

SPECIAL DEPUTY RECEIVER'S
NOTICE TO AGENTS FOR

VESTA FIRE INSURANCE CORPORATION
SHELBY CASUALTY INSURANCE COMPANY
THE SHELBY INSURANCE COMPANY

This Notice follows last week's notice to you and provides an update on the above-referenced companies ("Vesta Companies") in receivership.

As you were previously notified, the Travis County District Court placed the Vesta Companies into receivership for rehabilitation. The Texas Commissioner of Insurance was appointed as Receiver of these companies, and the Commissioner appointed Prime Tempus, Inc. as the Special Deputy Receiver.

On August 1, 2006, the Travis County District Court found the Vesta Companies to be insolvent and placed the companies into liquidation. The Commissioner of Insurance also designated these companies as impaired insurers on August 1, 2006. As a result of the liquidation order and the impairment order, guaranty associations of the states where these companies were licensed are now obligated to pay policy claims of these companies as provided by law. As you communicate with your customers, please make them aware of those guaranty association protections for covered claims, including unearned premiums, of the Vesta Companies.

As you were notified last week, "unless policies are canceled or assumed by another carrier before that date, the cancellation of policies will take effect as of *12:01 am CST on August 24, 2006.*" You were also encouraged to continue to take appropriate steps to assist your customers with placing new coverage, and to make policyholders aware of other options that may be available.

Below is an updated list of telephone and facsimile numbers for your use:

Claim Phone Calls:

1. Vesta & Shelby (800) 444-3928
2. *California Select (800) 209-0200

Claim Fax Number: (888) 286-9458

Customer Service Calls:

1. Vesta & Shelby (800) 443-1573
2. *California Select (800) 408-1000

Customer Service Fax Number: (888) 286-9458

*refers to California Select Insurance Agency business

I appreciate your efforts during this difficult time to work with Vesta Companies policyholders to provide them the best coverage for each policyholder's needs. As I stated in last week's Notice, you will receive updated information as it becomes available.