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John H. Love
President and CEO
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November 15, 2017

Dear Valued Customer,

The recent A. M. Best downgrade of Canal Insurance Company (B++ Stable) is stunning to all of us given Canal's superior financial stability. As a compliment to current Canal leadership I state that Canal has communicated and worked proactively over the past two months to assure all of their dedication to the trucking insurance industry. Operating with integrity for more than 75 years Canal is surely capable of a long and prosperous future. Irrespective and due to requirements of the world beyond their control, Canal has arranged for an optional Assumption of Liability (AoL) coverage via State National Insurance Company (A Stable). Available for a charge (which Canal is not at liberty to mention, but I can and it's 3%), the AoL fee is applied to unearned premium and charged somewhat like a premium tax. With this coverage option Canal has given an additional pledge of security that puts the downgrade issue to rest thus allowing all of us to enthusiastically move forward.

WEL strongly believes in Canal. We have touted Canal's virtues and reassured our customers the entire long number of years Canal's A- rating carried a negative outlook from A.M. Best. I have always trusted Canal's financial strength and deduced that, substantially, their operating ratio is a reflection of the overall poor results of the commercial auto market in our Country. However, WEL does not feel that events beyond control of our customers should become their financial burden. Therefore:

W. E. Love and Associates, Inc. (WEL) will not charge our retail agents for Canal's Assumption of Liability(AoL) Coverage Option via State National Insurance Company if:

1. The policy was placed in Canal through WEL prior to Canal's downgrade by A. M. Best,
and
2. A shipper of the insured requires the AoL certificate in order for the insured to haul loads.

We appreciate the trust, professionalism and friendship of our retail agents. We really do try our best – even when we fail – to make WEL your general agent of choice for every single submission on behalf of all the fine, respected, dedicated insurance carriers we represent. We must lead so that our great retail agents will continue believing in us. Contact your WEL underwriter for clarification and answers to questions regarding this memorandum. Lastly, as always, thank you for your business!

Sincerely,

John H. Love