

[Date]

[Policyholder Name]

[Address Line 1]

[Address Line 2]

[City, State, Zip Code]

Subject: Notice of Automatic Limit Increase and Inflation Guard Adjustment

Dear [Policyholder Name],

This letter is to inform you of an upcoming adjustment to your insurance policy, [Policy Number], effective [Effective Date].

To ensure that your coverage keeps pace with rising costs and the current market value of your insured property, your policy includes an **Inflation Guard** endorsement. Based on this provision, your coverage limits have been automatically increased as follows:

- **Previous Limit:** \$[Amount]
- **New Limit:** \$[Amount]
- **Adjustment Percentage:** [Percentage]%

This automatic increase is designed to protect you from being underinsured in the event of a total loss, accounting for the increased costs of labor, materials, and services.

Premium Impact:

As a result of this increased protection, your renewal premium has been adjusted to \$[New Premium Amount]. Your updated declarations page is enclosed for your records.

You do not need to take any action to maintain this increased coverage. However, if you have recently made significant improvements to your property or if you wish to discuss your coverage levels, please contact your agent at [Phone Number] or [Email Address].

Thank you for choosing [Company Name].

Sincerely,

[Sender Name/Department]

[Company Name]