

## California Offices Merged; New Underwriting Criteria for Contractors

October 17, 2011

To our Valued Brokers,

SeaBright is committed to long term, profitable workers' compensation underwriting in California. As you know, market and economic conditions have taken their toll on industry results over the past few years. SeaBright is taking prudent steps to restore our profitability and ensure that we will continue to provide quality coverage and service that you and your clients can count on for years to come.

### California Offices Merged

As part of this profitability initiative, SeaBright has merged its Northern California satellite office into our Southern California operation and has implemented improved work processes for more efficient handling from a central location. While your SeaBright contact may continue to be local, all underwriting and policyholder service for California business will be provided from the Orange office. We will maintain a team of loss control specialists in Northern California to service our business.

### California Construction Appetite

SeaBright is also announcing a major change in our risk appetite for contractors in California. SeaBright now offers coverage only to contractors with estimated annual premiums of \$500,000 and higher. Guaranteed cost plans are no longer available for these contractors, and SeaBright will write coverage only on loss-sensitive plans for large contractors that participate in both a formal return to work program and SeaBright's Medical Provider Network. These new underwriting criteria apply to all new and renewal accounts with substantial California construction exposure.

### Ongoing California Appetite

While our appetite for construction risks is now less broad, we continue to welcome high-quality manufacturing, oil & gas/energy, and maritime business in California. We can also entertain auto dealers, food processors, gun/hunt clubs, healthcare, hospitality, retail/wholesale, sports & entertainment, and universities risks through selected managing general underwriters. Policyholders in these industries will receive the same great SeaBright service you've come to expect from us.

### Thank you for your continued business

We recognize that the action we're taking on our construction book may cause you and your associates some inconvenience, and we will do everything we can to make this transition as easy as possible for you. Our underwriters will notify you as early as possible of any accounts that must be non-renewed because of our appetite change. If there's anything we can do to help you move your non-qualifying SeaBright renewals to another insurer, please contact your SeaBright underwriter.

SeaBright is rated A- IX (Excellent) by A.M. Best. Ratings range from "A++" (Superior) to "F" (In Liquidation) and ratings from "A++" to "B+" are considered "Secure."

