



*Protecting New England and
New York for over 140 years*



UNION MUTUAL

Live life well protected

.....
2016 ANNUAL REPORT





Michael W. Nobles

“
Our award-winning culture is best evidenced through our employees’ continued commitment to the greater New England and New York communities in which they live and we write business.
”



UNION MUTUAL

Live life well protected

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

PRESIDENT’S MESSAGE

Fair weather in 2016 made for another profitable year and allowed Union Mutual to focus our time and resources on systems enhancements and service improvements to continue to best serve our policyholders and independent agency partners. These actions reflect our ongoing commitment to providing our customers with a unique and exciting combination of top-notch personalized service with the speed and efficiency of online capabilities that are expected in today’s fast-moving world.

In 2016, we achieved record premium and record surplus for the third straight year and are extremely proud to celebrate the fourth consecutive year of a combined ratio under 100. It is truly thanks to our team of talented and dedicated employees and the continued support of our independent agents that has allowed us to align our strategic initiatives and achieve this success. As we look ahead, the aim remains to be a progressive, forward-thinking partner for our agents, while simultaneously being a profitable, financially stable Company for our present and future customers.

In addition to our financial success, our exceptional service level standards also reached new records in 2016. On the claims side, of the more than 6,000 policyholders who needed our assistance due to a loss last year, over 80% were handled by our in-house claims staff, expediting and personalizing the process for our insureds. On the underwriting side, nearly three-quarters of all new business and virtually all endorsements were processed almost immediately thanks in large part to the implementation of Straight Through Processing for Personal Lines. This leading-edge functionality now allows our Customer Support Department and Quote Support Team to focus their attention on providing service second to none, one of the principles on which the Company was founded.

As well as concentrating on providing superior service, we also made it safer for both our Company and our insureds to do business with increased and improved data compromise coverage. Union Mutual has been protecting our friends and neighbors with high-quality property and casualty insurance products for over 140 years and that rings true now more than ever as we navigate the ever-changing technology landscape.

Capping off a tremendous 2016, Union Mutual earned its fourth straight **“Best Places to Work”** in Vermont honor, which is a testament to our tremendous staff whose teamwork, skill and enthusiasm create a challenging and rewarding work atmosphere. Our award-winning culture is best evidenced through our employees’ continued commitment to the greater New England and New York communities in which they live and we write business. Their countless volunteer hours and generous charitable giving reached new heights in 2016 and we are thrilled their efforts were once again recognized.

Thank you to all of our insureds, our independent agency partners and our loyal employees for your continued trust in our Companies and allowing us to help you *live life well protected*.

Sincerely,

Michael W. Nobles
President & Chief Executive Officer



2016 HIGHLIGHTS:

- Achieved record surplus
- Voted one of the *“Best Places to Work in Vermont”* for the fourth consecutive year
- Lead sponsor of the Special Olympics Vermont Summer Games
- Expanded Straight Through Processing to Auto and Home Endorsements
- Enhanced service levels through implementation of Commercial Lines Quote Support Team and *“Quick Quote”* function
- Implemented additional improvements to Union Express, bringing the to-date total to more than 80 enhancements directly stemming from agent feedback

STRATEGIC PLAN

Fulfilling our promise to help you *“live life well protected”* requires a multi-faceted approach and commitment, balance and ingenuity. Our Strategic Plan revolves around three core competencies we believe to be critical to the ongoing success and sustainability of our Companies and our agency partners:

- **Service** – Leverage our industry-leading technology and Customer Support team to provide *“service second to none”* for our agency partners and insureds.
- **Growth** – Partner with the best independent agencies in each of our market segments to achieve targeted goals while creating and nurturing mutual success.
- **Profitability** – Deliver consistent and repeatable financial results through focus and commitment at all levels of our organization and partnerships.



“

Our claims adjuster did a great job of keeping me updated throughout the claims process. I appreciated how professional yet personable she was. She helped make a difficult time more bearable.

- Lauren, VT

”

.....
608

**total years of service
for employees with
20 or more years
at Union Mutual**
.....



SERVICE “SECOND TO NONE”

With combined staff experience of over 1,143 years, we know how unnerving it is for a policyholder to experience a large loss. We also know how superior claims service and the foundation of neighbors helping neighbors can remedy what can too often be a distressing experience. At Union Mutual, we are constantly striving to provide superior service to our agents and policyholders by ensuring that all claims are settled promptly and fairly and that no one ever feels surprised by the outcome of their claim.


As part of the claims process, our in-house and independent adjusters provide a superior level of service to our thousands of New England and New York policyholders, and ensure that every customer can **“live life well protected.”** In 2016, we also began a new process to ensure our policyholders received our best possible service by following up with individuals who experienced a claim through a brief customer satisfaction survey. We are thrilled with the positive response we have received to date with more than three out of four respondents noting they would refer us to a friend. We continue to focus on the satisfaction of our neighbors and policyholders during what we know can be a stressful life experience.



