



Texas Department of Insurance

FOR IMMEDIATE RELEASE
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News Release

FOR MORE INFORMATION
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Austin Indemnity Lloyds to Enter Receivership

AUSTIN – The Texas Department of Insurance (TDI) has filed a petition for the liquidation of Austin Indemnity Lloyds Insurance Company (Austin Indemnity). The company sold homeowners and personal auto coverage in Texas.

On July 1, 2008, Austin Indemnity sent out non-renewal notices to all of its homeowners insurance policyholders, and the company stopped taking new applications for auto insurance on August 16, 2008. In September company officials signed a hazardous financial condition order, which allowed TDI staff to more closely monitor the company's operations.

While TDI was working with Austin Indemnity to develop an orderly withdrawal from the market, Hurricane Ike hit the Texas coast. The financial impact of the storm was too much for Austin Indemnity to continue its monitored withdrawal and forced TDI to take the additional action of ordering liquidation.

Management for Austin Indemnity has consented to receivership, and the entry of a liquidation order. In accordance with the Texas Insurance Code, policies will be canceled 30 days after the date of the liquidation order. The liquidation order is expected to be entered on December 29, 2008, and policies will then terminate effective January 28, 2009. Austin Indemnity, working with TDI staff, is sending notices to affected policyholders advising them of this situation, and providing them with resources to obtain replacement coverage.

In June 2008, Austin Indemnity entered into an agreement with one of its largest agents through which policyholders were extended an offer to purchase a renewal homeowners insurance policy with a new carrier upon the expiration of the term of their Austin Indemnity policy. Policyholders will receive a notice of an offer from this agent to obtain replacement coverage upon the termination of their Austin Indemnity policy. Policyholders should contact their insurance agents immediately to secure the replacement coverage of their choice.

TDI staff has been briefing the Texas Property and Casualty Insurance Guaranty Association (TPCIGA) on the status of Austin Indemnity since the hazardous financial condition order was issued in September. TPCIGA is a non-profit association of all insurers licensed to sell property and casualty insurance in Texas. It exists to provide limited protection to Texas policyholders and claimants in the event of the insolvency of an insurer licensed in Texas. TPCIGA has assessed Austin Indemnity's information systems and claims data in preparation for assuming its responsibilities to facilitate the transition to liquidation.