

AUTO-OWNERS INSURANCE COMPANY
AUTO-OWNERS LIFE INSURANCE COMPANY
HOME-OWNERS INSURANCE COMPANY
OWNERS INSURANCE COMPANY
PROPERTY-OWNERS INSURANCE COMPANY
SOUTHERN-OWNERS INSURANCE COMPANY



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February 2, 2007

Dear Florida Agent:

We are disappointed and very concerned with the new law that was passed in the Special Session, and signed by the Governor, as well as Emergency Rule 07-01. The Special Session was called to address the Florida property insurance availability and affordability crisis. Florida residents are now, as a result of the new law, exposed to an even greater risk of assessments applicable to almost all lines of insurance and availability has not been enhanced.

The new law increases the reinsurance availability of the Florida Hurricane Catastrophe Fund (FHCF), which currently has \$1.35 billion of bonds outstanding. We cannot rely on purchasing hurricane reinsurance from any organization that is financially unreliable. The new law also requires companies to reduce rates, as if additional reinsurance was purchased from the FHCF. This is simply a rate roll back. Keep in mind our rates have been filed with the Florida Office of Insurance Regulation and are being used.

The new law also made changes to Citizens Property Insurance Corporation (Citizens), which has a surplus of a negative \$175 million. The new law increases the exposure of Citizens, and at the same time, mandates it to charge inadequate rates. A recently enacted rate increase of 21% and a pending 57% increase, due to take effect in March, will be revoked. On top of that, Citizens' policyholders will see a 10% decrease in rates in the high risk account. This will result in a greater Citizens' deficit and therefore increased assessments to Florida residents. A greater deficit creates a greater exposure for the Companies, because in addition to defraying the deficit with assessments, the deficit is also financed by the sale of bonds. Under Florida law, each insurer is required to purchase the percentage of the unsold portion of the bonds that equals the insurer's relative share of assessment liability. Auto-Owners potential exposure to the mandatory purchase of bonds could be in excess of \$300 million for a one in 70 year hurricane and \$600 million for a one in 100 year event.

In the event of a catastrophic hurricane, such as a one in 100 year storm (\$100 billion industry event), the additional average policy premium for our lines increases from \$1,528 to an estimated \$2,169. This increase is due to assessments of 42% or \$641 per policy. This does not include an assessment from the anticipated large number of carrier insolvency's from the Florida Insurance Guarantee Association. Multiple large events will exacerbate assessments.

We must exercise our best judgment in protecting the financial security for all Auto-Owners insureds, agents and associates in our operating states. The new law places a greater risk on the Companies which cannot be absorbed by non-Florida residents.

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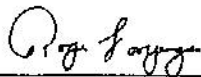
Sometimes decisions need to be made which are in the overall best interest of the organization, but are a hardship for some. This is one of those times.

Effective immediately, Auto-Owners Insurance Company and Owners Insurance Company will accept no new business. Southern-Owners Insurance Company will accept new business, subject to its underwriting rules, guidelines and current restrictions, particularly as it relates to property exposures. Each agency may submit, in a given month, no more than the monthly average number of applications submitted to the Companies in 2006. The Florida Underwriting Branches will advise you of this number shortly. The limitation referenced above does not apply to Workers' Compensation policies written in Southern-Owners Insurance Company, a line not affected by the new law, nor is there any limitation on placing business with the Auto-Owners Life Insurance Company.

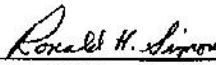
The Florida Legislative Session begins March 6 and ends May 4, 2007. The Regional Meetings scheduled for early March will be rescheduled later this year. We cannot continue doing business as usual in Florida without changes to the current law. We will work with the Florida Insurance Council, National Association of Mutual Insurance Companies, Florida Association of Insurance Agents and others to correct the many problems we feel exist in the Florida laws.

We understand your disappointment and frustration with this decision. We will continue working toward a solution which is in everyone's best interest.

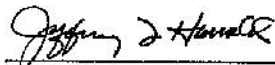
Sincerely,
AUTO-OWNERS INSURANCE GROUP
SENIOR OFFICERS



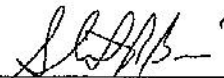
Roger Looyenga, Chairman and CEO



Ronald H. Simon, President



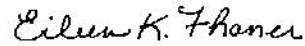
Jeffrey F. Harrold, Executive Vice President



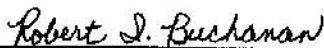
Stuart R. Birn, Senior Vice President,
Secretary and General Counsel



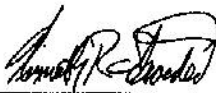
Rodney J. Rupp, Senior Vice President, Claims



Eileen K. Phaner, Senior Vice President
and Treasurer



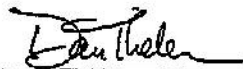
Robert I. Buchanan, Senior Vice President,
Information Systems & Technology



Kenneth R. Schroeder, Senior Vice President,
Commercial Lines Underwriting



Jeffrey S. Tagsold, Senior Vice President,
Personal Lines Underwriting



Daniel J. Thelen, Senior Vice President, Personnel