



September 6, 2016

Since 1983, American Equine Insurance Group has been a market leader offering innovative and valued equine insurance coverages with its network of insurance carriers. During that time the market has changed dramatically, competitor Equine programs have come and gone, and from time to time, American Equine has also changed carriers we work with in order to serve the needs of our brokers and insured better.

We are pleased to announce that in the fall of 2016 we will be transitioning all Equine business over to a new program with Argonaut Insurance Company (AIC), for all lines of business, still entirely underwritten and serviced by AEIG. Diamond State Insurance Company is formally exiting the Equine insurance program business. We are proud of our eighteen-year relationship with Diamond State.

Argonaut Insurance Company is an A.M. Best "A" rated carrier part of the international insurance entity operating as Argo Group Holdings International, Ltd., which has a financial size category of XII (\$1 billion to \$1.25 billion). They are a well-established, highly respected insurance entity. AIC's NAIC # is 19801.

All in-force Diamond State policies will run their entire term, and will continue to be serviced in the same way they have been both by American Equine Insurance Group, and in the event of a claim, by National Equine Adjusting, Inc. Renewals with effective dates of November 29, 2016 and thereafter will be placed with AIC, rather than Diamond State, subject to state and product line availability at that time.

New business accounts placed with AEIG will be written through AIC, with a specific listing of states, effective dates, and product lines to be forthcoming by mid-September. If a specific state and product line is not available with AIC, the business will be written with Diamond State, until November 29, 2016.

Because Diamond State Insurance Company is exiting the Equine Insurance program business, all states require that formal notices of non-renewal must be issued. In the coming days and over the course of approximately the next year, these notices will be sent to your clients, the policyholders. You will receive a copy of these notices. The explanation on the notices will be: The reason for nonrenewal is: the carrier has terminated the program under which your policy was written. This nonrenewal of your policy is solely for that reason and not because of any individual consideration of your record.

AEIG is working very diligently with AIC at this time to ensure a minimum of disruption to your clients, with the goal of having the nationwide Equine program available in all contiguous states, for all lines of business (Mortality, Liability, Property, Excess) with just a few exceptions.

We will be providing initial AIC program information, including new product offerings and new states by mid-September. We will send additional updates thereafter as developments warrant. You will be hearing personally from our underwriters in the next couple of weeks to learn more about the exciting new program enhancements we can offer as a result of this change in carriers. We hope you'll agree that our programs offer an excellent combination of coverage and rates to serve your customers.

American Equine Insurance Group, Ltd.

Michael J. Morrisroe  
President