

Bybee, Cressinda

From: Steve Bajan <steve.bajan@sauconinsurance.com>
Sent: Friday, April 28, 2017 9:38 AM
To: 'westerman@msn.com'
Cc: Bybee, Cressinda
Subject: Response to Your Conversion Comment
Attachments: Westerman, Richard Response 2017.04.28.pdf

Mr. Westerman:

Please see our attached response to your comments regarding our Conversion application. A hard copy of our letter is on its way to you via USPS Priority Mail. Thank you for taking the time to share your thoughts on this important matter.

Best regards,

Stephen Bajan



610.868.1832



610.868.1800

74 West Broad Street, Suite 300
Bethlehem, PA 18018
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April 28, 2017

Richard V. Westerman
1009 Radley Drive
West Chester, PA 19382-8088

Sent via email to Westerman@msn.com with hard copy via USPS Priority Mail

Mr. Westerman:

Thank you for your decision to purchase a Saucon Mutual perpetual policy in 2005 and for your loyalty in remaining a policyholder since that date. We received your inquiry directly from you and also from Cressinda Bybee of the Pennsylvania Insurance Department (the Department) for response.

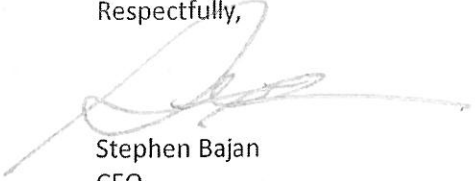
Thank you also for taking the time to review Saucon's Third Amended and Restated Plan. We welcome your comments. Demutualizations of Pennsylvania mutual insurers traditionally take 1 of 3 forms:
(1) Subscription rights conversion where members are given the right to subscribe for stock;
(2) Mutual holding company conversion where members are given membership rights in a mutual holding company; or
(3) An alternative conversion where members are given cash consideration and/or policy benefits.

Since we began our discussion of the demutualization process back in 2014 we have had frequent and regular discussions with the Department which are reflected in the current Plan, which merges the best of the Subscription Rights and the Alternative plan features by granting the member the option of either subscribing to stock or receiving cash consideration.

With respect to your suggestion concerning how the stock offering should be structured, the Department felt strongly that Saucon's members should be given the opportunity to purchase 100% of the stock prior to any purchases by directors or management.

Thank you again for your loyalty as a Saucon Mutual policyholder. Please feel free to contact me if further discussion would be helpful.

Respectfully,



Stephen Bajan
CEO

cc: Cressinda E. Bybee, Pennsylvania Insurance Department