

FEDNAT INSURANCE COMPANY

MONARCH NATIONAL INSURANCE COMPANY

MAISON INSURANCE COMPANY

CANCELLATION GUIDE AND FAQ

Effective 11:59 p.m. Local Time on June 29, 2022, FedNat Insurance Company (“FNIC”), Monarch National Insurance Company (“MNIC”) and Maison Insurance Company (“MIC”) collectively the “Companies” will be cancelling approximately 68,200 homeowners policies, including DP-3, HO-3, HO-4, HO-6, HW-2 and HW-6 policy types; FNIC approximately 56,500, MNIC approximately 8,400 and MIC approximately 3,300. These cancellations have been issued as part of a financial restructuring plan by the Companies to reduce their exposure in Florida. The affected policies pose an inordinate risk to the Companies’ financial condition.

Affected agents and insureds will be issued a 45-day notice of cancellation on or around May 16, 2022. We are making every effort to issue unearned premium refunds by June 15, 2022 to help the policyholders pay for replacement coverage, but in no event will refunds be issued later than July 1, 2022.

Insureds will receive a 45-Day Notice of Cancellation. The attached form of letter provides detail pertaining to specific policy (local agent name, phone number, property address) and the reason for cancellation.

Agents will receive a notice via the agent portal

FAQ FOR AGENTS

Why are you cancelling my insured’s policy?

We regret having to take this action. This cancellation has been issued as part of a financial restructuring plan by the Companies to reduce their exposure in Florida. The plan includes the cancellation of approximately 68,200 homeowners policies that pose an inordinate risk to their financial condition.

Are all Florida policies being cancelled by the company?

No. Approximately 68,200 policies, including DP-3, HO-3, HO-4, HO-6, HW-2 and HW-6 policy types in Florida are affected by these cancellations.

When were cancellation notices sent?

Cancellation notices were issued on or around May 16, 2021.

Why are you only giving my customers 45 days' notice of cancellation?

The company is permitted to cancel policies with less than 120 days' notice, but at least 45 days' notice, pursuant to Section 627.4133(2)(b)6., Florida Statutes. The company has obtained regulatory approval to issue early cancellations.

Can I get a copy of the 45-day notice of cancellation?

Notices were sent to affected insureds and agents on or around May 16, 2021. Agents can retrieve all notices via the agent portal.

Is there any option to reverse this cancellation?

Unfortunately, no. This cancellation has been issued as part of a financial restructuring plan by the Companies to reduce their exposure in Florida and maintain the financial stability of the Companies. The plan includes the cancellation of approximately 68,200 policies that pose an inordinate risk to their financial condition.

Can I rewrite this policy with the Companies?

No, the affected policies are not eligible for replacement with the Companies.

Is there a report I can access with a list of cancellations?

You may access a list of your affected customers by logging into your agent portal. Contact the Companies' Agency Services for assistance at (800) 293-2532 or uwinfo@FedNat.com.

I received notice of renewal for a policy that is on the cancellation list, which report should I look at?

The notice of cancellation takes precedence and will apply regardless of whether an affected policy has been renewed during the 45-day cancellation notice period. All affected policies, including those renewed, will be cancelled effective 11:59 p.m. Local Time on June 29, 2022.

What if my customer has a premium payment due to the company?

If your customer has not already paid all premiums due for coverage provided through the June 29, 2022 cancellation date, the premium payment must be made pursuant to the latest premium invoice or payment plan. Any premiums paid for coverage beyond the cancellation date will be returned to the customer or premium finance company, as applicable.

When will premiums be refunded?

Your customers will receive a refund based upon the amount they have paid for coverage beyond the June 29, 2022 cancellation date. We are making every effort to issue refunds by June 15, 2022 to help your customers pay for replacement coverage, but in no event will refunds be issued later than July 1, 2022.

How do the refunds affect my commission statement?

When the company refunds unearned premiums to insureds, agents are required to refund unearned commissions to the company. Your upcoming commission statement will reflect commissions owed from the unearned premium we refunded to your insured due to our consent order regarding the cancellation of the affected policies.

How are claims being handled?

The Companies will continue to handle claims arising under the cancelled policies for dates of loss prior to the effective date of cancellation.

Are the Companies going out of business?

The Companies are shrinking under a plan being reviewed by the Florida Office of Insurance Regulation. These cancellations have been issued as part of a financial restructuring plan by the Companies to reduce their exposure in Florida and maintain the financial stability of the Companies. The plan includes the cancellation of approximately 68,200 policies that pose an inordinate risk to FedNat's financial condition. FNIC's financial stability rating from Demotech was downgraded from "A" to "S" which is expected to prevent FNIC from obtaining catastrophe reinsurance in the private reinsurance market. FNIC's current catastrophe reinsurance program expires on June 30, 2022. The Companies are continuing to have active conversations with the OIR about the remaining policies that have not been cancelled. Additional information will be shared once the OIR has completed its review.