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December 18, 2009

Mr. James A. Graganella, President
Capitol Preferred Insurance Company
2255 Killearn Center Boulevard
Tallahassee, Florida 32309

RE: Capitol Preferred Insurance Company ("Capitol Preferred")
Citizens Property Insurance Corporation ("Citizens") proposed February 2010 Takeout

Dear Mr. Graganella:

This letter replaces my letter dated December 14, 2009. The Florida Office of Insurance Regulation (hereinafter referred to as the "Office") has reviewed the information provided in connection with the proposed takeout of up to 5,000 multi-peril policies from Citizens by Capitol Preferred on February 16, 2010. In connection with this request, Capitol Preferred has represented, and the Office has relied upon, the following:

1. Capitol Preferred has requested the removal of 5,000 Personal Lines Account ("PLA") multi-peril policies for the February 16, 2010 takeout.
2. Capitol Preferred's current depopulation plan, approved by consent order #107226-09, dated October 23, 2009, contemplated an overall assumption of up to 25,000 policies. Capitol Preferred was approved to assume up to 15,000 policies on December 15, 2009.
3. Capitol Preferred has provided non-catastrophe modeling reflecting an average probable maximum loss ("PML"), resulting from a 1-in-100 year event, of approximately \$8.7 million for AIR 11 and \$18.6 million for RMS RiskLink 9.0, based upon 72,738 policies.
4. Capitol Preferred has provided information regarding its 2009-10 reinsurance program. The program consists of private excess of loss coverage and coverage from the Florida Hurricane Catastrophe Fund. Capitol Preferred has represented that it is

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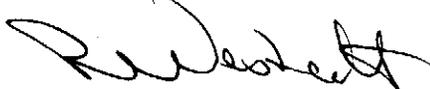
purchasing reinsurance up to \$73.5 million, which is sufficient for non-hurricane season.

Based on the information provided and the representations made by Capitol Preferred, the Office approves Capitol Preferred to assume 5,000 PLA policies on February 16, 2010 provided Capitol Preferred continues to comply with the provisions of Consent Order #107226-09, dated October 23, 2009

In addition, Capitol Preferred must comply with the new depopulation process requirements as set forth in the Office's letters dated March 18, 2008 and June 23, 2008.

Please feel free to contact me if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Robin Westcott", written in a cursive style.

Robin Westcott