

Annual Policyholders' Meeting

Meeting of the Board of Directors of the New Mexico Mutual Casualty Company and its wholly-owned insurance subsidiaries New Mexico Commercial Insurance Company, New Mexico Premier Insurance Company, New Mexico Assurance Company, New Mexico Employers Assurance Company, New Mexico Southwest Casualty Company, New Mexico Security Insurance Company, New Mexico Safety Casualty Company, New Mexico Foundation Insurance Company and New Mexico Business Insurance Company.

Minutes of Wednesday, May 27, 2020

Board Members: Jay Czar, Chair; Tom Antram, Secretary Treasurer; Norm Becker, President & CEO; Sam Baca; Christina Campos; Michael Canfield; Ronda Gilliland-Lopez; Maria Griego-Raby; and Julia Rose

Leadership: Kellie Mixon, Vice President & CFO; Dan Giralmo, Vice President of Claims; Kristen Carey, Vice President of Underwriting; Jeremiah Ritchie, Vice President & General Counsel; New Mexico Mutual Management

Other Attendees: New Mexico Mutual Policyholders; Jim Richardson, RSM

Item No. 1: Call to Order

Jay Czar, Board Chair, called to order the 2020 Annual Policyholders Meeting of the New Mexico Mutual Casualty Company at 8:32 AM/MDT, on Wednesday, May 27, 2020. The meeting was broadcast virtually via AdobeConnect from New Mexico Mutual's home office at 5201 Balloon Fiesta Parkway NE, Albuquerque, New Mexico 87113.

Item No. 2: Proxy Report and Quorum

Norm Becker, President and Chief Executive Officer, presented the Quorum and Proxy Report. Mr. Becker reported that the company received a total of **150** written proxy responses from Policyholders of the New Mexico Mutual Casualty Company ("Policyholders") indicating the following:

- **142** Policyholders appointed Norman P. Becker with full power of substitution, as proxy to vote on all matters that may properly come before the 2020 Annual Policyholders Meeting; and
- **8** Policyholders indicated that they would virtually attend the 2020 Annual Policyholders Meeting: (i) Adobe Door, Inc.; (ii) Sandia Peak Tram; (iii) Maestas & Ward Commercial Real Estate; (iv) WG Management/BigByte Corporation; (v) Caja de Juguetes Child Development Center; (vi) Santa Fe Farmers Market; (vii) Supportive Housing Coalition of New Mexico; (viii) American Southwest Ichthyological Researchers.

In accordance with the Bylaws and Proxy Report, Mr. Becker confirmed that a quorum has been constituted by simple majority of Policyholders present and by written proxy, which is necessary and sufficient to conduct business at the 2020 Annual Policyholders Meeting.

There were no other considerations by the Policyholders.

Item No. 3: Opening Remarks

Mr. Czar opened the meeting by welcoming the Board members, executives, policyholders, management, and stated that due to the circumstances and concerns related to the COVID-19 pandemic, the Company chose to hold the meeting virtually. Mr. Czar introduced each Board member and commended the Company on another successful year in 2019.

Item No. 4: 2019 Financial and Operations Reports

Introduction of Senior Leadership

Mr. Becker introduced the Senior Leadership of New Mexico Mutual and provided a brief bio for each executive.

Report of Consolidated Financials

Kellie Mixon, Vice President of Finance and Chief Financial Officer, presented the 2019 Financial Results. In review of the income statement and balance sheet, it was reported that the Company had a successful year with strong top line revenue and investment income performing ahead of plan. Despite a slight increase in loss activity and another year of rate decreases, the Company was able to make a positive contribution to surplus.

Independent Financial Audit Report

The 2019 Independent Financial Audit Report of the Company's financial statements for the year ended December 31, 2019 was presented. There were no significant items to report and RSM confirmed full cooperation with management during the engagement. RSM issued an unmodified, "clean" opinion of the combined statutory financial statements dated May 12, 2020.

Operations Report

Kristen Carey, Vice President of Underwriting, presented the 2019 operations report. New Mexico Mutual continues to be the market leader with 32.2% share of the market. The Company has policies across all sectors of business and saw growth in Construction, Trade/Transport, Professional Services, and Leisure/Hospitality. Stable premium and loss ratios were maintained across all sectors and claim frequency and severity trends improved over prior years. Cost containment continued to be a focus along with proactively managing expenses, which led to favorable financial and operational results.

Item No. 5: CEO Report

2019 Overview

Mr. Becker provided an overview of 2019, which was another strong year for New Mexico Mutual. Gross written premiums remained flat at \$105M despite four consecutive years of rate decreases. The Company's expense ratio was 29.2%, which was an impressive feat given the rate declines. Market share was significantly higher than our competition and our strong financial position led to a positive contribution to surplus. The Company worked diligently to retain existing business while targeting niche areas for growth and enhancing technology for ease of doing business.

2020 Objectives

Mr. Becker commented on the goals for the current year. The Company will focus on innovation, enhancing technology, process improvements, and overall growth. Mr. Becker commented on the COVID-19 pandemic and stated the Company will continue to work diligently in serving its mission providing quality, cost-effective workers' compensation coverage to New Mexico businesses. Despite the shut down and a transition to remote work environment, providing Service Excellence remains a top priority. New Mexico Mutual appreciates its clients, agent/partners, and employees.

Item No. 6: Other Business

No other business was considered by the Policyholders.

Item No. 7: Adjournment

Motion to adjourn was made and seconded; unanimously approved. The 2020 Annual Policyholders Meeting of the New Mexico Mutual Casualty Company was adjourned at approximately 9:00 AM/MDT.

APPROVED:

ATTESTATION:

By: _____
Jay Czar, Board Chair

Tom Antram, Secretary Treasurer

Date: _____

Date: _____