



MINUTES

ANNUAL MEETING OF THE POLICYHOLDERS OF BRICKSTREET MUTUAL INSURANCE COMPANY

CHARLESTON, WEST VIRGINIA

JULY 29, 2019

Board Members Present:

Gregory A. Burton, Executive Chairman*
David L. Kaufman, CEO*
Thomas J. ("T.J.") Obrokta, Jr., President and COO*
W. Marston Becker
John J. Bishop
Stephen G. Roberts
Robert C. Smith
Michael L. Wiseman

*Board Member and Officer

Officers Present:

J. Christopher Howat, Chief Financial Officer
Marchelle E. Moore, Chief Legal Officer & Corporate Secretary

Proxy Holders Present:

Marchelle E. Moore, Chief Legal Officer & Corporate Secretary

Call to Order – Gregory A. Burton, Executive Chairman

Mr. Burton called the Annual Meeting to order at 8:30 a.m.

Opening Remarks – Gregory A. Burton, Chair

Mr. Burton's remarks follow:

"Pursuant to section 3.1 of BrickStreet's by-laws, this Annual Meeting is being held on the last Monday in July at the time designated by the Board of Directors.



In preparation for this Annual Meeting, the Board of Directors set a record date of June 1, 2019. This simply means that those employers that were BrickStreet policyholders as of that date are eligible to participate in this Annual Meeting.

Also, pursuant to Board direction, a Notice of Annual Meeting and Proxy Statement were mailed to all eligible BrickStreet policyholders on or about June 25, 2019.

Finally, in addition to those of you in the audience, well in excess of 500 policyholders are attending today's Annual Meeting by proxy submitted to the Corporate Secretary. Accordingly, I find that more than the required 100 policyholders are in attendance at today's meeting and therefore a quorum is present.

Having found that all administrative prerequisites have been satisfied and that this Annual Meeting shall proceed, I would like to briefly discuss the agenda for today's meeting.

First, we will vote to approve the 2018 Annual Meeting minutes. Then, we will receive reports from our CEO, Dave Kaufman, our President and COO, T.J. Obrokta and then from our CFO, Chris Howat. At the end of Mr. Howat's report, we will record election results of the 5 directors who have been nominated to serve new 3-year terms effective immediately. We will then adjourn."

Approval of 2018 Annual Meeting Minutes – Gregory A. Burton, Executive Chairman

Upon a motion duly made and seconded, the minutes of the July 30, 2018 Annual Meeting of BrickStreet Mutual Insurance Company were approved.

CEO Report – Dave Kaufman, CEO

Mr. Kaufman's remarks follow:

"Good morning, I am Dave Kaufman, the CEO of BrickStreet Mutual Insurance Company. It is a pleasure to be here today at our Company's 2019 Annual Meeting.

What I would like to do this morning is discuss BrickStreet's accomplishments and the current state of BrickStreet's business.

With regard to our achievements in 2018, I am proud to announce that we continue to build our policyholder surplus which stood at \$809.5 million as of year-end. Given our



financial strength, I am happy to report that A.M. Best has again affirmed our A- (excellent) rating.

BrickStreet's strong financial performance continues and will be presented by our CFO, Chris Howat. Our results have allowed us to prudently build surplus to ensure that we are a stable, long-term market for our agents and policyholders.

One significant development in 2018 was the continued integration of BrickStreet with Motorists Insurance Group. The most significant development of 2019, to date, was the rebranding of BrickStreet and Motorists as Encova Insurance. As part of Encova, BrickStreet is part of an organization with over \$1.5 billion in surplus and premiums in excess of \$1 billion. Now, BrickStreet insureds have access to other lines of commercial insurance.

BrickStreet remains particularly dedicated to its role as West Virginia's leading workers' compensation carrier. I am proud to say that BrickStreet maintains roughly a 50% market share in West Virginia, and we are pleased that we have remained by far the largest provider of workers' compensation insurance in the state. Our success can be attributed to our associates, our partnerships with our appointed agents, and to our continued commitment to our 360 business model.

Looking forward, BrickStreet will continue to leverage our unique business model to differentiate ourselves and leverage our ability to provide policyholders with access to other lines of commercial insurance.

In closing, BrickStreet's policyholders can look upon their Company with pride. We are profitable. We continue to make organizational changes and strengthen strategic partnerships that will ensure our success going forward. We are successfully diversifying our risk and remain a debt free organization rated A- (excellent) by A.M. Best. Given our financial strength and strategic position, we can all be proud to be a part of BrickStreet."

President and COO Report – T.J. Obrokta, Jr., President and COO

2018 was a year of expansion for BrickStreet while it also focused on remaining the workers' compensation carrier of choice in West Virginia. BrickStreet expanded its distribution through the appointment of historically Motorists Insurance Group agents in 2018. This increased BrickStreet's distribution across its footprint.



BrickStreet also expanded its products. Historically, BrickStreet only wrote in the large account space outside of West Virginia and Pennsylvania. In 2018, we expanded into the small account space which included offering a desktop solution to our agents for submissions under \$50,000. BrickStreet wrote nearly \$7 million of new business in 2018 in this new product space. Finally, BrickStreet expanded geographically into states primarily in the north central part of the United States. Accordingly, 2018 was a success with the expansion of BrickStreet as it also successfully remained the clear company of choice in West Virginia.

CFO Report – J. Christopher Howat, CFO

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 A.M. 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 usually 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.

Election of Board Members – Marchelle Moore, Corporate Secretary

Ms. Moore's comments, announcement of the ballot count, and result of the elections follow:

"Thank you. I am in receipt of the votes submitted by proxy, as a result of the proxy solicitation mailed on or about June 25, 2019. I am pleased to announce the following results:



- (1) Regarding the election of W. Marston Becker, as nominated by the Governance and Nominating Committee, for a three (3) year term to the Board of Directors,

417 for, 14 against, 88 abstain

Mr. Becker is elected to a 3-year term commencing July 29, 2019.

- (2) Regarding the election of Stephen G. Roberts, as nominated by the Governance and Nominating Committee, for a three (3) year term to the Board of Directors,

418 for, 12 against, 88 abstain

Mr. Roberts is elected to a 3-year term commencing July 29, 2019.

- (3) Regarding the election of Robert C. Smith, as nominated by the Governance and Nominating Committee, for a three (3) year term to the Board of Directors,

411 for, 10 against, 95 abstain

Mr. Smith is elected to a 3-year term commencing July 29, 2019.

- (4) Regarding the election of Michael Wiseman, as nominated by the Governance and Nominating Committee, for a three (3) year term to the Board of Directors,

414 for, 9 against, 94 abstain

Mr. Wiseman is elected to a 3-year term commencing July 29, 2019.”

- (5) Regarding the election of Charles D. Stapleton, as nominated by the Governance and Nominating Committee, for a three (3) year term to the Board of Directors,

410 for, 11 against, 92 abstain

Mr. Stapleton is elected to a 3-year term commencing July 29, 2019.”

Adjournment

Mr. Burton announced the conclusion of business for BrickStreet’s 2019 Annual Meeting and noted the next Annual Meeting will be held on July 27, 2020.



Upon motion duly made and seconded, the 2019 Annual Meeting was adjourned.

The meeting adjourned at 8:50 a.m.

Gregory A. Burton

Gregory A. Burton, Executive Chairman

07/29/2019

Date