

People's Trust Insurance Company ("PTIC") is committed to writing policies in the Florida homeowners insurance market. The company was successful in expanding its business during 2013, adding approximately 60,000 new policies. The company now insures approximately 115,000 Floridians. PTIC appreciates the strong support of Florida consumers and the state's independent insurance agents that have allowed us to increase our presence in the state.

PTIC is monitoring its exposure to potential hurricanes and is preparing to place a reinsurance program for 2014 that will ensure sound protection for its policyholders. As part of this process, the company has identified a need to more effectively diversify and balance its risk portfolio. In particular, PTIC has identified a concentration of risk in the Tri-County region that it is seeking to address through a combination of natural attrition (i.e., policyholders who sell their homes, find other coverage, or otherwise do not renew with the company) and cancellations during the underwriting period. Some of the cancellations during the underwriting period relate to issues such as nonpayment of premium or inspection-related concerns, while some relate to our effort to manage our exposure to hurricane losses.

It is important to note that PTIC's exposure management initiative is both short-term and limited. The short-term effort will ensure that the company enters the 2014 reinsurance program with a reinsurance program that is as financially sound and cost-effective as possible. Managing our exposures helps PTIC not only acquire appropriate reinsurance for its business, but to do so at a cost that results in rates that are competitive for our customers. Our current effort is limited because it affects less than five percent of our overall business. Although PTIC regrets that these short term measures affect even a small percentage of its policyholders, we believe these steps ultimately will benefit the company and the more-than-100,000 policyholders we continue to insure.

Going forward, the company will continue its dedication to providing affordable premiums, quality customer service and concierge claims management to our policyholders. We employ more than 500 employees across the state to serve our policyholders, and we recently moved our headquarters to a new 42,000 square foot facility at the Florida Atlantic University Research Park in Deerfield Beach to accommodate the continuing development of our business. We look forward to maintaining and expanding our presence in Florida for years to come.