MODERNIZATION OF SYSTEMS

In our continued effort to strive for modern innovation and 'ease of use' for our agents and policyholders, 2016 was a year to focus on streamlining our processes. Our public website was redesigned with our new logo and color palette and a refreshed design that integrates our purpose to communicate our identity as a regional mutual company to site visitors. Our new site encourages visitors to learn about our products and our Company's culture with an end goal of linking visitors to a local independent agent in our network to receive a quote or discuss coverage and products in more detail. Our redesign also features a responsive design, ensuring visitors on tablets and smart phones benefit from a mobile-friendly layout.



 Within our policy administration system, we continued to focus on enhancing our Straight Through Processing feature which allows for quick, efficient policy issuance. As a benefit to both agent and policyholder, several transactions can now be processed instantly for both home and personal auto lines. This helpful time saver offers policyholders access to instant policy documentation (including auto ID cards) for many business transactions.

We take pride in our ability to continue innovation within the insurance world through the modernization of our systems. While we focus on being leaders in system efficiencies, we also find stability in our commitment to community, integrity in all relationships and of course, our superior service.

Employees who have been with Union Mutual for 20 years or more (back row, from left): Lisa Keysar, Randy Tisdale, Laurie Tatro, Tripp Robinson, David Steele, Michael Nobles, John Amick, Jeff McLaughlin, Gary Ouellette, John Trainor; (front row, from left): Jean Wilder, Pamela LaCount, Stephanie Pouliot, Julie Benjamin, Stephanie Richardson, Carolyn Ix, Trish Carter, Suzanne Pazdro.

Not pictured: Keri Champine, Tammy Davis, Brenda Donahue, Jon Pallas.

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85%
of homeowners new
business transactions in
2016 were processed with
same day service

.....

“
I had no idea that an insurance company could be so AWESOME! Thank you so much for your supportiveness and quick response.
”

- Chauntelle, VT

COMMUNITY GIVING

Union Mutual supports non-profit organizations important to our staff, our insureds and our independent agents in communities throughout all six New England states and New York with monetary donations and countless volunteer hours. The Company allocates these charitable funds through a matching gift program as well as an employee-run committee and a CEO giving program.

In 2016, employees contributed over \$15,000 as part of a Casual for a Cause program to organizations that include animal shelters, food banks, various health-related associations, the Dragon Boat Festival, Penguin Plunge to benefit Special Olympics Vermont, and drives for both back-to-school supplies and toys at the holiday season.



In celebration of Giving Tuesday, Union Mutual made donations to qualifying organizations on behalf of our Agency Council members. Pictured above during a check presentation to the American Red Cross in the Manchester office of Foy Insurance in December are Maria Devlin, CEO American Red Cross - NH/VT Region, Becky Towle, Jeff Foy, Heidi SanSouci, and Melissa Fini.

Union Mutual is a regular sponsor of Green Up Day in Vermont. Pictured at right are the employee volunteers from 2016. Back row from left: Sharon Werbinski, Alexis Markolf, Jean Wilder, Kim Whitcomb, Anna Coon, Mark Cioffi. Middle row, from left: Julie Benjamin, Stephanie Oakes, Laura Buermann, Jennifer Galfetti, Michael Kasson. Front row: Stephanie Krukar.



Representatives from Goss Logan Insurance and the Children's Hospital at Dartmouth pose with a donation check in December 2016 as part of the Union Mutual Marketing Department's Giving Tuesday campaign.

COMMUNITY SPONSORSHIPS

Community sponsorships are also a large part of the Company's charitable giving program, supporting a wide variety of civic-minded organizations in all seven states we write business in.

- Asian American Civic Association
- Barre Opera House
- Bennington Free Library
- Cedarcrest Center for Children with Disabilities
- Central Vermont Memorial Civic Center
- Children's Hospitals at Dartmouth and UVM Medical Center
- Greater Androscoggin Humane Society
- Green Up Day
- Jack Rua Camp for Children with Diabetes
- Mad River Community Fund
- Montpelier Alive
- National Multiple Sclerosis Association
- Pittsfield Youth Workshop
- Saratoga Regional YMCA
- Southeast Council on Alcoholism & Drug Dependency
- Special Olympics Vermont
- Swansea Ambulance Corps
- Thunder Road sponsorships
- Warrior Thunder Foundation
- White River Junction Rotary Club





SPECIAL OLYMPICS VERMONT SUMMER GAMES

For the third straight year, Union Mutual served as the lead sponsor of the Special Olympics Vermont Summer Games, held in early June at the University of Vermont. Over 30 Union Mutual employees, interns and special guests Olympic Nordic skiers Andy Newell and Erika Flowers volunteered over the three-day event. In addition, employees raised well over \$2,000 for the Union Mutual relay team in the Vermont City Marathon to benefit Special Olympics Vermont as part of the Miles for a Mission program.



