



American Coastal Insurance Company



351 SW 136 Avenue, Suite 201, Davie, FL 33325
Telephone: 954-889-3384 – Fax: 954-983-0038 – Toll Free: 888-838-5552
www.amcoastal.com www.amrisc.com

| To AmRisc Elite Producers:

August 12, 2010

As we begin our fourth year of operation of American Coastal Insurance Company (ACIC) and enter into the height of the 2010 Hurricane Season, I wanted to provide an update on the status of ACIC as well as elaborate on some of our new and current guidelines.

ACIC is a licensed and admitted Florida based insurance company currently writing Condominium and Homeowner Association properties. ACIC received its Certificate of Authority in June 2007. ACIC was initially capitalized with \$50 million surplus and is focused on a high degree of longevity and security. As of June 30, 2010, the **surplus has grown to \$85million**. There is no debt, LOC, preferred capital or other leverage used in the capitalization of ACIC. Since inception, ACIC has invested all of its assets in highly rated bonds, money market accounts, CD's or cash. Due to our conservative approach, there have been no asset losses in relation to the recent financial market distress. The total assets at the end of the second quarter 2010 were over \$210 million. ACIC wrote approximately \$160 million in 2009 and expect to write approximately \$200 million in 2010. **Demotech recently reaffirmed the Financial Stability rating of "A" Exceptional for American Coastal for 2010.**

Catastrophe exposure management is critical to companies writing hurricane exposed properties. ACIC's reinsurance protection for 2010 is over two times the Florida minimum requirements. We have designed the catastrophe reinsurance protection to meet or exceed the standard protection levels for AM Best "A" rated carriers, and plan to maintain this approach. Catastrophe reinsurance is provided by a commercial placement with **"A-" or better rated or fully collateralized reinsurers** and the Florida Hurricane Catastrophe Fund. Details of the program are available on our website (www.amcoastal.com).

Underwriting services are contracted to **AmRisc, LP, which is the largest Managing General Underwriter in the country specializing in hurricane exposed properties**. AmRisc was formed in late 2000 and has weathered the many Hurricane and Tropical Storms since then (Charley, Frances, Jean, Ivan, Katrina, Wilma, Ike, etc.). AmRisc's conservative approach and sound catastrophe portfolio management has allowed it to grow from underwriting approximately \$25 million premium in 2001 to over \$500 million premium in 2010. AmRisc currently underwrites for six different insurance companies, as well as numerous Lloyds syndicates. (www.amrisc.com)

All of AmRisc's claims, including ACIC, are handled by CJW and Associates (CJW). CJW is a Third Party Claims administrator that was formed in 1981. It is based in Orlando, FL, has over 170 employees and is widely respected as one of the leaders in the catastrophe claims handling arena. (www.cjw-assoc.com)

Website



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We have recently updated the Company websites at www.amcoastal.com and www.amrisc.com. The latest financial and reinsurance information on ACIC is available for download on the website. In addition, the current SOV template is available for download from either website.

ACIC Current Guidelines

ACIC's current primary underwriting target continues to be "Best of Class" Florida Garden Style Condominiums. "Best of Class" risks place an emphasis on positive secondary wind underwriting characteristics such as roof shape, bracing, hurricane straps where needed and age of roof coverings. The ACIC filed rating plan is designed to provide competitive pricing along with enhanced coverage such as ISO Broad and Special Causes of Loss Forms, as well as several extensions of coverage. ACIC offers 3% and 5% hurricane deductible options where appropriate, and will consider replacement cost valuation for buildings with roof covering 20 years old or newer in Tri-County (Dade, Broward, and Palm Beach Counties). Outside of these areas, ACIC considers coverage for buildings with roof age up to 25 years old. All submissions are modeled and must fit our criteria for premium and PML ratios in order to obtain a quote.

ISO- 4-6 Construction mid and high rise buildings

We have recently begun to write ISO 4-6 construction mid and high-rise accounts. At this time, we will entertain buildings with a maximum TIV of \$75 million per building. We will not consider accounts within 0.5 miles to the coast in tri-county. Other guidelines for this product are under development and will be provided once available. Feel free to send in your submissions on this class of business for us to quote and bind.

Mid-Term Cancellations from ACIC

We may not offer renewal quotes for a period of three years on any Insured that cancels its ACIC policy mid-term. This black-out period applies to all AmRisc products (Admitted and E&S). For any Insured that has previously cancelled an ACIC policy mid-term, ACIC will agree to waive this stipulation and consider offering a quote when its current policy comes up for renewal.

We are sending this letter to the Elite Producer contacts for each office. Please distribute as appropriate within your offices. A copy of this document is also available on our website under Downloads/Company Updates. Thank you for your interest and if you have any questions, please feel free to contact me.

Timothy Singletary, ARe, ARM
President of American Coastal
(888) 919-8145