



2015 ANNUAL REPORT



UNION MUTUAL

Live life well protected





2015 Annual Report

UNION MUTUAL

Union Mutual Fire Insurance Company
Community Mutual Insurance Company
Eastern Mutual Insurance Company
New England Guaranty Insurance Company, Inc.

2015 HIGHLIGHTS

- Achieved record surplus
- Hired nearly 30 employees and interns in 2015 to maintain our superior service levels
- Voted one of the *“Best Places to Work”* in Vermont for a third consecutive year
- Lead sponsor of the Special Olympics Vermont Summer Games
- Implemented *“Straight Through Processing,”* positioning our platform for long-term sustained service
- Adjusted a record number of claims, providing superior service to our policyholders
- Hosted Agency Technology Councils contributing to continued enhancements to Union Express

LOOKING AHEAD

2014-2016 Strategic Plan

Delivering on our promise to help you *“Live life well protected”* requires vision, commitment and excellence in execution. The foundational guidance for achieving this emanates from our Strategic Plan. 2015 saw the implementation of the middle third of our current three-year plan. Highlights included introducing many ease-of-use updates to Union Express, continuing refinements in claims handling and a sharpening of our underwriting appetite. At the highest level, our Strategic Plan focuses on three core competencies that we believe are critical to our and your on-going success and sustainability:

- **Service** – Deliver *“service second to none”* to all of our customers by maximizing our strong agency partnerships and enhancing technology.
- **Growth** – Build stronger independent agency partnerships while optimizing our product portfolio in targeted geographic territories.
- **Profitability** – Achieve consistent and predictable underwriting profit in targeted lines of business through disciplined underwriting and enhanced data analytics.



PRESIDENT'S MESSAGE

LIVE LIFE WELL PROTECTED

For over 140 years, Union Mutual has provided high-quality insurance products throughout New England and New York. As regional mutual insurance companies, each of our partner companies is committed to ensuring all of our nearly 105,000 policyholders are well protected. The financial strength of our companies is the foundation of the security we offer, and with record surplus approaching \$95 million, we are stronger than ever.

2015 was certainly a year to remember. Winter Storm Juno delivered record snowfall and extended below-freezing temperatures throughout New England and New York. The combination of events produced more winter losses for our policyholders than ever seen before. Working alongside our 400 local agency partners, we were able to quickly adjust thousands of claims thereby providing our policyholders the comfort of knowing their damage would be properly repaired. As long-time residents of New England and New York, all of us at Union Mutual Fire Insurance (1874), Community Mutual (1854), Eastern Mutual (1856), and New England Guaranty (1898), know events like this can occur and we are ready to assist our policyholders when they do.

“*As regional mutual insurance companies, each of our partner companies is committed to ensuring all of our nearly 105,000 policyholders are well protected.*”



Michael W. Nobles

Despite the record-setting winter, 2015 was a year to celebrate due to a number of positive achievements. During the year, our customer base grew to nearly 105,000 insureds with an all-time high of 119,000 policies, generating a record \$175 million of written premium and a corresponding all-time high surplus of nearly \$95 million. For a third consecutive year, we were recognized as one of the “*Best Places to Work*” in Vermont. At an individual level, several of our employees received regional and national recognition for their efforts to provide an exemplary customer experience. With more than 90% of our customers choosing to purchase their insurance coverage from Union Mutual year after year, it is evident that our friendly service and competitive solutions makes us one of the best companies to do business with.

To all of our existing customers, thank you for your business and your confidence in our Companies. We hope you appreciate and value the difference in doing business locally with one of our insurance companies working alongside your independent agent.

Sincerely,

A handwritten signature in blue ink that reads "Michael W. Nobles".

Michael W. Nobles
President & Chief Executive Officer

OUTSTANDING SERVICE AND SUPPORT



PROVIDING SUPERIOR CLAIMS SERVICE

For our policyholders and agents, 2015 was a year of numerous challenges with severe losses across all of southern New England and New York. Record snowfall and extreme cold temperatures triggered a volume of ice dam and freeze-up losses like we had not witnessed in decades.

