



IMPORTANT ANNOUNCEMENT

October 19th, 2011

To our Policyholders;

Over the past several years LUA's Canadian staff has utilized a number of strategies to reduce the size and frequency of our forest products losses. This included the use of higher rates, enhanced attention to loss prevention and reduced capacities. To some degree, these efforts have been successful. However, they have not garnered the result we had hoped for, or needed, on our overall book of business.

2011 will be the sixth year in a row that LUA's Canadian operations have not achieved an underwriting profit. During five of these years, the cumulative amount of net loss in Canada has essentially erased the positive results that have been achieved by our U.S. operations. Unfortunately, we see no way to turn this situation around and have made the difficult decision to wind down our Canadian Branch operations. This will occur, through a smooth and orderly process, throughout the remainder of 2011 and 2012.

What this means to you:

Last week, the LUA's sales offices that you previously dealt with were closed permanently. All future operations will be conducted from our Canadian Head Office in Dorval, Qc. and a key group of individuals will be here to assist you with any renewals coming due before year end and any mid-term changes, for as long as you remain with LUA.

- If the front of your policy reflects a 3 year policy period, the policy will be continued through to its next anniversary date occurring in 2012.
- If your policy was issued for a one year period, it will continue until its expiry date in 2012.

If you are unsure as to how long LUA can continue to insure you, please contact the individuals listed below for assistance.

Claims:

During this wind down process, LUA will, of course, continue to pay any existing and new claims that become due under its policies. Any claims that remain open at the end of 2012 will also be settled in due course. The Federal Government requires insurers, including LUA, to maintain investments that are held under its control, to ensure that all claims payments are made. Although we have every intention of protecting your interests, this affords additional security to our policyholders.

This is difficult news for us to have to share with you. We sincerely hope that you will choose to remain with LUA for as long as possible, as it has been our privilege to be your property insurance provider.

Your key contacts for any ongoing or approaching renewals, before year end, will now be:

Clients outside of Quebec:

Gordon MacLellan, Sr. Underwriter
Phone: 1-888-582-1905 ext. 234
Gordon.MacLellan@ins-lua.com

Quebec based clients:

Nicolas Duchesne, Account Executive
Phone: 1-888-582-1905 ext. 241
Cell : 514-515-8528
Nicolas.Duchesne@ins-lua.com

We thank you for your past and future support.

Sincerely,



Maurice Vialette
Chief Agent