

MINUTES

**ANNUAL MEETING
OF THE POLICYHOLDERS OF
MOTORISTS MUTUAL INSURANCE COMPANY**

COLUMBUS, OHIO

APRIL 22, 2019

The Annual Meeting of Policyholders was called to order at the company's home office at 1:00 p.m. on April 22, 2019, by Mr. Gregory A. Burton, Executive Chairman. Under the direction of Ms. Marchelle E. Moore, Senior Vice President, Chief Legal Officer and Corporate Secretary, Dr. Martin J. Langlois, Jr., Vice President Internal Audit and Chief Audit Executive recorded.

DETERMINE QUORUM

Mr. Burton reviewed the Bylaws and Regulations of the company regarding the rights of members, indicating that only policyholders were entitled to participate in the annual meeting. He encouraged policyholders to participate. Mr. Burton also referred to the company's Bylaws and Regulations which require a quorum of 20 members present, in person or by proxy and noted that a total of 1,099 proxies had been received. He then asked for a show of hands of those policyholders present and accordingly, declared that a quorum existed.

Mr. Burton then read the names of the other directors of the company: Mr. John J. Bishop, Mr. Archie M. Griffin, Ms. Sandra W. Harbrecht, Mr. David L. Kaufman, Mr. Thomas V. Flaherty, Ms. Yvette McGee Brown, Mr. W. Marston Becker, Mr. Robert C. Smith, Mr. David L. Rader, Mr. Steven F. White, Mr. Kevin J. Craig and advisory member Mr. Thomas C. Ogg. Mr. Burton also introduced the officers seated at the head table, Mr. Thomas J. Obrokta, Jr., President and Chief Operating Officer, Mr. J. Christopher Howat, Chief Financial Officer and Treasurer, and Ms. Marchelle E. Moore, Chief Legal Officer and Corporate Secretary.

REGULAR BUSINESS

APPROVE MINUTES Mr. Burton asked for a motion to waive the reading of the Minutes of the Annual Meeting of the Policyholders held April 23, 2018 and to approve the Minutes as written. Upon a motion duly made and seconded, the motion carried.

EXECUTIVE CHAIRMAN COMMENTS Mr. Burton offered no comments.

CEO COMMENTS Mr. Burton then called on Mr. David L. Kaufman, Chief Executive Officer for his comments.

Mr. Kaufman noted that overall 2018 operating results were excellent and better than planned. He reported a net income of \$130.3 million for the year. He noted a surplus of \$1.5 billion and premiums of \$1.1 billion. He also noted that first quarter results for 2019 were good.

Mr. Kaufman reported that as a result of the April 24, 2017 affiliation with BrickStreet Mutual Insurance Company (BrickStreet), the Group's surplus doubled. There was also a positive impact on the expense ratio. He stated that the affiliation has diversified risk both geographically and by product line. He noted that the Group was pursuing five strategies and that the mission statement and critical success factors had been updated. He completed his comments by noting that the building of trust continued to be a goal for the Group.

PRESIDENT'S REPORT Mr. Burton, then called on Mr. Obrokta to give the President's report.

Mr. Obrokta noted that Motorists Mutual Insurance Company (Motorists Mutual) was licensed in six states and that his comments would be confined to developments relative to these states. He emphasized three key developments:

1. Michigan was the first state in which Motorists Insurance on the Guidewire platform was rolled out for commercial lines. He noted how the agents had been responsive to the rollout and indicated that this rollout was moving forward for the remaining five states.
2. All Motorists Mutual agents now had access to the BrickStreet workers compensation platform.
3. The transformation of personal lines was continuing into 2019, with roll outs of Guidewire for this line expected in three states.

Upon a motion duly made and seconded, the President's report was accepted.

TREASURER'S REPORT Mr. Burton then called upon Mr. Howat to give the Treasurer's report.

Mr. Howat displayed a graphic of premium by product and state noting that BrickStreet had become a member of the pool in 2019. He pointed out that workers' compensation was now the largest line and that the affiliation with BrickStreet had increased the diversification of states and product lines, which was viewed positively by AM Best. Mr. Howat also went over the current pooling percentages, specifically pointing out that total surplus was \$1.46 billion of which BrickStreet contributed \$809 million and Motorists Mutual contributed \$449.9 million.

Mr. Howat concluded his remarks by providing a presentation of five-year historical combined financial results for the years 2014 through

2018. He noted that BrickStreet's pre-affiliation information was included in the financial information presented. He noted that growth had occurred in most years except for 2017, which he characterized as a transition year and one with unusually bad weather results. He reported a growth in surplus for 2018 of \$3 million. He indicated that he expected 2019 to be a good year for surplus and that the Group was continuing to concentrate on profitability. He pointed out that investments were up \$126 million due to portfolio reallocations. He reported that taxes were down primarily as a result of offsets from 2017. He echoed Mr. Kaufman's report of net income of \$130.2 million and also noted that the combined ratio of 101.1% was better than the industry.

Upon a motion duly made and seconded, the Treasurer's Report was accepted.

**ELECTION OF
DIRECTORS**

Mr. Burton stated that the terms of four directors had expired. He then asked the Corporate Secretary to read the names of those individuals who had been nominated as candidates for the office of director.

The Corporate Secretary read the names of Ms. Sandra W. Harbrecht, Ms. Yvette McGee Brown, Mr. David L. Rader and Mr. Steven F. White each nominated for a three-year term.

Mr. Burton then asked if there was a motion to place any other name into nomination from the floor. Upon hearing none, he asked for a motion that the nominations be closed and that a unanimous ballot be cast for those individuals nominated. Upon a motion duly made and seconded, the motion carried.

UNFINISHED BUSINESS

Mr. Burton called for any unfinished business to come before the meeting; none was presented.

NEW BUSINESS

Mr. Burton called for any new business to come before the meeting; none was presented.

ADJOURN

There being no further business to come before the meeting, Mr. Burton requested a motion for adjournment. Upon a motion duly made and seconded, the motion carried and the meeting was adjourned at 1:15 PM.



Marchelle E. Moore, Corporate Secretary