

**PROGRAM DIVISION
BULLETIN**

2004-41

October 5, 2004

FLORIDA EMERGENCY ORDERS - SPECIAL NOTICES

As a result of the recent Hurricanes Charley and Frances, Florida has issued Emergency Orders that must be followed by all admitted and non-admitted (surplus lines) insurance companies. The Orders include specific requirements for canceling or non-renewing insurance contracts, including the types of notices that must be sent and certain restrictions on the timing of the notices. The following guidelines for cancellation for non-payment of premium, cancellation for cause and notices of non-renewal apply to our business.

Scenario #1 - commercial lines policy other than a commercial residential policy - a notice of cancellation for non-payment of premium, cancellation for cause, or a notice of non-renewal was sent to the insured prior to 9/1/04. If one of these types of notices was released, **and the policy cancellation or non-renewal date falls between September 1, 2004 and October 15, 2004**, then you must send a special notice to the insured **right now**. Below are three different sample notices for you to use. One is to be used where a cancellation for non-payment of premium was sent, one for where a cancellation for cause was sent and one for where a notice of non-renewal was sent.

Each notice contains our rights and obligations and the insured's rights and obligations.



FloridaOrder
Non-Renewal.Doc



FloridaOrderCancel
For Non-pay...



FloridaOrderCancel
For Other R...

Scenario #2 - commercial and personal residential policies - a notice of cancellation for non-payment of premium, cancellation for cause, or a notice of non-renewal was sent to the insured prior to 9/1/04. If one of these types of notices was released, **and the policy cancellation or non-renewal date falls between September 1, 2004 and November 30, 2004**, then you must send a special notice to the insured **right now**. Below are three different sample notices for you to use. One is to be used where a cancellation for non-payment of premium was sent, one for where a cancellation for cause was sent and one for where a notice of non-renewal was sent.

Each notice contains our rights and obligations and the insured's rights and obligations.

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LEXINGTON INSURANCE COMPANY

PROGRAM DIVISION

100 Summer Street/19th Floor, Boston, MA 02110
phone 617-330-1100 / fax 617-330-8595



FloridaOrder
Non-Renewal Resid...



FloridaOrderCancel
For Non-pay...



FloridaOrderCancel
For Other R...

Scenario #3 - commercial lines policy other than a commercial residential policy - notices of cancellation for non-payment of premium, cancellation for cause, and notices of non-renewal are not permitted to be sent during the period September 1, 2004 to October 15, 2004. If you would have sent a notice for one of these reasons, but the Orders prohibited you from sending the notice, then you may send those notices beginning October 16, 2004. Normal cancellation notices may be used and statutory cancellation time frames (from October 16, 2004) must be adhered to. For notices of non-renewal, there are special coverage extension considerations, so you must use the notice below that contains our rights and obligations and the insured's rights and obligations.



Notice -
FloridaOrderNonRen Co...

Scenario #4 - commercial and personal residential policies - notices of cancellation for non-payment of premium, cancellation for cause, and notices of non-renewal are not permitted to be sent during the period September 1, 2004 to November 30, 2004. If you would have sent a notice for one of these reasons, but the Orders prohibited you from sending the notice, then you may send those notices beginning December 1, 2004. Normal cancellation notices may be used and statutory cancellation time frames (from December 1, 2004) must be adhered to. For notices of non-renewal there are special coverage extension considerations, so you must use the notice below that contains our rights and obligations and the insured's rights and obligations.



Notice -
FloridaOrderNonRen Re...

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LEXINGTON INSURANCE COMPANY

PROGRAM DIVISION

100 Summer Street/19th Floor, Boston, MA 02110
phone 617-330-1100 / fax 617-330-8595

Sample notice for commercial and personal residential policies.

Sample notice to be used where a notice of cancellation for non-payment of premium was sent to the insured before 9/1/04 to be effective between 9/1/04 and 11/30/04.

