

“Letter of Security”

SPECIAL BULLETIN

Landlords Underwriting Guidelines

To: All Security Agents

January 21, 2004

An internal review of our new business applications indicates a need to reinforce some existing guidelines and/or practices. In addition, we have identified some additional matters in need of attention in our ongoing effort to realize an Underwriting profit. Those items applicable to the Landlord Package line of business are addressed below. As always, your understanding and cooperation in adhering to these and the other Guidelines in your Security Mutual manual will be appreciated.

Absentee Landlords: Effective immediately, these risks are unacceptable unless we write the Primary Homeowners.

Rental Property Outside the Agency Territory: Effective immediately, these risks are unacceptable unless we write the Primary Homeowners.

5 Location Maximum Reminder: We have a 5 location maximum per Landlord Underwriting requirement as part of our risk management practices. Security Mutual is not to be bound to additional rental locations for any given Landlord or any Limited Liability Corporation in which the Landlord may be a partner once this 5 location maximum is realized.

Tenants Names are required on all Landlord applications at the time of submission. Applications received without tenant names because the dwelling is temporarily vacant are to be so noted. FL-1 without V&MM is the maximum coverage available and a 50% surcharge will be applied. Higher coverage levels

are not to be bound in these situations. Occupancy within 45 days of effective date is required or Cancellation Notices will be sent.

Prohibited Dogs: Properties that have tenants who own a dog on our “Risky Dog List” are not to be bound.

Trampolines: Properties that have tenants who own a trampoline are not to be bound.

Swimming Pools: Properties with any kind of pool are not to be bound.

We ask that you also reference our January, 2004 All-Lines Underwriting Guidelines and our February, 2003 Landlord Package Business Underwriting Guidelines Bulletins as well as your Security Mutual Manual for additional requirements.

Authority to bind Security Mutual is modified in accord with this Bulletin and the February, 2003 Landlord Package Business Underwriting Guidelines Bulletin.

As always, please contact your Marketing Representative or our Underwriting Department at 1.800.822.1232 with any questions.

Sincerely,

Tom Randall
Director of Marketing