Following the multiple winter storms, we experienced a record number of claims but finished the year with the lowest number of open claims in almost 10 years. This achievement could not have been possible without the support of our network of independent insurance agents and our dedicated claims team. Despite the tumultuous start, we achieved record surplus and overall profitability.

At Union Mutual, we differentiate ourselves from our competitors by providing superior service when our policyholders need it most. 2015 was no different as our claims staff rose to meet the challenges the sustained extreme weather presented. As a local New England Company, we know the range of winter weather our neighbors can experience. Our claims adjusters are skilled in quickly and efficiently gathering information following a loss. Coordinating communication with our agency partners, we strive to keep our claims handling satisfaction high. We are proud to have loyal policyholders who know their claims will be settled promptly and fairly with Union Mutual.



BEST PLACES TO WORK

It is the continued dedication to superior service and genuine concern for others that creates harmony and camaraderie throughout our company. For a third straight year, Union Mutual was named one of the **Best Places to Work** in Vermont. This award highlights our unique combination of a challenging and professional work environment that is also fun and engaging. In addition, our comprehensive benefits package, our commitment to the highest standard of customer service, and most of all our employees, make Union Mutual such a special place to work.



CONTINUED TECHNOLOGICAL ADVANCEMENTS

In 2015, we continued to drive our technology initiatives to meet our agents' expectation of 'ease of use' within our policy administration system. To continue our superior service level standards we expanded our self-service capabilities for our agents with straight through processing for all homeowners forms. We now offer our agents the ability to quote, rate, bind and issue qualified risks on the spot for their policyholders. As one of only a few mutual carriers in New England to deliver fully automatic policy issuance without underwriter involvement, we continue to strive to be a 'go-to' seamless solution for high-quality homeowner's and renter's products.

As we understand the time constraints our agents and policyholders face in today's age, we also understood the need for a 'quick quote' feature within our system. Although commercial lines business coverages face more complexities compared to personal lines, we were able to create a BOP Quick Quote feature that accurately rates business owner's policies in less than a dozen entry fields. We recognize that our agents' success depends on accurate and timely interactions with their customers, so we are pleased to be able to offer these efficiencies.

In early 2015, we also hosted four agency technology council meetings. The purpose of the meetings was to engage in feedback from our agency partners relative to our technology. Twenty-eight agency personnel attended the meetings representing all six New England states. Feedback from these 'power users' was documented and prioritized at each meeting providing an excellent opportunity for in-depth training on the many features of Union Express. As a result, nearly sixty enhancements were implemented in Union Express bringing greater functionality for all of our independent agency partners.

Union Mutual's willingness and ability to focus on continual change and improvements demonstrates our commitment to serving our agencies' and policyholders' long-term insurance and technical needs. We thank our network of independent insurance agents for their partnership in providing superior service to our family of policyholders throughout New England and New York.

Live life well protected
unionmutual.com



UNWAVERING COMMUNITY INVOLVEMENT



Union Mutual employees and their families volunteered at Olympic Town during the Special Olympics Vermont Summer Games.

“

It's an ideal partnership for us. Union Mutual offers financial support that allows SOVT to train coaches, purchase equipment and run the event, as well as a team of enthusiastic volunteers. We were thrilled to have them on board for 2015.

- Lisa DeNatale, President & CEO
of Special Olympics Vermont

”

CHARITABLE GIVING

Union Mutual gives back to our communities by supporting numerous non-profit organizations in all six New England states and New York through volunteer hours and monetary donations. Union Mutual allocates charitable funds through an employee-run committee, CEO giving and a matching gift program. Employees also contribute through a Casual for a Cause program that benefits a designated charity each month. In 2015, Union employees donated nearly \$15,000 to organizations that included animal shelters, food shelves, the American Cancer Society's Relay for Life, a toy drive and school supplies for local students.



Union Mutual partnered with our Agency Council members to contribute donations to causes important to both organizations. Above, representatives from Union Mutual and Richard Soo Hoo Insurance present a check to the Kwong Kow Chinese School in Boston, Mass.

