



# 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 Thursday, May 23, 2024

**Board Members:** Tom Antram, Chair; Maria Griego-Raby, Secretary Treasurer; Sam Baca; Christina Campos; Ronda Gilliland-Lopez; Eric Herrera; Jennifer Thomas; Kellie Mixon, President & CEO; and Ken Carson – *Absent*

**Leadership:** Dan Giralmo, Vice President of Claims; Kristen Carey, Vice President of Underwriting; Jeremiah Ritchie, Vice President & General Counsel; Gina Hickman, Vice President & CFO; Sara Gurule, Scribe; Claudia Sanchez, Director of Marketing & Policyholder Services; Dawn Madden, Director of Claims – *Virtual*; Chris Frassanito, Manager of IT – *Virtual*; and Andrew Hollinshead, Manager of Innovation – *Virtual*

**Other Attendees:** Jason Harrington, HB Construction; Kyle Stewart, RSM US LLP; Kyle Conway, RSM US LLP; Javier Vasquez, Vasquez Trucking, LLC; Janice Munoz, Vasquez Trucking, LLC; Nick Blatt, Waterjet Cutting, Inc; and Rick Davis, Family Housing Development – *Virtual*

### **Item No. 1: Call to Order**

Tom Antram, Board Chair, called to order the 2024 Annual Policyholders' Meeting of the New Mexico Mutual Casualty Company at 8:00 AM/MDT on Thursday, May 23, 2024, held at New Mexico Mutual's home office, located at 5201 Balloon Fiesta Parkway NE, Albuquerque, New Mexico 87113. In addition to being held in-person, the meeting was also broadcast virtually via Cisco Webex. Mr. Antram introduced Kellie Mixon, the President and Chief Executive Officer of New Mexico Mutual.

### **Item No. 2: Proxy Report and Quorum**

Ms. Mixon presented the Quorum and Proxy Report and stated the Company received a total of **54** written proxy responses from Policyholders of the New Mexico Mutual Casualty Company ("Policyholders") indicating the following:

- **48** Policyholders appointed Kellie Mixon with full power of substitution, as proxy to vote on all matters that may properly come before the 2024 Annual Policyholders Meeting; and
- **6** Policyholders indicated that they would attend the 2024 Annual Policyholders Meeting: (i) Waterjet Cutting, Inc.; (ii) Sapien Law LLC; (iii) NM Boys & Girls Ranches; (iv) San Juan Water Commission; (v) Family Housing Development; and (vi) Vasquez Trucking, LLC.

**In accordance with the Bylaws and Proxy Report, Ms. Mixon confirmed that a quorum had been constituted by simple majority of Policyholders present and by written proxy, which is necessary and sufficient to conduct business at the 2024 Annual Policyholders Meeting.**

### **Item No. 3: Approval of the Agenda of May 23, 2024**

Mr. Antram entertained a motion for approval of the Agenda of the May 23, 2024 Policyholder Meeting.

**Motion to approve the Agenda of the May 23, 2024 meeting was made and seconded. The motion was unanimously approved without amendment.**

#### **Item No. 4:      Approval of the Minutes of May 19, 2023**

Mr. Antram entertained a motion for approval of the Minutes of the May 19, 2023 Policyholder Meeting.

**Motion to approve the Minutes of the May 19, 2023 meeting was made and seconded. The motion was unanimously approved without amendment.**

#### **Item No. 5:      Opening Remarks and Introductions**

Mr. Antram welcomed our Policyholders, including those attending in-person and virtually, and noted that the meeting is an opportunity to share information on the performance of the Company with its Policyholders. It was noted that 2023 was another strong year for the Company and each member of New Mexico Mutual's Board of Directors was introduced.

#### **Item No. 6:      Election of Board Director**

Ms. Mixon introduced Jason Harrington, President and CEO of HB Construction, as the candidate for nomination to the New Mexico Mutual Board of Directors to replace Tom Antram representing the Policyholders. Mr. Harrington's full bio and nomination were included in the materials and proxy cards that were mailed to Policyholders.

It was reported that the company received a total of **54** written proxy responses from Policyholders:

- **2** Policyholders attended the meeting in-person and voted in favor of the nomination of Jason Harrington to the New Mexico Mutual Casualty Company Board of Directors, with **0** Policyholders in attendance voting in the negative.
- **48** Policyholders voted by written proxy in favor of the nomination of Jason Harrington to the New Mexico Mutual Casualty Company Board of Directors, with **4** Policyholders voting in the negative.

