

**Important Notice to Certain Policyholders
from the Receiver of
Texas Select Lloyds Insurance Company**

JOHN SMITH
12212 SAMPLE DR
EL PASO, TX 79936

Policyholder's Texas Select Policy Number:
TXS Sample Policy / HM Sample Policy

As you may have heard, the Travis County District Court has placed Texas Select Lloyds Insurance Company ("Texas Select") into receivership. Company records show that you are a Texas Select policyholder. The Receiver has cancelled policies effective 12:01 am CST on August 24, 2006. However, the Receiver has entered into an Assumption Agreement with ASI Lloyds Insurance Company ("ASI Lloyds") for the assumption of your policy. **You now have 2 choices:**

1. Maintain your coverage. Under the terms of the Assumption Agreement, ASI Lloyds will assume your coverage for the remainder of your policy term. This choice applies only if: a) you have not already cancelled your Texas Select policy; **and b) you sign and return the enclosed Assignment Agreement.** (A return envelope is enclosed.) By signing and returning the Assignment Agreement to ASI Lloyds, you are effectively allowing Texas Select to turn over your unearned premium to ASI Lloyds. Your coverage will remain in effect until your policy renewal date, and ASI Lloyds will be your insurer.

If you have already paid premium to Texas Select Lloyds, you do not have to pay premium again, but you must pay any premium still owed for your policy.

2. Find a new insurer. If you have already terminated your Texas Select policy, the Assumption Agreement will have no effect on your new policy. If you terminate your Texas Select policy before the expiration date of the policy, you may have a claim for unearned premium for any portion of the policy period after termination. However, you will not receive this refund of unearned premium in time to pay premium for new coverage.

If you do not choose 1 or 2 above, your coverage terminates effective 12:01 am CST on August 24, 2006, and you will not have insurance coverage. It is important that you either accept the assumption of your policy by ASI Lloyds (see Choice 1 above), or you find new insurance coverage before the cancellation date (see Choice 2 above). You have the right to choose any insurance carrier, and you are not obligated to accept the coverage through ASI Lloyds.

This envelope also includes a notice from ASI Lloyds providing additional information on what the assumption of your policy means to you.

The Receiver and ASI Lloyds are also contacting your agent concerning the assumption of your policy. If you have any questions, please call your agent, Texas Select's Customer Service at (866) 887-7276, ASI's Customer Service at (877) 274-8765, or the Texas Department of Insurance Customer Service (800) 252-3439.



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July 28, 2006

Re: Texas Select Policy Number: TXS Sample Policy / HM Sample Policy

Dear John Smith,

Your homeowner insurance company, Texas Select Lloyds Insurance Company, has been placed into receivership, and the Commissioner of Insurance has been appointed Receiver. The Receiver has canceled Texas Select policies effective 12:01 A.M. CST on August 24, 2006.

To minimize disruption to you, the Receiver has authorized our company, ASI Lloyds, to assume your policy from Texas Select effective on the cancellation date. Your policy will be maintained with the exact same coverage and premium for the remainder of your current policy term. If your premium has already been fully paid, then you will not need to make any additional payments.

ASI currently has over 600 appointed agents in Texas and is one of the Top 10 companies writing homeowners insurance through independent agents. Based on our financial strength and stability, we have earned an A-Prime (Unsurpassed) rating from Demotech and a B++ (Very Good) rating from A.M. Best. ASI has consistently provided a reliable source of coverage for Texas homeowners and earned a reputation for fair claims practices.

Please sign and return the attached Assignment Agreement, which will show your agreement that ASI assumes your homeowner policy from Texas Select Lloyds. If we do not receive this signed form by August 24, 2006, then you will need to obtain a new policy from another company to ensure continued coverage. A new policy may involve a different premium, different coverage, and require payment before you receive a refund of any unearned premiums paid to Texas Select for your cancelled policy.

If you have any questions about this transfer, please contact either your insurance agent, Sample Agency, (555) 555-5555, the Receiver, (512) 894-3705, the Texas Department of Insurance, (800) 252-3439 or our offices at (877) 274-8765. We look forward to being your homeowner insurance carrier now and in the future.

Sincerely,

A handwritten signature in black ink that reads 'John Auer'.

John Auer
President & CEO
ASI Lloyds

Policyholder's Name: John Smith
Policyholder's Address: 12212 SAMPLE DR
EL PASO, TX 79936

Policyholder's Texas Select Policy Number:
TXS Sample Policy / HM Sample Policy

Agreement Assigning Unearned Premium to ASI Lloyds

This Agreement Assigning Unearned Premium to ASI Lloyds ("Assignment Agreement") is entered into by and between John Smith, the named insured under Texas Select Lloyds Insurance Company policy no. TXS Sample Policy / HM Sample Policy ("Policyholder") and ASI Lloyds.

For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Policyholder hereby assigns to ASI Lloyds all right, title, claim, and interest in and to any unearned premium due and payable to Policyholder from Texas Select Lloyds Insurance Company, in Receivership, or from the Texas Property and Casualty Insurance Guaranty Association.

In witness whereof, Policyholder and ASI Lloyds have signed this Agreement.

Policyholder:

Signature: _____

Printed Name: _____

Date: _____

ASI Lloyds:

Signature: _____

Printed Name: _____

Date: _____