

Bybee, Cressinda

From: R Westerman <westerman@msn.com>
Sent: Wednesday, May 03, 2017 2:32 AM
To: Bybee, Cressinda
Cc: steve.bajan@sauconinsurance.com
Subject: Fw: SAUCON MUTUAL CONVERSION PLAN

I wrote the below response before I received Steve's letter. His letter states that the Department was focused on members being able to purchase 100% of the company. While the current offer makes this technically possible, we are basically considering a conversion which becomes invalid if more than 49% is subscribed. The question which you should address is "Should you permit mutual holders to purchase some stock or just allow the 'control people' to purchase almost 100% of the company?" The offer, as now presented, requires a mutual holder to forfeit conversion benefits in order to purchase any shares -- No rational investor would trade these substantial benefits to purchase such a speculative stock. (Also the offer is not equitable; each person has a different cash consideration they would be giving up for the same purchase privilege.) There are likely to be few if any purchasers, leaving management with almost 100% ownership. Steve tries to make the case that "traditionally" it is "either or". However, allowing mutual holders to purchase stock in their former company at market price is hardly a financial benefit. After considering the speculative nature of the stock offering I now doubt there would be significant demand unless the condition of forfeiture is removed. The Department is going to have to decide what is best and fair for PA and its citizens.

Thank you for considering my suggestions,
 Richard V. Westerman

From: R Westerman <westerman@msn.com>
Sent: Sunday, April 30, 2017 4:41 PM
To: steve.bajan@sauconinsurance.com
Subject: SAUCON MUTUAL CONVERSION PLAN

To: Steve Bajan, Saucon Mutual

I am a Saucon perpetual holder. I sent in a brief comment to you and PA recently. Below are some expanded thoughts:

- I support the conversion and wish it could proceed without excess delay.
- I believe your plan as recently modified is flawed and needs to be corrected. It does not treat the mutual holders equitably. This could be easily corrected.
- I believe most holders would agree to a stock split of 49% for holders and 51% for "Control" persons. We all want to see the surviving company succeed and this would give management the incentive and authority.
- The conversion plan should be modified to give all holders the benefits as outlined.
- In addition all holders should be allowed to purchase stock (at the same price as the "control group"). Have them submit their request for shares (set a minimum of about 2000 shares) . If over

subscribed allocate the 49% of shares by filling the lower quantities in full first and then topping off all the higher requests with the same number of shares. This would essentially be a modification of giving all holders shares in the company (they could use their conversion payment to purchase shares). I would expect the offering to be fully subscribed; if not, the remaining shares could be offered to the "control group".

I think the above would be acceptable to the PA Insurance commission and would be overwhelming accepted by the "holders". Your current proposal is flawed in that it would permit a handful of holders to purchase almost half the company and if oversubscribed would cause the entire proposal to fail. Further, it appears to be a scheme; if very undersubscribed, the "control people" or others could acquire almost the entire company. The above modification would not significantly increase costs; would allow most holders to become stockholders and would be perceived to be a fairer and receive wide approval. This is a better outcome for the people of PA!

Steve, I would appreciate any comments or suggestions you may have .

Thanks,
Richard Westerman
westerman@msn.com