COMMUNITY SPONSORSHIPS

Community sponsorships are also part of the charitable giving program, honoring the interests of employees and agency partners that benefit a wide variety of organizations across New England and New York. In 2015, Union Mutual supported food banks and several civic organizations in all seven states we write business in.

- 4 Project Graduations
- Alford Youth Center
- Alzheimer's Association
- American Cancer Society
- Barre Historical Society
- Camp Ta-Kum-Ta
- Capstone Community Action
- Casual for a Cause
- Central Vermont Adult Basic Education
- Champlain Valley Office of Economic Opportunity
- Children's Hospital Dartmouth
- Commission on Economic Opportunity (Troy, NY)
- Committee on Temporary Shelter
- Connecticut Food Bank
- Cross Vermont Trail Association
- Good Shepherd Food Bank (Maine)
- Greater Boston Food Bank
- Green Up Vermont
- Kellogg-Hubbard Library
- Kwong Kow Chinese School
- Mad River Valley Community Fund
- Middlebury Rotary Club
- Montpelier Alive
- New Hampshire Food Bank
- Rhode Island Community Food Bank
- Rutland City Mission
- Southeastern Council on Alcoholism & Drug Dependence
- Special Olympics
- Sports sponsorships
- Vermont Foodbank
- Vermont Respite House
- White River Junction Rotary Club



Union Mutual employees and their families volunteered at the 2015 Relay for Life at Spaulding High School in June.



Union Mutual's 2015 summer interns



Special Olympics Vermont

Union Mutual President and CEO Michael Nobles was the keynote speaker at the Opening Ceremonies

LEAD SPONSOR FOR SPECIAL OLYMPICS VT SUMMER GAMES

Union Mutual was the lead sponsor for the 2015 Special Olympics Vermont Summer Games, held in late May at the University of Vermont, and provided over 60 volunteers for the three-day event. In addition, employees raised thousands of dollars to support the Unified Relay Across America, leading up to the Opening Ceremonies and eventually the Special Olympics World Games in Los Angeles, Calif. later in the summer.

“Being a part of this event really grounds you,” said Trish Carter, Union Mutual Automation and Training Specialist. “Whatever we deal with on a daily basis seems so insignificant when you observe the sheer strength, determination, love and caring for one another that these athletes demonstrated over the weekend. They are the inspiration to all of us.”



Unified Relay Across America

INTERNSHIPS

At Union Mutual, our interns are valued and treated like full-time employees from the very first interview through their final day in the office. We provide excellent training with experts in all aspects of the insurance industry, allowing for worthwhile paid internships for a wide variety of disciplines. Interns work closely with mentors to gain real-world business experience while directly contributing to the success of the Company.

“My internship gave me a great introduction to the industry, exposure to some fantastic people, and the chance to do work that was challenging and meaningful. Having experienced Union’s friendly and supportive atmosphere, forward-thinking outlook, and commitment to employees and customers, I was excited to return full-time.”

- Aaron Halpine



Aaron Halpine
Actuarial Analyst

CONTINUED FINANCIAL GROWTH

UNION MUTUAL FIRE INSURANCE COMPANY*

Assets:

Bonds.....	\$109,226,000
Stocks.....	18,363,000
Cash & Equivalents.....	17,471,000
Premiums Receivable.....	27,694,000
Other Assets.....	19,554,000
	<hr/>
	\$192,308,000

Liabilities:

Unearned Premiums.....	\$56,897,000
Loss & LAE Reserves.....	36,037,000
Other Liabilities.....	21,317,000
Policyholders' Surplus.....	78,057,000
	<hr/>
	\$192,308,000

COMMUNITY MUTUAL INSURANCE COMPANY

Assets:

Bonds.....	\$550,000
Stocks.....	95,000
Cash & Equivalents.....	377,000
Premiums Receivable.....	454,000
Other Assets.....	172,000
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	\$1,648,000

Liabilities:

