

MINUTES

ANNUAL MEETING OF THE POLICYHOLDERS OF PHENIX MUTUAL FIRE INSURANCE COMPANY

CONCORD, NEW HAMPSHIRE

MAY 7, 2019

The Annual Meeting of the Policyholders was called to order at the company's home office at 9:00 a.m. on May 7, 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 and noted that no minimum quorum was required, just those members present, in person or by proxy. He further noted that a total of 504 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 directors of the company: Mr. Edward F. Caron, Mr. Henry L. Huntington, Mr. Robert L. McCracken, Mr. Charles D. Stapleton, Mr. Michael L. Wiseman, and Ms. Pamela Puleo, as well as the directors who are also officers of the company, Mr. David L. Kaufman, Chief Executive Officer, Mr. Thomas J. Obrokta, Jr., Chief Operating Officer and Mr. Grady B. Campbell, President. All directors were present in person or by phone. Mr. Burton also introduced himself as the Executive Chairman and the other officer present at the meeting, Ms. Marchelle E. Moore, Senior Vice President, 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 May 1, 2018 and to approve the Minutes as written. Upon a motion duly made and seconded, the motion carried.

**OFFICER
REPORTS****Executive
Chairman
Comments**

Mr. Burton offered no comments.

**CEO
Comments**

Mr. Kaufman noted that this was an outstanding year both financially and operationally.

**President's
Report**

Mr. Burton then called on Mr. Campbell to give the President's report.

Mr. Campbell noted that the focus for 2018 had been to improve the profitability of the company. He noted that the loss ratio had improved by five points from the prior year. He also reported three areas of emphasis as follows:

1. The centralization of the three profit centers, Workers' Compensation and Strategic Accounts, Commercial Lines and Personal Lines and how this centralization brought in a strong level of experience and increased bench strength.
2. Implementation of Guidewire in New Hampshire and Rhode Island. He noted that this had already been implemented in South Carolina and was well received by our agents. He further reported that with respect to conversion to Guidewire, 87.8% of the premium had been converted which far exceeded his expectations.
3. Integration of Commercial Lines and Workers' Compensation and Strategic Accounts in South Carolina. He noted that the business for both was growing together, particularly in the small business market. He finally reported the roll out of an automated platform for workers' compensation which was easing our ability to pursue small accounts.

Completing his remarks, Mr. Campbell reported strong results for the first quarter.

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

**TREASURER'S
REPORT**

Mr. Burton then noted that Mr. J. Christopher Howat, Executive Vice President, Chief Financial Officer and Treasurer was not available to give the Treasurer's report. Mr. Burton called upon Mr. Obrokta to give the report in Mr. Howat's stead.

Mr. Obrokta first discussed a graphic depicting percentages of premium by product line and by state. He noted that workers' compensation was the largest product line at 39%, with commercial

auto and personal auto second and third at 15% and 13% respectively. He also reported that the top three states with respect to premium were Ohio at 22%, Pennsylvania at 16%, and West Virginia at 14% which combined for over 50%.

He then discussed the pooling percentages noting that when BrickStreet Mutual Insurance Company joined the pool its share was 48%. He noted that Phenix Mutual's percentage was 1.6%. He also reported that in joining the pool the surplus of the Motorists Insurance Group doubled to \$1.46 billion.

Mr. Obrokta then provided a report on the financial statements. Beginning with the balance sheet, he explained that surplus had only increased by \$3.1 million last year primarily due to volatility in the stock market noting that most of the loss was recouped in the first quarter of 2019. With respect to operations, Mr. Obrokta noted that while premiums were down approximately \$20 million, that was because of a focus on improving profitability. He indicated that 2017 was a transition year for the Group noting a \$95.8 million net loss for the year. However, in 2018 the Group saw net income of \$130.2 million which illustrated the significant turnaround that was achieved.

Concluding his remarks, Mr. Obrokta noted that the Group's combined ratio of 101.1 was better than the industry average of 101.5. He reported that investment income was up primarily due to portfolio rebalancing. He indicated that 2018 was a remarkably successful year for the Group.

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

ELECTION OF DIRECTORS

Mr. Burton stated that the terms of three directors had expired; namely, Ms. Pamela Puleo, Mr. Charles D. Stapleton, and Mr. Michael L. Wiseman. He then asked the Corporate Secretary, Ms. Moore, 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. Pamela Puleo, Mr. Charles D. Stapleton, and Mr. Michael L. Wiseman, each nominated for a three-year term.

Mr. Burton then asked if there was a motion to place any other names 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 9:12 a.m.



Marchelle E. Moore, Corporate Secretary