

"Letter of Security"

SPECIAL BULLETIN

*2 miles
Coastal
Water
5280 ft.*

April 25, 2006

To All Security Agents:

For the past two years, we have had a moratorium on all **Habitational** risks in rating Zone 2, Upstate Cities. This was done due to the loss experience, which was at least double the experience of all other areas of the state. Since this moratorium was imposed, we have taken steps to reunderwrite the business that we had on the books, increased rates where we were allowed and ended our relationships with agents that had a history of poor loss experience, both in the cities and throughout the state. We feel that this strategy has had a positive effect on our business.

Effective immediately we will lift the moratorium on all one to four family Homeowner and Landlord Package risks subject to the following Underwriting rules that apply to Zone 2 only, in addition to our normal underwriting rules.

1. Rated on Actual Cash Value only. \$75,000 min. RC available on HO if Market Value equals at least 80% of Replacement Cost
2. No Attached Dwellings. There must be at least 12' separation between dwellings.
3. FL-2/ML-2 maximum coverage.
4. \$500. deductible
5. No losses previous 5 years.
7. No risks that have been cancelled, non-renewed or in NY Fair Plan or NY Mutual
8. Any payment problems will result in the following:
 - a) 1 non-pay, full payment required going forward
 - b) Subsequent non-pay results in Non-renewal as allowed by statute.
 - c) **NO EXCEPTIONS**
9. Fully occupied at the effective date with names of all tenants furnished with application.
10. Must comply with all other underwriting conditions and rules for class.
11. Landlord Package Cov.L \$100,000 max when Cov A is under \$100,000. Up to \$300,000 Cov. L when Cov. A is over \$100,000.
12. Homeowners Cov.L \$300,000 max when Cov A is under \$150,000. Up to \$500,000 Cov. L when Cov. A is over \$150,000.

**SECURITY MUTUAL
INSURANCE COMPANY**
ITHACA, NEW YORK 14850

If you have a special situation concerning an individual risk, call our office to discuss the individual risk and its characteristics so that we may make a determination on the acceptability for coverage of that individual risk only.

We have reopened this market in hopes of providing another tool for your agency to use in servicing the needs of your clients. We have made it restrictive to encourage a better class of business, a class that will be profitable for us all.

If you should have any questions on the requirements please feel free to contact your marketing representative or our underwriting staff.

Sincerely,

A handwritten signature in black ink that reads "Tom". The signature is written in a cursive style with a long horizontal stroke extending to the left.

Thomas R. Ruane, CPCU
President