Unearned Premiums.....	\$ -
Loss & LAE Reserves.....	-
Other Liabilities.....	638,000
Policyholders' Surplus.....	1,010,000
	<hr/>
	\$1,648,000

EASTERN MUTUAL INSURANCE COMPANY

Assets:

Bonds.....	\$16,639,000
Stocks.....	3,348,000
Cash & Equivalents.....	1,763,000
Premiums Receivable.....	1,410,000
Other Assets.....	716,000
	<hr/>
	\$23,876,000

Liabilities:

Unearned Premiums.....	\$4,201,000
Loss & LAE Reserves.....	4,422,000
Other Liabilities.....	757,000
Policyholders' Surplus.....	14,496,000
	<hr/>
	\$23,876,000

* Union Mutual contains activity from New England Guaranty, its wholly owned subsidiary.



A.M. BEST RATING OF

A-

(EXCELLENT)

has been assigned to all of the
Union Mutual of Vermont Companies

COMBINED BALANCE SHEET

December 31, 2015

Assets:

Bonds.....	\$126,414,000
Stocks.....	21,806,000
Cash & Equivalents.....	19,611,000
Premiums Receivable.....	29,210,000
Other Assets.....	19,523,000

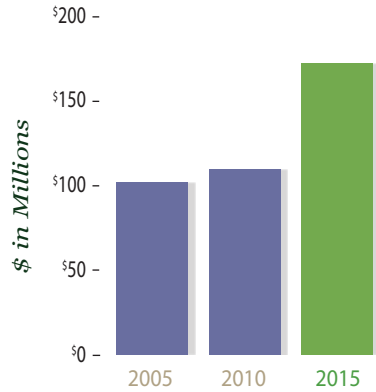
\$216,564,000

Liabilities:

Unearned Premiums.....	\$61,098,000
Loss & LAE Reserves.....	40,459,000
Other Liabilities.....	21,446,000
Policyholders' Surplus.....	93,561,000

\$216,564,000

WRITTEN PREMIUM



TOTAL ASSETS



POLICYHOLDERS' SURPLUS



SPECIAL AWARDS

LEADERS IN THE INDUSTRY

Recognized for their superior service

2015 ITA Bridge Award

The Insurance Technology Association recognized Gary Ouellette's and Lisa Keysar's efforts with its inaugural Bridge Award after the two quickly satisfied an ever-growing appetite for ease of doing business in the insurance marketplace with increased developmental velocity, unwavering focus on priorities and moving discretionary IT budget to the business units' control to "bridge" the gap between technology and business.



PHOTO CREDIT: LAUREN MAZZOTTA

Gary H. Ouellette
Executive Vice President

Lisa L. Keysar
*Executive Vice President,
and Corporate Secretary*

Company Person of the Year

The North American Insurance Alliance honored Regional Vice President of Marketing Carolyn Ix as the Company Person of the Year. NAIA president Craig Sargent lauded Carolyn for going above and beyond in her communication and partnership with NAIA member agencies as their conduit with Union Mutual.



Carolyn S. Ix
Regional Vice President

2015 Vermont Customer Service Representative of the Year



Duane Donahue
Customer Support Representative

Duane Donahue, a 27-year employee of Union Mutual, was named the Outstanding Customer Service Representative of the Year for Vermont by The National Alliance for Insurance Education & Research. This prestigious award recognizes the contributions and commitment of those who serve clients within the insurance industry.

“
Union Mutual was founded with the promise of neighbors helping neighbors, and our employees keep this promise each and every day through outstanding customer service, teamwork, volunteering and meaningful charitable giving throughout our local communities.
”

- Michael W. Nobles



F. Ray Keyser, Jr.
Former Board Member
& Vermont Governor
(August 17, 1927 - March 7, 2015)

2015 Dedication

WITH OUR DEEPEST APPRECIATION

This annual report is dedicated to F. Ray Keyser, Jr., a former Vermont Governor (the 72nd Vermont Governor from 1961-1963) and Union Mutual Board Member who passed away on March 7, 2015.

