

George Smith

From: Mutual Trust Financial Group [mutualtrust@mutualtrust.com]
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To: George Smith
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Although current turmoil in the investment markets is unsettling, these events have had no effect on the financial stability of MTL Insurance Company, a member of the Mutual Trust Financial Group.

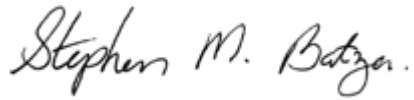
Over its 104-year history, MTL Insurance Company has always recognized its financial obligations to its customers. It follows sound financial principles, investing premiums judiciously in a variety of types of assets.

Despite recent turmoil in the financial marketplace, MTL's financial strength is strong because it has

- ◆ A highly diversified portfolio of investments. This enables MTL to withstand turbulence in the marketplace.
- ◆ No direct exposure to subprime mortgage backed securities. Some financial institutions have investments in securities backed by subprime mortgages, or mortgages issued to individuals who are less creditworthy than the traditional prime borrower. When these securities began to underperform, it had an immediate impact on any holder of these securities and then a devastating impact on institutions that had made a significant investment in these securities as a percentage of their firm's total assets and capital, such as Lehman Brothers.
- ◆ Minimal investments in bond obligations of Lehman Brothers. Like many others this week, MTL has felt some impact on the performance of its investment portfolio due to investment holdings of investment grade financial institutions that hold or have held subprime mortgage investments. However, MTL's investment in the direct bond obligations of Lehman Brothers represents, at book value, less than one-half of 1% of MTL's total assets.
- ◆ An NAIC capital ratio that, even when adjusted for a conservative estimate of loss in MTL's investment holdings, is more than five times greater than the Company Action Level as defined by the NAIC Risk Based Capital formulas. This ratio is a prime measure insurance regulators use in monitoring the solvency of insurance companies.

As you can see, MTL Insurance Company is a financially strong company, committed to serving the needs of its customers now and in the future. We will continue to diligently

monitor the events in the financial markets so that we can provide you with the financial security that you have entrusted in us. Please contact us if we can be of further service to you.



Stephen M. Batza, FSA, MAAA, CLU, ChFC
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