Florida Statutes, is enclosed for your benefit. When providing notice of the liquidation to Exotic's warranty owners, you should also inform them that the claims filing deadline for filing a claim in The Exotic Warranty Company Receivership is April 12, 2007.

Claims: There is no Florida guaranty association coverage for claims arising under either unauthorized insurers or motor vehicle service agreements. By law, Chapter 631, Florida Statutes, sets forth the exclusive means of obtaining payment in a liquidation proceeding. The deadline for filing claims in the Exotic Receivership is April 12, 2007. Within the next 6 months, the Receiver will contact the warranty owners with further information as to how to file a claim. Please be advised that the amount of payment for claims, if any, will not be known until Exotic's assets are converted to cash and all claims are evaluated. This process may take a number of years after the deadline for filing claims has passed. *Under Section 626.902, Florida Statutes, you should also be aware that you and/or your dealership are responsible for the payment of any claims made under the Exotic warranty contracts that you sold.*

Return of Unexpired Contract Price: As a result of the April 12, 2006 cancellation, certain warranty owners may be entitled to a return of some of the contract price they paid for coverage. Warranty owners may file a claim in the Exotic Receivership for the unexpired contract price. ***However, under Section 626.902, Florida Statutes, you should also be aware that you and/or your dealership are responsible for the payment of such claims made under the Exotic warranty contracts that you sold.***

Collected Contract Price: Paragraph 18 of page 8 of the liquidation order requires that any unpaid contract price (i.e., referred to as “premium” in the order) be sent to the Receiver **by 5:00 p.m. on May 22, 2006** and that no agent, broker, premium finance company or other person shall use such funds owed to Exotic for any purpose other than payment to the Receiver. Accordingly, you should immediately remit to the Receiver any amounts you have collected on behalf of Exotic. Please direct your payment to:

The Receiver of The Exotic Warranty Company
Post Office Drawer 10280
Tallahassee, Florida 32302

For more information concerning Exotic or the liquidation procedure, please visit the Receiver’s website at www.floridainsurancereceiver.org or contact the Florida Department of Financial Services at 1-800-882-3054.

Thank you for your attention to these matters.

The Florida Department of Financial Services
Division of Rehabilitation and Liquidation
as Receiver of The Exotic Warranty Company

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.