RE: Insured Name
Policy Number _____ (the "Policy")
Cancellation Effective Date:

Dear _____:

On September 10, 2004, the Florida Office of Insurance Regulation issued Amended Order 78059-04-CO (the "Order") in response to the state of emergency caused by the devastating effects of Hurricanes Charley and Frances. By letter ("Cancellation Notice") dated _____, we previously notified you that the cancellation of the Policy for non-payment of premium would be effective on _____. However, as detailed by the terms of the Order, this letter will serve to notify you that the cancellation of the Policy for non-payment of premium is deferred until 12:01 A.M. December 1, 2004 ("Extension Period"). The Order provides for continued coverage through the Extension Period. You remain responsible for paying all premiums due under the Policy.

In the event the policy's natural expiration date falls within the Extension Period, the policy will be extended to expire on 12:01 A.M. December 1, 2004. An additional premium for extending the policy period past its normal expiration date will be calculated as a pro-rated portion of the expiring annual premium. You are responsible for paying all premiums originally due the company under the Policy, plus the additional premiums due for extending the policy past its natural expiration date up to and including 12:01 A.M. December 1, 2004. The attached premium notice shows the amount of outstanding premium you are required to pay.

In accordance with the provisions of the Order, absent the filing of any claim under the Policy during the Extension Period, your failure to remit all outstanding premiums owed by December 11, 2004, will permit us to proceed with cancellation of the policy effective as of the original cancellation date of _____ set out in the Cancellation Notice. Pursuant to the terms of the Order, there is no requirement that a new notice of cancellation be issued.

As allowed for under the terms of the Order, any claim payment owed on any claim under the Policy will be offset against any outstanding premium due.

Should you have any questions or concerns, please contact your broker.

Sample - not for commercial or personal residential policies.

Sample Notice to be used where a notice of non-renewal was sent to the insured prior to 9/1/04 and the policy renewal date is between 9/1/04 and 10/15/04.

RE: Insured Name
Policy Number _____ (the "Policy")
Non-Renewal Effective Date:

Dear _____:

On September 10, 2004, the Florida Office of Insurance Regulation issued Amended Order 78059-04-CO (the "Order") in response to the state of emergency caused by the devastating effects of Hurricanes Charley and Frances. By letter ("Non-Renewal Notice") dated _____, we previously notified you that the Policy would be non-renewed on _____. However, as detailed by the terms of the Order, this letter will serve to notify you that the non-renewal of the Policy is deferred until 12:01 A.M. October 16, 2004 ("Extension Period") and the policy will expire on that date. The Order provides for continued coverage through the Extension Period. You remain responsible for paying all premiums due under the Policy.

An additional premium for extending the policy period past its normal expiration date will be calculated as a pro-rated portion of the expiring annual premium. You are responsible for paying the additional premium due for extending the policy past its natural expiration date up to and including 12:01 A.M. October 16, 2004. The attached premium notice shows the amount of premium you are required to pay.

In accordance with the provisions of the Order, absent the filing of any claim under the Policy during the Extension Period, your failure to remit all outstanding premiums owed by October 26, 2004, will permit us to proceed with non-renewing the policy effective as of the original non-renewal date of _____ set out in the original non-renewal Notice. Pursuant to the terms of the Order, there is no requirement that a new notice of non-renewal be issued.

As allowed for under the terms of the Order, any claim payment owed on any claim under the Policy will be offset against any outstanding premium due.

Should you have any questions or concerns, please contact your broker.

Sample notice for commercial and personal residential policies.

Sample Notice to be used where a notice of non-renewal was sent to the insured prior to 9/1/04 and the policy renewal date is between 9/1/04 and 11/30/04.

RE: Insured Name
Policy Number _____ (the "Policy")
Non-Renewal Effective Date:

Dear _____:

On September 10, 2004, the Florida Office of Insurance Regulation issued Amended Order 78059-04-CO (the "Order") in response to the state of emergency caused by the devastating effects of Hurricanes Charley and Frances. By letter ("Non-Renewal Notice") dated _____, we previously notified you that the Policy would be non-renewed on _____. However, as detailed by the terms of the Order, this letter will serve to notify you that the non-renewal of the Policy is deferred until 12:01 A.M. December 1, 2004 ("Extension Period") and the policy will expire on that date. The Order provides for continued coverage through the Extension Period. You remain responsible for paying all premiums due under the Policy.

