



Member of Motorists Insurance Group

MINUTES

ANNUAL MEETING OF THE POLICYHOLDERS OF WILSON MUTUAL INSURANCE COMPANY

SHEBOYGAN, WI

MAY 14, 2019

The Annual Meeting of Policyholders was called to order at Wilson Mutual Insurance Company in Sheboygan, Wisconsin, at 2:29 p.m. ET/1:29 p.m. CT on May 14, 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 465 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. David L. Kaufman, Chief Executive Officer, Mr. Grady B. Campbell, President, Mr. Robert L. McCracken, Mr. Thomas C. Ogg, Mr. Charles D. Stapleton, Mr. Robert L. Western, Mr. Michael L. Wiseman and Mr. Thomas J. Obrokta, Jr., Chief Operating Officer. All directors were present in person or by phone with the exception of Mr. Wiseman. Mr. Burton also introduced the other officers Mr. J. Christopher Howat, Executive Vice President, Chief Financial Officer and Treasurer, and 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 Policyholders held May 8, 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. Burton then called on Mr. Kaufman for his comments.

Mr. Kaufman reported that the results for 2018 for the Group were outstanding and better than planned, noting that all metrics had been met. He indicated that the combined ratio for the Group was 101.1% and the expense ratio was 32.3%. He noted that net income for the Group in 2018 was \$130 million. He also noted a surplus of approximately \$1.5 billion against written premium of \$1.1 billion and that the Group was currently in 28 states.

Mr. Kaufman indicated that the Guidewire implementation was continuing according to plan having been rolled out in 16 states. He reported that personal lines would begin to be moved to the Guidewire platform next year. He noted a strategic decision to pursue five new profit growth segments. Concluding his remarks, he reported good results with respect to the meeting with A.M. Best.

**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 and expand product offerings. He reported a loss ratio of 60.2% which was a 9.1 point improvement from the prior year. He also reported three accomplishments 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, increased bench strength, created consistency across the Group, took advantage of synergies and better aligned core competencies.
2. Full implementation and deployment of Guidewire in Wisconsin and Minnesota and the beginning of the conversion process. He noted that this was well received by our agents. With respect to policy conversion, for the first quarter of 2019 retention was at 81.5% which was better than expected.
3. Integration of Commercial Lines and Workers' Compensation and Strategic Accounts in Wisconsin and Minnesota. He noted that the company was enjoying a great deal of success with this.

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 called upon Mr. Howat to give the Treasurer's report.

Mr. Howat first discussed a graphic depicting percentages of premium by product line and by state. He reported that the distribution of business and states had changed significantly as a result of the affiliation with BrickStreet Mutual Insurance Company and had resulted in the Group being more diversified which is viewed positively by both our regulators and A.M. Best. 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 Wilson Mutual Insurance Company's (Wilson Mutual) share was 1.7%. He also reported that in joining the pool the surplus of the Motorists Insurance Group nearly doubled to \$1.46 billion with Wilson Mutual's surplus at \$19.3 million. Mr. Howat then provided a report on the financial statements.

Concluding his remarks, Mr. Howat noted that the Group's combined ratio of 101.1 was better than the industry average of 101.5. He indicated that 2018 was a remarkably successful year for the Group with better than average weather. For the first quarter of 2019 he noted that weather was back to its average.

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

**ELECTION OF
DIRECTORS**

Mr. Burton stated that the term of two directors had expired; namely, Mr. David L. Kaufman and Mr. Thomas J. Obrokta, Jr. 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 Mr. David L. Kaufman and Mr. Thomas J. Obrokta, Jr., each nominated for a three-year term.

Mr. Burton then declared the nominations closed as no other

names had been properly submitted and asked for a motion to elect the directors. 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. Mr. Burton noted that this meeting would be the last for Mr. Western, Mr. Ogg and Mr. McCracken as they would be retiring from the board. He thanked them for their years of service. Mr. Kaufman noted that a resolution would be presented to Mr. Western at the Board meeting thanking him for his 24-years of service on the Board. Mr. Kaufman also noted that Mr. Western had been the President of Wilson Mutual from 1986 through 2013.

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 2:50 p.m. ET/1:50 p.m. CT.



Marchelle E. Moore, Corporate Secretary