



OFFICE OF INSURANCE REGULATION

KEVIN M. McCARTY
COMMISSIONER

April 7, 2009

The Honorable Alex Sink
Chief Financial Officer
Department of Financial Services
The Capitol, PL-11
Tallahassee, FL 32399

Via Email

Re: Coral Insurance Company

Dear Chief Financial Officer Sink:

Please be advised that the Office of Insurance Regulation (hereinafter referred to as the "Office") has determined that one or more grounds exist for the initiation of delinquency proceedings, pursuant to Chapter 631, Florida Statutes, against Coral Insurance Company (hereinafter referred to as "Coral"). Coral is a Florida corporation licensed to do property and casualty insurance business in Florida. As specified in Section 631.051 Florida Statutes, among the grounds that allow a petition for an order to rehabilitate a domestic insurer include:

- (1) Is impaired or insolvent.

On March 25, 2009, Coral submitted its 2008 financial statement to the Office. In that financial statement, Coral's surplus as regards policyholders was listed as \$1,793,421, which is \$2,206,579 below the minimum required surplus of \$4,000,000, as prescribed by Section 624.408(1)(a)5., Florida Statutes. A copy of Coral's 2008 financial statement is attached as Exhibit "A".

- (3) Is found by the office to be in such condition or is using or has been subject to such methods or practices in the conduct of its business, as to render its further transaction of insurance presently or prospectively hazardous to its policyholders, creditors, stockholders, or the public.

FINANCIAL SERVICES
COMMISSION

CHARLIE CRIST
GOVERNOR

ALEX SINK
CHIEF FINANCIAL OFFICER

BILL McCOLLUM
ATTORNEY GENERAL

CHARLES BRONSON
COMMISSIONER OF
AGRICULTURE

With an estimated impairment of \$ 2,206,579, as indicated by Coral's financial statement and further inquiry by the Office, its further transaction of insurance would be hazardous to policyholders, creditors, stockholders, or the public.

Coral has executed a Consent to Order of Receivership and a Board Resolution related to this matter. Those documents are attached as Exhibits "B" and "C".

As such, I am advising you of that determination so that delinquency proceedings can be initiated by the Division of Rehabilitation and Liquidation. The following documents are attached in support of such determination:

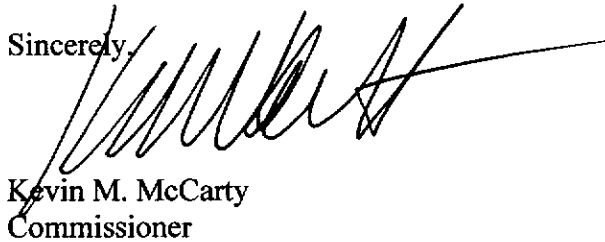
Exhibit A – Coral Insurance Company's 2008 Financial Statement

Exhibit B – Consent to Order of Receivership

Exhibit C – Resolution of the Board of Directors of Coral Insurance Company

As always, the Office stands ready to provide any additional information or assistance the Department needs in order for this matter to proceed as expeditiously as possible. Thank you for your attention to this matter.

Sincerely,



Kevin M. McCarty
Commissioner

cc: Dan Sumner, General Counsel
Department of Financial Services

Wayne Johnson, Division Director
Division of Rehabilitation and Liquidation
Department of Financial Services