

the Brittany

Insurance Service, Inc.

California License No. 0767077

www.BrittanyInsurance.com

FACSIMILE

DATE: February 11, 2003
TO: Our Producers
FROM: Kent Kuster
SUBJECT: Central Station Burglar Alarms

As a result of the decision made by the Los Angeles Police Commission, the LAPD will no longer respond to most central station burglar alarms. We have, and continue to feel that an important part of insuring the burglary peril includes the protection provided by central station burglar alarms and local law enforcement. I am sure most other underwriters feel as we do.

From now on, we will be unwilling to write burglary perils on property located in the City of Los Angeles on new or renewal business.

My only suggestion to our insureds is to contact their city council persons to overturn the decision made by the Police Commission. The Police Commission should understand that it is their responsibility to protect the property within their jurisdiction. Perhaps they could consider deleting the motto "to protect and serve" from their cars.

Would you please notify our current insureds that their policies will not contain burglary provisions on renewal.

February 20, 2003

MEMO TO : LOS ANGELES POLICE COMMISSION ALARM TASK FORCE

FROM : Nancy Collinge, President, NHC Insurance Services, Inc.

RE: Possible Adverse Insurance Reactions

During one of the worst times for homeowners insurance placement , I find the proposed actions by the Los Angeles Police Commission alarming (no pun intended)!

One of the largest insurers in the state has already ceased writing new homeowners insurance due to the large losses in this arena, not the least of which is mold litigation. This has, in turn, prompted all of the other preferred carriers to initiate much harsher underwriting standards, making it extremely difficult to place this critical Insurance necessity. (No coverage for your home: no loans, no refinancing, etc.).

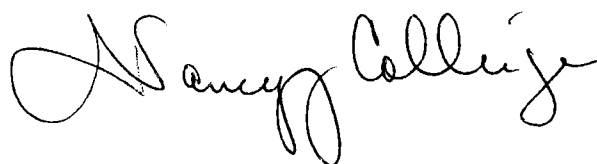
There are several sections of Los Angeles where homes have a replacement value in excess of \$700,000. It is currently MANDATORY for these homeowners to have a functional, central station burglar and fire alarm. These homes often have very high values in their contents as well, including many thousands, even millions of dollars of Fine Arts, jewelry, etc. Insurance carriers are certainly not going to react favorably , if, in fact the alarms are ineffective due to no response by our Police.

We have contacted our underwriters and marketing representatives at several of our carriers and although they have yet to determine a specific action (they are waiting to see if the Commission's action is approved), they have all indicated that this would not help a worsening property insurance marketplace.

Although I think the Police are much needed for other more critical things beyond alarm response, I do urge that more be done to educate the public before this action becomes a very threatening reality. Fines that escalate for each false alarm and a written notice to a three time "offender" that response will no longer be provided is one avenue to explore. These fines should apply "across the board", no exemptions for government employees and/ or their offices. I'm sure our public officials are and want to act as responsible citizens .

Maybe I'm out of line, but having lived in this most litigious State for the majority of my life, I can already envision a class action suit against the LAPD when several of our illustrious LA attorneys have their homes burglarized due to "no response". This would be an even greater disaster if someone in the home was injured during the burglary.

Perhaps the very best thing to do is hire more Police officers and make life better for all areas the city!!

A handwritten signature in cursive script that reads "Nancy Collinge". The signature is written in black ink and is positioned at the bottom center of the page.