An additional premium for extending the policy period past its normal expiration date will be calculated as a pro-rated portion of the expiring annual premium. You are responsible for paying the additional premium due for extending the policy past its natural expiration date up to and including 12:01 A.M. December 1, 2004. The attached premium notice shows the amount of premium you are required to pay.

In accordance with the provisions of the Order, absent the filing of any claim under the Policy during the Extension Period, your failure to remit all outstanding premiums owed by December 11, 2004, will permit us to proceed with non-renewing the policy effective as of the original non-renewal date of _____ set out in the original non-renewal Notice. Pursuant to the terms of the Order, there is no requirement that a new notice of non-renewal be issued.

As allowed for under the terms of the Order, any claim payment owed on any claim under the Policy will be offset against any outstanding premium due.

Should you have any questions or concerns, please contact your broker.

Sample notice for commercial policies.

Sample Notice to be used where a notice of non-renewal would have been sent post 9/1/04 but for issuance of the Order.

**RE: Insured Name
Policy Number (the "Policy")
Nonrenewal Effective Date:**

Dear _____:

On September 10, 2004, the Florida Office of Insurance Regulation issued Amended Order 78059-04-CO (the "Order") in response to the state of emergency caused by the devastating effects of Hurricanes Charley and Frances. Under the terms of that Order, [NAME OF CARRIER] was prohibited from mailing out any notice of non-renewal between September 1, 2004 and October 15, 2004 ("Effected Period"). In addition, Florida's insurance laws require that the insured be provided with _____ (__) days written notice ("Notice Period") of the insurer's intent to nonrenew any policy. This letter constitutes [NAME OF CARRIER] notice of its intent to nonrenew the Policy because of [INSERT REASON].

In compliance with the terms of the Order and the requirement that the insured be provided with prior written notice of the insurer's intent to nonrenew a policy, [NAME OF CARRIER] has extended the expiration date of the Policy through the Effected Period to _____ ("Expiration Date") All of the term, conditions and coverages, provided under the Policy remain in full force and effect during the Notice Period through the Expiration Date.

Please note that you are responsible for the payment of additional premium, including any outstanding premium owed on the Policy ("Premium"), for the period of continued coverage from the Policy's Natural expiration through the Expiration Date. The additional premium will be calculated as a pro-rata portion of the expiring annual premium. Please remit the Premium in accordance with the premium bill statement accompanying this notification.

Please also note that this extension of your Policy through the Expiration Date does not constitute a renewal or offer of renewal of the Policy.

Finally, also be aware that, in accordance with the Order, any claim payment owed on any **claim received** under the Policy will be offset against any additional premium due.

Should you have any questions or concerns, please contact your broker.

Sample - not for commercial or personal residential policies.

Sample notice to be used where a cancellation for cause notice (other than non-payment or non-renewal) was sent prior to 9/1/04 to be effective between 9/1/04 and 10/15/04.

**RE: Insured Name
Policy Number _____ (the "Policy")
Cancellation Effective Date:**

Dear _____:

On September 10, 2004, the Florida Office of Insurance Regulation issued Amended Order 78059-04-CO (the "Order") in response to the state of emergency caused by the devastating effects of Hurricanes Charley and Frances. By letter ("Cancellation Notice") dated _____, we previously notified you that the cancellation of the Policy would be effective on _____. However, as detailed by the terms of the Order, this letter will serve to notify you that the cancellation of the Policy is deferred until 12:01 A.M. October 16, 2004 ("Extension Period"). The Order provides for continued coverage through the Extension Period. You remain responsible for paying all premiums due under the Policy.

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In accordance with the provisions of the Order, absent the filing of any claim under the Policy during the Extension Period, your failure to remit all outstanding premiums owed by October 26, 2004, will permit us to proceed with cancellation of the policy effective as of the original cancellation date of _____ set out in the Cancellation Notice. Pursuant to the terms of the Order, there is no requirement that a new notice of cancellation be issued.

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Sample notice for commercial and personal residential policies.

Sample notice to be used where a cancellation for cause notice (other than non-payment or non-renewal) was sent prior to 9/1/04 to be effective between 9/1/04 and 11/30/04.

RE: Insured Name
Policy Number _____ (the "Policy")
Cancellation Effective Date:

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