



*Housing & Redevelopment Insurance Exchange*

June 16, 2017

TO WHOM IT MAY CONCERN:

Re: AM Best

We have become aware recently that some party is spreading misinformation and outright falsehoods about our Company. It appears the story is being spread that our company has no rating from AM Best. This is false. We are rated B+, "Very Good". Our outlook is as it always has been, "Stable".

It is true, that at our request, we withdrew from the AM Best rating going forward, meaning for next year's rating. Most companies are rated based on their annual financial statement, which is filed at year end. Therefore, our current rating is the aforesaid B+ that's been discussed. The NR designation is for the future. They did rate us this year, in February, based on 2016 financials. We would not have received a new AM Best rating until Spring of 2018 for fiscal year 2017. That has not happened yet. Therefore, it is untrue that we are not rated by AM Best.

The second point is that AM Best was only a second rating anyway. We have been rated for many years by DEMOTECH, Inc., which is a fully accredited rating agency by the NAIC. It amazes me that so many in the insurance industry are only aware of AM Best. The NAIC, which is the acronym for the National Association of Insurance Commissioners, are the governing body for the insurance industry, promulgating rules and standards for the industry, as well as accrediting rating agencies to be used by insureds for determining a company's financial strength. DEMOTECH is in a very select group, which includes AM Best, as well as STANDARD & POOR's, which are fully accredited by the NAIC. Our rating by DEMOTECH is "A", "EXCELLENT". We have always believed, since different rating agencies use different methodology in determining a rate, that it is important to have a second opinion. For the record, we are an A-Rated Company.

The last issue, why did we withdraw from AM Best? After many years, it has become very clear to us that AM Best gives smaller sized companies short shrift. Their analysts are constantly changing, as well as their supervisors, in what seemed like every year. This resulted in having to reinvent the wheel and explain our company every year to new people. Furthermore, their analysts often knew nothing about our company, including a supervisor who already thought we were A-Rated. For this lack of service, they were charging us an initial fee of about \$130,000.00 and an annual fee of over \$80,000.00. Therefore, it was my belief that we needed to get a second opinion elsewhere.

In conclusion, although next year's rating will not come from AM Best, we have engaged and met with the biggest and most respected rating agency in the world --STANDARD & POOR's. They not only rate insurance companies but governments and nations. They have assured us that we will be evaluated fairly for the same fee as AM Best. Thus, this A-Rated Company will continue to get a second opinion, and it will be by one of the foremost rating agencies in the world starting next year.

Very Truly Yours,



Charles J. Volpe Esquire