**Jason Harrington was elected to the Board of Directors representing the Policyholders by a majority of votes in-person and by written proxy.**

#### **Item No. 7:      2023 Financial and Operations Reports**

##### *Introduction of Senior Leadership*

Ms. Mixon introduced the members of New Mexico Mutual's Senior Leadership Team and noted their years of service with the Company. The Senior Leadership Team included Dan Giralmo, Vice President of Claims; Kristen Carey, Vice President of Underwriting; Jeremiah Ritchie, Vice President and General Counsel; and Gina Hickman, Vice President and Chief Financial Officer.

##### *Report of Consolidated Financials*

Ms. Hickman presented the 2023 consolidated financial results for New Mexico Mutual. In review of the income statement and balance sheet, it was reported that revenue was above budget and the prior year. The Company experienced a decrease in loss levels resulting in a reduction to the Loss Ratio. Investment performance improved in 2023 with opportunities for increased yield. Due to strong results in net income and investments, a positive contribution to surplus was reported. The Company's A.M. Best rating of A- (Excellent) was reaffirmed with a stable outlook.

##### *Independent Financial Audit Report*

Kyle Stewart, Partner with RSM US LLP, presented the Independent Financial Audit Report of the Company's financial statements for the year ended December 31, 2023. RSM was engaged to audit the combined statutory financial statements of the New Mexico Mutual Group, including its nine insurance company affiliates. Mr. Stewart confirmed that RSM did not identify any material departures or exceptions in their audit procedures on the statutory financial statements. RSM issued an unmodified, "clean" opinion of the combined statutory financial statements dated May 16, 2024. It was reported that RSM

received full cooperation from management in performance of the audit, including open communication and oversight by the Board's Audit Committee.

### *Operations Report*

Ms. Carey presented the operations report. In 2023, the Company continued to see favorable results. New Mexico Mutual remained the market leader for workers' compensation insurance in the state as the overall market in New Mexico grew by 1.8%. Voluntary premiums increased by \$2.8M, approximately 2.9% over the prior year. Sector results were briefly reviewed with minor gains in all sectors except for Education/Health and Farm/Ranch. Claim count was flat in 2024, while the average cost of claims increased by 7.2% in 2023. It was noted that New Mexico Mutual's Cost Containment Committee continues to drive significant savings in an effort to keep claim costs down for its Policyholders. In 2023, strong operational performance enhanced New Mexico Mutual's financial strength and advanced its mission to provide cost effective workers' compensation insurance to local businesses.

### **Item No. 8:      CEO Report**

#### *2023 Overview*

Ms. Mixon commented that 2023 was a successful year for New Mexico Mutual as the Company continued its focus on service excellence and innovation. Key highlights were reviewed and included transitioning our agent partners to the Roadrunner portal for quick and easy quoting, three AI chatbots were in development for rollout in 2024 to customers, core Guidewire systems were moved to the cloud enhancing functionality and increased the claims digital disbursements adoption rate for quick and secure payments. It was reported that New Mexico Mutual was recognized by the Independent Agents of New Mexico as Company of the Year.

#### *2024 Objectives*

Ms. Mixon commented on the goals for 2024 and indicated that the Company expects a decrease in top line revenue due to the 12.5% rate reduction. Losses were projected to remain consistent with the prior year. The Combined Ratio is expected to increase to 102%, leading to a loss from operations, which should be offset by higher investment returns. To better serve its stakeholders, the Company will maintain its emphasis on innovation, with a particular focus on billing and payment systems. This approach aims to enhance operational efficiency and improve customer experience. Ms. Mixon thanked the Policyholders who attended and participated in the meeting.

### **Item No. 9:      Other Business**

No other business was considered by the Policyholders.

### **Item No. 10:      Adjournment**

**The 2024 Annual Policyholders Meeting of the New Mexico Mutual Casualty Company was adjourned at approximately 8:33 AM/MDT.**

**APPROVED:**

**ATTESTATION:**

By: \_\_\_\_\_  
**Jennifer Thomas**, Board Chair

\_\_\_\_\_  
**Maria Griego-Raby**, Secretary Treasurer

Date: \_\_\_\_\_

Date: \_\_\_\_\_