

Bybee, Cressinda

From: Steve Bajan <steve.bajan@sauconinsurance.com>
Sent: Friday, April 21, 2017 1:00 PM
To: Bybee, Cressinda
Cc: froggenbaum@saul.com; Brian T. Regan (bregan@rlbaccountants.com)
Subject: Mailing of Notice to Policyholders
Attachments: Policyholder Notice of 3rd Amended Plan Filing.pdf; PA Bulletin Notice of Public Comment Period.pdf

Ms. Bybee:
The attached Policyholder Notice and PA Bulletin Notice of Public Comment Period were mailed today to all Policyholders as of the 8/27/2014 Record Date.

Best regards,

Stephen Bajan



610.868.1832



610.868.1800

74 West Broad Street, Suite 300
Bethlehem, PA 18018
Fax: 610.317.0998



www.sauconinsurance.com

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SAUCON MUTUAL INSURANCE COMPANY
74 W. Broad Street
Suite 300
Bethlehem, PA 18018

NOTICE OF PROPOSED AMENDED PLAN OF CONVERSION

Dear Current or Former Policyholder:

The board of directors of Saucon Mutual Insurance Company (“Saucon”) would like to inform you that on March 22, 2017, the board adopted an amended plan to convert Saucon from a mutual insurance company to a stock insurance company. That amended plan is referred to in this notice as the “Amended Plan of Conversion.” The Amended Plan of Conversion further amends the Plan of Conversion that Saucon’s board of directors had initially adopted on August 27, 2014. That date (August 27, 2014) continues to be the “Record Date” under the Amended Plan of Conversion, which means that the provisions of the Amended Plan of Conversion would apply to any person who was a policyholder on the Record Date even if that person subsequently ceased to be a policyholder.

Saucon’s board of directors believes that the Amended Plan of Conversion, if it becomes effective, will be beneficial to Saucon’s policyholders, such as you. Policies of insurance issued by Saucon that are currently in effect would remain in full force and effect, and policyholders on the Record Date would be entitled to either (1) receive compensation including cash payments and enhancements to their insurance policies or (2) subscribe for shares of Saucon Holding Company (the company that will become Saucon’s sole shareholder upon its conversion into a stock insurance company pursuant to the Amended Plan of Conversion). However, certain rights of policyholders, such as the right to vote to elect Saucon’s directors, would be extinguished. Saucon’s board of directors does not believe that the conversion will have any negative impact on Saucon’s financial strength nor on its ability to pay claims and policy benefits.

The Amended Plan of Conversion was filed with the Pennsylvania Insurance Department (“Department”) on April 3, 2017, and the approval of the Department is required in order for the Amended Plan of Conversion to become effective. The Department filed a notice of receipt of this filing in the *Pennsylvania Bulletin*, and a copy of that notice is enclosed.


As a policyholder of Saucon Mutual Insurance Company on the Record Date, you have the right to provide comments on the Amended Plan of Conversion to the Department and to Saucon. The process and the deadline for submitting comments on the Amended Plan of Conversion are detailed in the Department’s notice. Please note that the Amended Plan of Conversion and related documents are available for review and download from the Department’s website at: www.insurance.pa.gov. Click the “Companies” link on the top of the home page, then click “Industry Activity,” “Corporate Transactions of Public Interest: Current,” and finally “Saucon Mutual Insurance Company.”

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Please be advised that the filed Amended Plan of Conversion is not the final approved plan and that the Department's approval, if any, of the final plan does not constitute or imply endorsement of this Amended Plan or the conversion itself by the Department. Furthermore, the Amended Plan of Conversion cannot be effected unless it is duly approved by a vote of those persons who were Saucon's policyholders as of the Record Date. Saucon intends to call a special meeting of those persons who were Saucon's policyholders as of the Record Date for this purpose, and Saucon will provide a formal notice of that meeting and other voting details at a later date.

If you have any questions about the Amended Plan of Conversion or on your rights to provide comments, please contact Stephen Bajan, the Chief Executive Officer of Saucon Mutual Insurance Company, at 74 West Broad Street, Suite 300, Bethlehem PA 18018, telephone (610) 868-1832, or e-mail at steve.bajan@sauconinsurance.com.

By Order of the Board of Directors,

A handwritten signature in black ink that reads "Brian T. Regan". The signature is written in a cursive style with a large initial "B".

Brian Regan, Chairman of the Board
Bethlehem, PA

**APPLICATION AND REQUEST FOR PLAN
APPROVAL OF A MUTUAL-TO-STOCK CONVERSION AND
SUBSEQUENT ACQUISITION OF CONTROL OF
SAUCON MUTUAL INSURANCE COMPANY
REOPENING OF PUBLIC COMMENT PERIOD
TO REVIEW AMENDED FILING**

On September 13, 2014, the Pennsylvania Insurance Department (“Department”) published notice of receipt of the application of Saucon Mutual Insurance Company (“Saucon”) requesting approval of a Plan of Conversion which provided for conversion from a mutual property insurance company to a stock property insurance company. The notice also advised of the receipt of a request from Saucon Holding Company, a Pennsylvania domiciled stock corporation, for approval to acquire control of all of the capital stock of Saucon upon consummation of the above-referenced conversion. Included within the request of Saucon Holding Company was the identity of three individuals anticipated to hold a controlling interest in Saucon Holding Company upon completion of the conversion and acquisition.

The September 13, 2014, notice afforded persons the opportunity to provide written comments on the filing to the Department for a period that expired on October 28, 2014 (see 44 Pa.B. 5948 (September 13, 2014)). At the conclusion of a public informational hearing held by the Department on September 1, 2015, the Department announced that once the transcript is made available and after all questions and responses are compiled, the Department would reopen the matter for public comment for an additional 15-day period of time. On September 11, 2015, the Department posted on its website the hearing transcript and Saucon’s letter responding to the hearing commentary. Because of technical difficulties relating to the Department’s website migration, the Department extended the comment period until November 2, 2015.

On April 3, 2017, the Department received amended documents to the proposed conversion and corresponding change of control of Saucon (“Amended Filing”). The Amended Filing is currently available on the Department’s website at www.insurance.pa.gov. After first scheduling an appointment, consumers may also view the amended documents at the Department’s Harrisburg office - (717) 787-0877.

The purpose of this notice is to reopen the public comment period to afford the public the opportunity to comment on the Amended Filing. Persons wishing to comment on the grounds of public or private interest are invited to submit a written statement on the Amended Filing to the Department. The public comment period will remain open for an indefinite period of time to afford persons ample opportunity to provide written comments on the Amended Filing to the Department. A subsequent notice will appear in the *Pennsylvania Bulletin* to announce the closing of the public comment period. Written statements must include the name, address and telephone number of the interested party, identification of the application to which the statement is addressed, and a concise statement with sufficient detail and relevant facts to inform the Department of the exact basis of the statement. Written statements should be directed to Cressinda Bybee, Company Licensing Division, Pennsylvania Insurance Department, 1345 Strawberry Square, Harrisburg, PA 17120; fax (717) 787-8557; email cbybee@pa.gov.

Comments received will be part of the public record regarding the filing and will be made available on the Department’s website. Additionally, copies of the comments received will be forwarded to the applicant for appropriate response. The applicant’s responses will also be made available on the Department’s website.