



February 26, 2004

American Modern Insurance Group, Inc. - Rated A+ (Superior) by A.M. Best!

## *Changes to 2004 JetSport and First Choice Programs in Maine*

Dear Agent,

Yes, it's still a little cold out there, and parts of the country even have snow on the ground. But boating season isn't far away. To help you gear up for this year's season, this bulletin keys you in on all the changes we've made to our JetSport and First Choice watercraft programs in Maine for 2004. We've made some important changes, so please read over this bulletin and review your program materials for even more information. These program updates are effective April 1, 2004 for new business and May 1, 2004 for renewals.

### **JetSport Program Changes:**

- **KEY HIGHLIGHT: Older Units Get Lower Rates, Thanks to a New Age Classification.** Units 6 years and older now enjoy a larger discount than before. Our four age categories are now: new to 1 year old, 2-3 years old, 4-5 years old and 6 or more years old.
- **Insureds Receive Premium Credit for Excluding Machinery Damage.** A good option for customers with older PWCs that wish to reduce their premium.
- **Change in the Minimum Written Premium.** The minimum premium is now \$65.00.

### **First Choice Program Changes:**

- **KEY HIGHLIGHT: First Choice Now Offers a Liability Only Program!** Some of you have been waiting for this, and we're proud to finally introduce it. Details about the new program appear in the rate manual.
- **KEY HIGHLIGHT: Decrease in Pontoon Hull Premiums.** The resulting decrease in the overall premium allows you to write more Pontoon boats! Be sure to get the correct rates for hull and liability coverage from your rate manual.
- **We've Reduced Rates for Certain Boat Values and Have Increased Others.** Because lower valued boats aren't as expensive to repair or replace after a covered loss, we have lowered the hull values for these boats appropriately. We also found we were not charging appropriate rates for higher valued boats, and have made changes to our 2004 rates as a result:
  - ✓ Boats valued under \$10,000 will receive a decreased hull rate.
  - ✓ Boats valued over \$25,000 will receive an increased hull rate.
  - ✓ Higher-valued boats will receive increases ranging from 3% to 20%.
- **Additions and Changes to Our Deductible Options.**
  - ✓ We now discount policies \$75 when the insured selects the \$1,000 deductible.
  - ✓ We now offer deductible options of \$1,500 and \$2,000; the customer receives a premium credit of \$125 and \$200 respectively for these deductibles. These deductibles are not available on boats valued under \$50,000.
  - ✓ The premium charge for the \$250 deductible is now \$40.
  - ✓ Boats valued over \$50,000 now have a minimum deductible of \$500.
  - ✓ Boats with top speeds between 56 and 65 mph must have a \$500 or higher deductible.

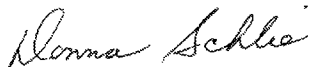
- **Increases in Premium for Boats with Speeds between 56 and 65 mph.** Last year, we increased the base rate for these kinds of boats in some states. We're now implementing this change in all the remaining states.
- **Increase in Premium for Our Higher Liability Limit Offerings.** To charge appropriate rate for this increase in coverage, we've increased the rate for limits of 300/300/300 and 500/500/500.
- **The 10% Surcharge for Claims is Now 25%.** We're implementing this change in order to appropriately rate risks in our program. Previously, the surcharge was 10%.

**Important Information:**

- **Download Our MPS Rating Software off the Web:** Our all-in-one rating software will soon be available on the Web for download! And it's easy to get:
  1. First, contact our Service Center at (877) 459-7767 to get your password.
  2. Then visit <http://mcdownload.amig.com> and select the MPS link to download. (Yes, this is the same site you go to download our Motorcycle rating software.)
- **Important Notes:** Our MPS software contains rates for all states, so, it may take a bit longer to download than some software applications. Also remember that even though our software contains rates for all states, you can only quote, bind and discuss coverages in states where your agency is licensed, and in those states that you have contractual authority to write our watercraft programs. As approvals are received, additional states will be added to the software, so you may need to download several times throughout the early part of the season, depending on your state authority.
- **Materials Continue to be Distributed Electronically.** Program materials are available on modernLINK®'s eForms library. For your reference, we have included one set of the materials in this mailing. Additional materials are available for download. Please make certain that you are downloading the most recent version when obtaining these materials.

American Modern Home appreciates the relationship we have with you. If you have any questions about the changes to our 2004 programs, call our Service Center at (877) 459-7767.

Sincerely,



Donna Schlie  
American Modern Home Insurance Company