



February 27, 2004

American Modern Insurance Group – Rated A+ by A.M. Best

Increase in Service Fees to Cover Processing Costs

Dear Agent:

As you know, the companies of American Modern offer a number of installment payment options to your customers. We also charge a service fee for each installment payment. Beginning with policies processed on April 1, 2004, we will increase our service fee on all payment plans to \$7.00. This change affects the states of:

- Alabama
- Arizona
- Arkansas
- Connecticut
- Delaware
- Idaho
- Iowa
- Kansas
- Kentucky
- Minnesota
- Montana
- New York
- North Dakota
- Oklahoma
- Ohio
- Pennsylvania
- South Dakota
- Tennessee
- Utah
- Wisconsin
- Wyoming

We want to continue to offer a wide array of payment plans to your customers, and these adjustments are necessary in order to offset rising administrative costs. We have extensively reviewed current industry data to ensure our fees remain in-line with other carriers.

Some Items To Keep In Mind:

- There is **no service fee** when a customer selects EZPay (Electronic funds transfer). Plus, this is a simple, effective way for customers to pay their premium.
 - ✓ To select the EZPay option for your customers, logon into modernLINK and proceed to eForms Library. Select form #00220-08-G (Rev 08/2003) and click on the New EZ Pay Authorization Form.
 - ✓ We also offer a brochure that explains how EZPay works, and how to sign up.
 - ✓ You may order the customer brochure, or additional copies of the EZPay form, by emailing supplies@amig.com. To expedite shipment, please reference the form number located at the bottom of the document.
- We want to emphasize that it is the process date and NOT the effective date of the policy that determines the service fee amount. The process date is not as predictable as the effective date, so we suggest that you begin quoting the new service fees beginning on March 15, 2004. This ensures the customer is not surprised by a slightly higher premium amount.
- This change does NOT affect policies mid-term. Remember that service fees will change on April 1, 2004. Therefore, if the effective date on a policy is October 1, 2003, the insured will not see an increase in the service fee until the policy renews on October 1, 2004.

We hope you understand that in order for us to continue to offer a wide array of payment options, it was necessary for us to increase our service fees. If you need any clarification on the changes we are making, please give Customer Care a call at 1-800-543-2644.

Sincerely,

Vanessa Neth
Customer Care Services

P.S. Remember, EZPay has no service fees. Plus, the customer's premium is automatically paid every month.

American Modern Insurance Group

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