**Sample customer letter upon withdrawal of insurer rating: Adirondack Insurance Exchange**

[Date]

[Insured name and address]

**RE: ADIRONDACK INSURANCE EXCHANGE'S FINANCIAL STABILITY RATING**

 **WITHDRAWN BY DEMOTECH**

Recently, Demotech—a financial analysis and rating company that evaluates the stability and financial strength of insurance companies—withdrew the financial stability rating of Adirondack Insurance Exchange. This change is a result of a review that reflects significant alterations in the financial condition of the insurer. Demotech is widely recognized as a leading rating organization that evaluates the financial and management strength of insurance companies. We are attaching a copy of the information that we have received from Demotech [be sure to attach pertinent information].

The withdrawal of the rating by Demotech does not mean that Adirondack Insurance Exchange is insolvent at present or will be declared as such in the foreseeable future. It does indicate that the financial security of the company has deteriorated to some extent, signaling that insureds should give careful consideration to a number of factors:

1. Evaluation of current coverage: You should evaluate whether you are in a position to consider transferring your coverages to a more financially secure insurer, and whether the transfer is financially feasible or even possible given the present market conditions and your individual financial constraints.

2. Understanding potential insolvency implications: You should understand that, in the event that the insurer is declared insolvent, the New York State Property/Casualty Insurance Security Fund should provide some back-up coverage. The state guaranty fund provides protection to policyholders in the event that an insurance company becomes insolvent. This fund covers claims up to certain statutory limits, ensuring that policyholders are not left without coverage due to the financial failure of their insurer. It is important to note that the guaranty fund may not provide identical coverage for any given claim as provided under your insurance policy, and coverage is subject to the provisions of New York state statutes and regulations.

We will be monitoring the status of Adirondack Insurance Exchange and will send you information as the need may arise so that you may make informed decisions regarding your claims and any potential renewal of coverage.

We will be in communication with you if we receive further information. You should call [AGENCY CONTACT INFORMATION] with any questions.

Sincerely,

[AGENCY NAME]

Attachment