

October 6, 2006

TO: ALL NORTH CAROLINA AGENTS

A BETTER WAY TO DEAL WITH DWELLINGS

Effective January 1, 2007, Grain Dealers Mutual Insurance Company will be converting all tenant-occupied dwelling policies to Commercial Lines. Owner-occupied dwelling policies will no longer be written. This change is being made to improve our service and processing by simplifying our underwriting practices and procedures.

We have drafted and filed form CPDW 0906, DWELLING - OTHER STRUCTURES, to assure there is no reduction in coverage to our existing insureds and to provide a coverage-competitive product that will attract new dwelling business.

New business with effective dates on or after January 1, 2007 will be issued on the Commercial Property Form with our DWELLING - OTHER STRUCTURES endorsement. In November, we will begin the processing and distribution of your January renewals.

We are very excited and encouraged about this change. We expect to improve our policy handling and processing, and we will be better positioned to implement further improvements and enhancements when we switch over to our new Commercial Lines System, Policy Decisions.

Bruce Mitchell
Agency Supervisor