

“Letter of Security”

August 2002

To All Security Agents:

As I write to you today, I am pleased to report that the sky is bright blue and sunny and the temperature is below 90 which is a real relief.

The good weather has been a contributing factor to the results for this year. At this point we have a combined ratio of around 101% and premium writings are up around 5.2%. Our good results are offset by the uncertainty of the stock market which played a big role in our surplus being reduced from a high of over \$25,000,000 to our present level of around \$21,800,000. Also included in this reduction are the effects of codification changes.

As the market tightens we are seeing companies eliminating risks that they wrote willingly in the soft market. Because of these changes in their underwriting rules, we are being offered risks that we do not write because of exposures that our underwriting rules have not allowed. We ask that you follow our guidelines and not submit risks, with the following exposures:

- ◆ Water Damage Claims in past 3 years.
- ◆ Trampoline on premises.
- ◆ Owning a dog on the “Risky Dog List” (No longer freely using SM-1 Dog Exclusion)
- ◆ Unlocked, gated Above Ground Pool.
- ◆ Unfenced Inground pool.
- ◆ Rental Property with pool.

We hope that the rest of the summer is as great as the first part, only with more moderate temperatures.

Sincerely,

Thomas R. Ruane, CPCU
President