

Universal Property and Casualty Insurance Company

Important Agency Notification

Attention All Agents:

As you know, Universal Property & Casualty Insurance Company is dedicated to providing secure, cost effective homeowners insurance for Floridians. We are privileged to serve more than 500,000 customers in this State and could not do it without you.

Our company is required by Section 626.9891, Florida Statutes, to establish and maintain a division of employees (or a contracted provider) whose role is to investigate fraudulent claim activity. The Florida Legislature has realized how insurance fraud contributes to the costs of all insureds. This supposition was confirmed in an August 2012 Deloitte study entitled, "A Call to Action: Identifying Strategies to Win the War Against Insurance Fraud". The study concluded that fraud costs insurance consumers \$30 billion each year. <http://www.stormrisk.org/index.cfm?page=2> These billions of dollars are being paid by honest, hard-working insurance customers every day. These customers are your clients and our policyholders.

We work hard to detect and prevent insurance fraud and questionable insurance activity. Our fraud detection employees sample policies at the time of initial policy application to ensure the accuracy of policyholder information, while other fraud detection employees ensure that claims submitted are legitimate. It is important to remember this about the review process -- it should not be of concern to policyholders who provide truthful information to you and to us.

By necessity, the application process relies on the truthfulness of applicants' statements to us and your valuable role in assisting them. As the insurer, we depend on the accuracy of information provided to us to ensure we are able to process applications in a timely and cost-effective manner. Although we could decrease our reliance on the information applicants provide, this would only penalize you and your customers through increased costs, slower response times and reduced capacity to write business. In our view, this would unfairly impose burdens on the vast majority of applicants due to the actions of the relatively few who exploit or neglect the process. Accordingly, your role in securing accurate information in the application process is critical to maintaining the integrity of that process. We are grateful for your assistance in this regard and thank you in advance for your continued contributions to our shared objectives of accuracy in applications.

As you know, fraud detection processes reveal in a minority of cases that some insureds have supplied false, inaccurate, or incomplete information on their insurance applications. Some applicants fail to properly disclose prior claims history; relevant financial information; a criminal background; or other information that would have resulted in their

being ineligible for a policy. Of course, the requested information is set forth in the approved insurance application, which each applicant attests he or she has read and answered accurately. The application is intended to identify situations that produce a heightened degree of risk and for which the insurer would not issue coverage if correct information had been provided. Again, the review process does not adversely affect policyholders who provide truthful information on their applications and during the claims process. In fact, truthful policyholders benefit in the form of lower insurance premiums and more widely available coverage when Floridians and the insurance industry can vigilantly work together in guarding against false information and suspicious activity.

Again, thank you for the critical role you play in meeting the needs of our applicants and insureds. We are indeed partners in this business and remain grateful for your continued commitment to accuracy in every phase of our services to the consumers of Florida.

Sincerely,

Sean Downes
Chief Operating Officer
Universal Property & Casualty Insurance Company