F. Ray Keyser, Jr. was a Board Member from January 15, 1964 to February 23, 2000 and Advisory Council Member from February 23, 2000 to February 27, 2013. He was the longest-serving Board member in Union Mutual history who we all knew as a passionate father, civic leader, fisherman, hunter, and devoted to his home state of Vermont.



Union Mutual – providing products and services
to help you *live life well protected*



Union Mutual carries the Trusted Choice®
designation by the Independent Insurance
Agencies and Brokers of America.



UNION MUTUAL FIRE INSURANCE CO. AND NEW ENGLAND GUARANTY INS. CO.

139 State Street • P.O. Box 158 • Montpelier, VT 05601-0158 • Phone: 802-223-5261 • www.unionmutual.com

OFFICERS	Michael W. Nobles President and Chief Executive Officer	Jennifer P. Galfetti Chief Financial Officer & Treasurer	Robert F. Glass Sr. Vice President, Products and Distribution	Lisa L. Keysar Executive Vice President & Corporate Secretary	Gary H. Ouellette Executive Vice President
BOARD OF DIRECTORS	Kathleen H. Davis Partner, Downs Rachlin Martin, PLLC	John H. Fitzhugh Chairman, Former President and CEO, Union Mutual	Thomas H. MacLeay Chairman, National Life Group	James A. McDonald Owner, Vermont National Country Club	Mark S. Young President, The First National Bank of Orwell
	James H. Douglas Executive in Residence – Middlebury College and Governor of VT (2003-2011)	Aaron R. MacAskill Former Managing Partner and CPA, A.M. Peisch and Company, LLP	Mary W. Marchut Retired Vice President, Treaty Account Executive, General Reinsurance Company	Michael W. Nobles President and CEO, Union Mutual	

COMMUNITY MUTUAL INSURANCE COMPANY

433 River Street, Suite 8002 • Troy, NY 12180 • Phone: 518-477-8182 • www.communitymutual.com

OFFICERS	Michael W. Nobles Chief Executive Officer	Thomas A. White President	Jennifer P. Galfetti Chief Financial Officer & Treasurer	Lisa L. Keysar Corporate Secretary	
BOARD OF DIRECTORS	David W. Becker Owner, Becker's Farm	Jennifer P. Galfetti Chief Financial Officer & Treasurer, Union Mutual	Michael W. Nobles Chairman, President and CEO, Union Mutual	Gary H. Ouellette Executive Vice President, Union Mutual	Thomas A. White President, Community Mutual
	Mona S. DeMay Retired Chief of Staff to the NYS Democratic Senate Leader	P. Baird Joslin, Jr. Attorney, O'Connor, O'Connor, Bresee, First, PC			

EASTERN MUTUAL INSURANCE COMPANY

6504 State Route 32 • P.O. Box 40, Greenville, NY 12083 • Phone: 518-966-4491 • www.easternmutual.com

OFFICERS	Kent L. Johnson President	Jennifer P. Galfetti Chief Financial Officer	Leslie A. Hallenbeck Vice President, Marketing and Underwriting	Michael W. Nobles Chief Executive Officer	Gary H. Ouellette Vice President, Information Systems
BOARD OF DIRECTORS	Valerie A. Davis Vice President and Secretary, Eastern Mutual	Elizabeth J. Friedland Retired Manager, Schoharie and Schenectady Mutual Insurance Association	Kent L. Johnson President, Eastern Mutual	William R. Scrafford Former President and Treasurer, Eastern Mutual	Fred S. Zeitler, CPA Public Accountant
	Robert E. Flagler Chairman, Retired Assistant Controller, Dime Savings Bank	Scott T. Jeffers President, Sauquoit Valley Insurance Co.	Michael W. Nobles President and CEO, Union Mutual	Allyn P. Wright Retired Vice Chairman, Independent Forestry Consultant	Alan P. Zuk Retired Transportation Coordinator, Berne Knox-Westerlo School District



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Eastern Mutual Insurance Company
New England Guaranty Insurance Company, Inc.
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