

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

NOTICE OF PROPOSED PLAN OF CONVERSION

Dear Policyholder:

The board of directors of Saucon Mutual Insurance Company would like to inform you that on August 27, 2014, the board approved a written plan to convert the company from a mutual insurance company to a stock insurance company.

The board of directors believes that the plan, if it becomes effective, will be beneficial to policyholders of the company, such as you. Policies of insurance issued by the company would remain in full force and effect, and policyholders will be entitled to receive compensation including cash payments and enhancements to their insurance policies. However, certain rights of the policyholders, such as the right to vote to elect directors of the company, would be extinguished. The board of directors does not believe that the conversion will have any negative impact on the company's financial strength ratings nor on its ability to pay claims and policy benefits.

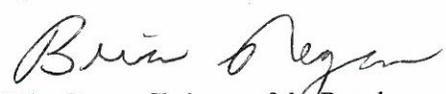
The plan was filed with the Pennsylvania Department of Insurance on September 2, 2014, and the approval of the Department is required in order for the plan to become effective. The Department filed a notice of this filing in the *Pennsylvania Bulletin*, and a copy of that notice is enclosed.

As a policyholder of Saucon Mutual Insurance company, you have the right to provide comments on the plan to the Department and to the company. The process and the deadline for submitting comments to the Plan of Conversion are detailed in the Department's notice.

Please be advised that the initial plan 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 Plan or the Conversion by the Department. Furthermore, the plan cannot be effected unless it is duly approved by a vote of the policyholders. The company intends to call a special meeting of the policyholders for this purpose, and the company will provide a formal notice of that meeting and other voting details at a later date.

If you have any questions about the plan or on your rights to provide comments on the plan, Stephen Bajan, the Chief Executive Officer of Saucon Mutual, at 74 West Broad Street, Suite 300, Bethlehem PA 18018, telephone (610) 868-1832.

By Order of the Board of Directors,



Brian Regan, Chairman of the Board
Bethlehem, PA