

# “Letter of Security”

January, 2004

To All Security Agents:

I hope that all of you had a very Happy and Healthy Holiday Season. And here is wishing you all a Healthy, Happy and Prosperous 2004.

While the numbers are not yet complete, 2003 was not a good year for Security Mutual. Starting with winter storms through April 8<sup>th</sup>, a large number of major fires and at least 14 new lead poisoning claims, we are glad to usher in the new year.

Over the past few months our Underwriting and Marketing departments have been meeting to revisit a number of rules and procedures that we have been lax in enforcing. In the near future you will be receiving a few bulletins addressing and restating our positions. However, one situation that has become troubling is an agency submitting applications, many incomplete, for risks that have been declined, cancelled or nonrenewed by other carriers, without any explanation or prior discussion with our underwriters. We find that the reason may be loss or payment problems, dogs, physical condition or any number of other problems. We do not want this type of risk. There are a lot of policies out there looking for a home for any number of reasons. In some situations we may agree to write coverage, but we do not want to be bound on one of these risks without knowing the circumstances. **From this point forward we will not accept nor will you have the ability to bind Security Mutual on risks declined, cancelled or nonrenewed, for any reason, by another carrier unless you have documented prior approval from one of our underwriters.** Please include a cover letter or notation on who you have received approval from, along with the reasons for the other carriers action. If we find that the above is not followed we will reserve the right to issue cancellation notices on individual risks and must warn that actions including, but not limited to, suspension of all binding authority may result.

If you have any questions or comments on this subject please feel free to call me at 800-822-1232. I am sorry that we have to institute this rule, however, the fact that it is occurring with regularity has led us to this action.

Sincerely,

Thomas R. Ruane, CPCU  
President