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Effective March 20, 2008

To: Existing and Potential Depopulation Companies

RE: Requirements for the Citizens Property Insurance Corporation (“Citizens”) Depopulation Process

On March 11, 2008 Insurance Commissioner Kevin McCarty signed an Order, #94539-08, approving Citizens’ personal residential non-bonus takeout plan and the commercial residential non-bonus takeout plan. Along with the approval of the two takeout plans, the Order requires Citizens to discontinue notifying takeout companies to avoid the selection of policies where the agent has categorically disapproved policy removals. Takeout companies are now able to make policy selections without categorically eliminating policies from eligibility for removal.

Beginning with the May 13, 2008 assumption, Citizens is required to notify any policyholder whose agent has refused to participate in the takeout process. The notice will advise policyholders that their policy was selected by a takeout company, but the agent refused participation. In addition, the notice will provide the policyholder with the takeout company’s contact information so that the policyholder may contact the takeout company directly regarding the coverage being offered.

In order to facilitate with the process, takeout companies are required to do the following:

- Takeout companies are required to track all agents (and related policy information) who have refused to participate in the takeout process and submit this information to Citizens by the deadline published in the revised 2008 Assumption Calendar. Citizens will then mail out notices informing the policyholders of the agent’s refusal. This will allow the affected policyholders the opportunity to address the refusal with their agent and possibly receive their agent’s approval in time to be included in the current takeout.
- Takeout companies are required to track all agents (and related policy information) who, after discussing with the policyholder, decide to participate in the takeout process and submit this information to Citizens by the deadline published in the revised 2008 Assumption Calendar.

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- Takeout companies are required to keep a record of all agents who refuse participation along with an explanation for the refusal.
- When contacting an agent regarding a potential takeout policy, takeout companies are required to provide each agent with the policy form to be used and a copy of the most currently available financial statement of the company.

The Office is in the process of creating a link on our website to house essential information concerning all takeout companies. This will allow both policyholders and agents the opportunity to gain additional knowledge about the takeout companies. The available information will include the takeout company's depopulation plan, the company's most currently available financial statement, the company's proforma financial statements and a copy of the executed takeout consent order.