Top photo: Union Mutual employees and special guests volunteer at the Special Olympics Vermont Summer Games, sponsored by Union Mutual and held in June at the University of Vermont. Middle photo: Union Mutual employees participated in the 2016 Dragon Boat Festival at the Burlington Waterfront to benefit Dragonheart Vermont, supporting current cancer patients and survivors. Bottom photo: Union Mutual employees extended their Green Up Day volunteer efforts with graffiti removal at the Interstate 89 overpass bridge supports. Below, over 45 Union Mutual employees took part in the 2016 Vermont Corporate Cup and State Agency Race, held annually in May in Montpelier.

“

I was so touched to help (over the weekend). I felt proud to work for Union Mutual and I felt honored to receive some hugs from the athletes. Thank you for allowing me to come for a few hours. I truly got more out of it than I gave.

”

- Karen Chouinard,
Union Mutual
Commercial Lines Underwriter





UNION MUTUAL FIRE INSURANCE COMPANY

Assets:

Bonds	\$128,230,000
Stocks	24,920,000
Cash & Equivalents	24,346,000
Premiums Receivable.....	27,636,000
Other Assets.....	19,418,000

\$224,550,000

Liabilities:

Unearned Premiums	\$57,406,000
Loss & LAE Reserves.....	39,183,000
Other Liabilities.....	37,170,000
Policyholders' Surplus.....	90,791,000

\$224,550,000

COMMUNITY MUTUAL INSURANCE COMPANY

Assets:

Bonds	\$640,000
Stocks	103,000
Cash & Equivalents	486,000
Premiums Receivable.....	675,000
Other Assets.....	125,000

\$2,029,000

Liabilities:

Unearned Premiums	\$ -
Loss & LAE Reserves.....	-
Other Liabilities.....	938,000
Policyholders' Surplus.....	1,091,000

\$2,029,000

EASTERN MUTUAL INSURANCE COMPANY

Assets:

Bonds	\$16,651,000
Stocks	4,994,000
Cash & Equivalents	1,411,000
Premiums Receivable.....	1,473,000
Other Assets.....	626,000

\$25,155,000

Liabilities:

Unearned Premiums	\$4,369,000
Loss & LAE Reserves.....	3,987,000
Other Liabilities.....	758,000
Policyholders' Surplus.....	16,041,000

\$25,155,000



A.M. BEST RATING OF

A- (EXCELLENT)

has been assigned to all of the
Union Mutual Companies

COMBINED BALANCE SHEET December 31, 2016

Assets:

Bonds.....	\$145,521,000
Stocks.....	30,017,000
Cash & Equivalents.....	26,243,000
Premiums Receivable.....	28,991,000
Other Assets.....	19,217,000

\$249,989,000

Liabilities:

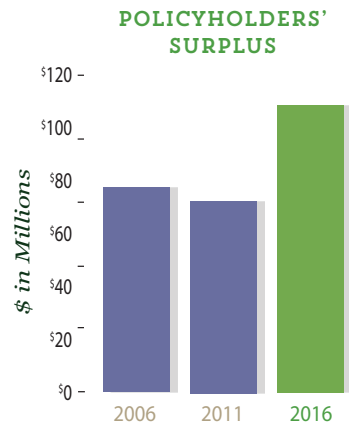
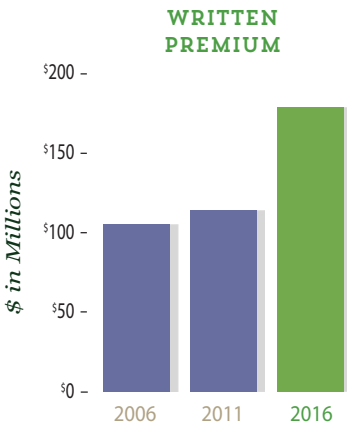
Unearned Premiums.....	\$61,775,000
Loss & LAE Reserves.....	43,170,000
Other Liabilities.....	37,121,000
Policyholders' Surplus.....	107,923,000

\$249,989,000



Union Mutual has been there for me and my family for all our insurance needs for more than 15 years, thank you so much for the peace of mind knowing we have dedicated professionals by our side, not some flashy 'on the cheap' insurance company. We all appreciate the peace of mind knowing you are there!

- Andrew, NH



www.unionmutual.com

“

Union Mutual cares about all aspects of an employee's life and does so much to make sure all needs are met professionally. The Company is generous and promotes from within very often, showing the potential for advancement. Union Mutual provides a challenging, engaging work atmosphere where each employee's strengths are brought to the forefront.

