

October 18, 2006

Notice to Agents
For
Vesta Fire Insurance Corporation
Shelby Casualty Insurance Company
The Shelby Insurance Company
Texas Select Lloyds Insurance Company
***Vesta Insurance Corporation (see Special Note below)**

On behalf of the Receiver and the Special Deputy Receiver of the above-referenced companies, we would like to express our appreciation for your efforts and cooperation since the difficult decision was made in July to stop issuing new policies, to discontinue renewal of policies and to cancel all in force policies as of 12:01 a.m., August 24, 2006. Agents' timely efforts in assisting their customers with placing new coverage resulted in reducing the potential hardships to the policyholders of these companies.

A decision was made to place the highest priority on developing and implementing a process that would result in the timely calculation of unearned premium refunds to all policyholders and payment of these claims by the respective state Guaranty Funds. We are pleased that through the joint efforts of the Special Deputy Receiver and the impacted state Guaranty Funds, policyholders have begun receiving checks for unearned premium. The process will continue in phases through completion. These payments to policyholders are being calculated without reductions for any unearned agent's commission.

The Receiverships may not have received or processed all cancellation notices. In the absence of a processed cancellation notice, unearned premium was calculated based on the court-ordered cancellation date of August 24, 2006. Policyholders who believe their refund should have been calculated as of an earlier date may call the Receiverships to request a review. The phone numbers for the respective Receiverships are as follows:

Texas Select Lloyds Insurance Company 1-866-887-7276
All other Vesta/Shelby Companies 1-800-443-1573

Such policyholders will be instructed to provide documentation to allow a further review of their refund calculation, which may include the declaration page of any replacement policy, a copy of their cancellation notice, and proof of any premium payment amount that may not have been taken into account. The fax numbers for the submission of this additional information for the respective Receiverships are as follows:

Texas Select Lloyds Insurance Company 1-877-937-8244
All other Vesta/Shelby Companies 1-866-817-6172

If upon further consideration an additional premium refund is due, the state Guaranty Funds will issue checks for those adjusted amounts. The state Guaranty Funds are also available to address questions about any statutorily mandated deductions that may have been taken. Contact information for each state Guaranty Fund can be obtained at:

http://www.ncigf.org/media/files/GF_Directory.pdf

***Special Note regarding Vesta Insurance Corporation:** All unearned premium refunds related to Vesta Insurance Corporation (VIC) will be processed by the Special Deputy Receiver's office. These payments are not the responsibility of the Guaranty Funds since VIC is not in liquidation; and the Guaranty Funds will not have information related to these policies. The goal is to issue premium refund checks for VIC during the same general time period beginning in early November through December. Questions related to refunds due from VIC should be addressed to the phone and fax numbers referenced in this correspondence for "All other Vesta/Shelby Companies".

Again, thank you for your continued support and cooperation in this process. Your efforts in providing policyholders with timely and accurate information is both recognized and appreciated.