**Sample Carrier Ratings Downgrade Letter**

January 1, 20XX

Mr. Joe Client

123 Main Street

Anywhere, US

SUBJECT: **(Type of Insurance Effected)**

Dear Mr. Client:

As we discussed when we placed your **(type of insurance),** coverage was placed with **(name of company)**. This insurer has recently experienced a downgrade in its rating by A.M. Best Company, a leading monitor of the financial performance and stability of insurance companies.

Prior to the rating change, **(name of company)** was rated **(rating)** and after the change the rating is **(rating)**. While A.M. Best Company’s rating of **(name of company)** reported it was financially stable at the time it was reviewed, this was not a guarantee of future performance.

A rating by the A.M. Best Company is an indication of the insurance company’s financial strength and operating performance, with the top rating being A++ (Superior). The rating change could be due to many factors and if you want more information regarding the reasons, please refer to the A.M Best website at [www.ambest.com](http://www.ambest.com). **(If the carrier has issued an announcement regarding the downgrade, refer them to that by either directing them to the company website or attaching a copy of the announcement.)**

There are three possible options available to you: a midterm coverage change, a change at expiration, or remaining with the current carrier. If the carrier should become insolvent you may lose any unearned premium if coverage must be replaced midterm or there is the possibility of short rate cancellation terms if coverage is moved. Also be aware that should the carrier become insolvent any claims that you have may not be fully provided for under the policy. However, since (name of company) is an admitted carrier you may be able to receive claims payments from the (state) insurance guaranty fund in the event (name of company) becomes insolvent. Please let us know if you would like us to investigate a possible coverage change now or waiting until renewal.

Please indicate what option you would like to take below, sign and return this letter to us. By signing, you acknowledge that you have read this letter and we have reported to you the current A.M. Best’s rating has been downgraded for the insurance company you have selected to provide your coverage.

□ Please investigate changing my insurance carrier now.

□ Please investigate changing my insurance carrier at renewal.

□ Please keep me with the current carrier despite the change in rating.

We cannot make any changes in this coverage absent explicit directions from you. Consequently, unless we receive a response, your coverage will remain with the same carrier.

Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Generic Customer LLC [The named insured]

By: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 Title: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 Printed Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Sincerely,

Andy Agent