- UM employee

”



From left, Union Mutual employees Stephanie Krukar, Troy Springer, Vincent Giovanniello and Nathan Magne represent the Company at an annual career fair at the University of Vermont.



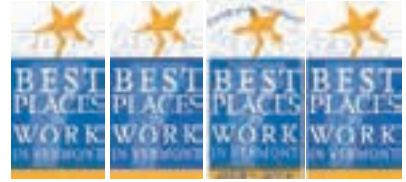
Jayme Parker



Lily Richardson

Union Mutual's 2016 Summer Interns. Above, back row from left: Taylor Plante-Whitcomb, Jeffrey Badger, James Weisbecker. Front row from left: Tyler Glass, Tyler Ducharme, Benjamin Lozier.

INTERNSHIPS & EMPLOYEE DEVELOPMENT



Interns at Union Mutual are a valued addition to our staff and are often challenged with many of the same tasks as our full-time employees. This provides interns with excellent real-world training alongside our in-house experts in all aspects of the industry. The Union Mutual internship program continued to grow in 2016, and three summer interns were subsequently hired full-time following the completion of their internship.

A new employee development program was introduced in 2016, with the objective of providing an in-depth experience and on-going mentorship with targeted training across all aspects of the insurance industry. Participants gain valuable knowledge that enhances their ability to perform their current job and broadens their skillsets for future opportunities.

2016 DEDICATION



Robert E. Flagler

Eastern Mutual Board Member
(December 5, 1935 - January 30, 2017)

WITH OUR DEEPEST APPRECIATION

This annual report is dedicated to **Robert E. Flagler**, an Eastern Mutual Board member for 40 years, including 17 as Chairman, who passed away on January 30, 2017.

Robert E. Flagler retired as auditor after 30 years at Dime Savings Bank. He also served as auditor for the Albany County Sheriff's Department and treasurer of both the Berne Reformed Church and Berne Volunteer Fire Department for many years. He was one of the longest-serving Board members in Eastern Mutual history, and he will be remembered as a family man who enjoyed traveling, golfing and deer hunting.

“
We will miss Bob's dedication and leadership on the Eastern Board of Directors. He was always a friendly and positive influence. Our meetings will not be the same without him.”

- Kent Johnson
President, Eastern Mutual
Insurance Company



UNION MUTUAL FIRE INSURANCE COMPANY AND NEW ENGLAND GUARANTY INSURANCE COMPANY

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Jennifer P. Galfetti
Chief Financial Officer and Treasurer

Robert F. Glass
Sr. Vice President, Underwriting

Lisa L. Keysar
Executive Vice President and
Corporate Secretary

Gary H. Ouellette
Executive Vice President

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Partner, Downs Rachlin
Martin, PLLC

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Executive in Residence –
Middlebury College
and Governor of VT
(2003-2011)

John H. Fitzhugh
Chairman, Former
President and CEO,
Union Mutual

Aaron R. MacAskill
Former Managing
Partner and CPA, A.M.
Peisch and Company, LLP

Thomas H. MacLeay
Chairman, National
Life Group

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Retired Vice President,
Treaty Account Executive,
General Reinsurance
Company

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Owner, Vermont National
Country Club

Michael W. Nobles
President and CEO,
Union Mutual

Mark S. Young
President, The First National
Bank of Orwell

COMMUNITY MUTUAL INSURANCE COMPANY

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Thomas A. White
President

Jennifer P. Galfetti
Chief Financial Officer and Treasurer

Lisa L. Keysar
Corporate Secretary

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Owner, Becker's Farm

Mona S. DeMay
Retired Chief of Staff to the
NYS Democratic Senate Leader

Jennifer P. Galfetti
Chief Financial Officer and
Treasurer, Union Mutual

P. Baird Joslin, Jr.
Attorney, O'Connor,
O'Connor, Bresee, First, PC

Michael W. Nobles
Chairman, President and
CEO, Union Mutual

Gary H. Ouellette
Executive Vice President,
Union Mutual

Thomas A. White
President, Community
Mutual

EASTERN MUTUAL INSURANCE COMPANY

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President

Valerie A. Davis
Vice President and Secretary

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

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Vice President and Secretary,
Eastern Mutual

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Retired Assistant Controller,
Dime Savings Bank

Elizabeth J. Friedland
Retired Manager, Schoharie
and Schenectady Mutual
Insurance Association

Scott T. Jeffers
President, Sauquoit Valley
Insurance Co.

Kent L. Johnson
President, Eastern Mutual

Michael W. Nobles
President and CEO,
Union Mutual

William R. Scrafford
Chairman, Former
President and Treasurer,
Eastern Mutual

Allyn P. Wright
Retired Vice Chairman,
Independent Forestry
Consultant

Fred S. Zeitler, CPA
Public Accountant

Alan P. Zuk
Retired Transportation
Coordinator, Berne
Knox-Westerlo School
District



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