Creating an insurance experience that benefits you.
A Message from the President

In the process of consuming most products and services, you can see them, touch them, taste them, smell them, hear them, be entertained by them, pampered by them. Often, a need or want is fulfilled immediately, tangibly, concretely.

The “consuming” of insurance is experiential. You “feel” the benefit with the peace of mind you have knowing that you are effectively protected against the uncertainties of life. You “sense” the value of insurance in the support it provides to your economic well-being and security. You “live” it when you recover from an injury or a loss. That is why Mutual Benefit Group states its mission in terms of creating an insurance experience that benefits you.

From the agents we partner with, the employees we recruit, and the attorneys and claims adjusters we work with to the coverages we offer, your ultimate experience is foremost in our corporate vision.

This annual report was designed to help you see how the various components of our mission statement...The MBG Experience...were crafted to align with your insurance experience needs. More importantly, we’ve chosen to provide first-hand testimonials so that you might have confirmation that The MBG Experience does truly work for you. Of course, as a mutual insurance company, we serve only you as we have no stockholder interests to satisfy first.

This past year was another trying one for the Company and many of our policyholders. The polar vortex and an historic hail storm brought real difficulty to many people throughout Pennsylvania and Maryland. The weather severity was extremely uncomfortable at best, financially damaging at worst. However, the insurance experience for our policyholders was extremely satisfactory. During the quarter in which the eastern Pennsylvania hail storm occurred, not a single insured that responded to our paid-claim satisfaction survey expressed any dissatisfaction with the glass repair service they experienced in the settlement of their claim. Within the fourth quarter survey, not a single policyholder expressed any dissatisfaction with their claim service experience for any type of claim. And, for the entire year, policyholder dissatisfaction with our claims service was limited to 1% of the survey respondents. To quote Brian Platt, MBG, through our superior claims service, has your back as our policyholder.

I mentioned that this past year was a trying one for MBG. However, even with the weather claim adversity that we faced, your company was able to maintain a strong and very conservative financial position in support of your prospective insurance needs.

In serving our policyholders, partnering with our agents, and supporting our community, our corporate aim is to provide a service and experience that benefits all. We were privileged to be your insurance company of choice during 2014. We would be pleased to be your insurance company of choice for many years to come. As you consider your options for insurance, please remember our mission, and know that no company will work harder to create an insurance experience that benefits you, because we truly have your back.
Rain was pelting down the evening 16-year-old Laura Platt drove herself and two friends home from a high school sporting event. Little did she know the tragedy awaiting her.

An elderly husband and wife were at an intersection when Laura’s car approached on the adjoining road. The husband made a left turn out of the intersection and collided with Laura’s car, slamming into the front passenger side with an impact strong enough to break the wheel off the axle. The man’s wife seemed to take the brunt of the impact and required long-term hospitalization. Tragically, three months later, the woman died in the hospital. However, it could not be determined if the cause of her death was directly related to the accident. Regardless, her husband and children were devastated, as were Laura and her family.

For the 16-year-old student, what happened over the next eight years was not how she had expected her life to go. The surviving family members of the victim blamed Laura for their wife and mother’s death, accusing her of driving without headlights that night, which meant their father (the driver) could not have seen Laura’s vehicle. These accusations led the deceased’s family to bring a lawsuit against the Platts. Their demand...over one million dollars. The lawsuit was disturbing. “This time in our lives was filled with great uncertainty,” states Brian Platt, Laura’s father and MBG policyholder. “But, we did feel confident we would get through this and put it all behind us, but not knowing the outcome caused great uncertainty.”

Once litigation began it continued for eight years. “We tried to settle several times,” states Mr. Platt, “but the other party wouldn’t settle and kept raising the (Continued on page 6)
Customer Focus

The Experience is Mutual

The MBG Experience is a mutual experience. And that works to your benefit.

As a mutual company, we see you as much more than a policy number. As a policyholder in a mutual company, you share in “ownership” of the company and have a say in how it’s run. Mutuals don’t have to worry about setting prices and making profits that will please stockholders; mutuals are free to focus on the needs of their customers.

In the spring of 2014, many of our policyholders experienced damage to their autos and homes from a hail storm in eastern Pennsylvania. Several policyholders noted on a claim satisfaction survey that getting their claim settled seemed easy in comparison to family and co-workers who experienced the same type of damage but were insured with other companies.

Mutuals also look for ways to provide policyholders with state-of-the-art coverage. In 2014, Mutual Benefit introduced Data Compromise and CyberOne™ coverage that protects businessowners against a breach of their customers’ personal information or attacks on their business computer systems.

We’re focused on what you need. And when you need it, we’re there.

Independent Agents

Experts in Your Neighborhood

The piece of The MBG Experience that is perhaps most beneficial to you is our commitment to the independent insurance agency system. We market all our coverage through independent agents, and we’ve done so for over 100 years. Times have changed, and you can indeed get an insurance quote online, and you can try to research coverage nuances on your own. But insurance can be a complicated transaction. How can you be sure you’re choosing the best coverage at the right price, with the service level you’ll expect?

There’s an expert in your neighborhood who can answer your questions and help you compare options from among the many different companies he or she represents. That’s your local independent agent, an expert who knows insurance, who knows your locale, and who will work hard to know you and meet your needs. In a recent study by Accenture, a global management and technology firm, 66% of respondents said they would most trust an independent agent for advice about the best insurance policy; 65% said they would prefer to approach an independent agent for an auto or homeowners insurance quote that best met their specific needs; and 71% said they would prefer to set up a policy and proceed with payment in person with an independent agent.

An independent agent is an advisor and advocate who’s right around the corner.
Fran Vaughn, Mutual Benefit’s Vice President - Human Resources, was presented with the 2014 ATHENA Leadership Award® by the Huntingdon County Chamber of Commerce. Inspired by the goddess of Greek mythology known for her strength, courage, wisdom and enlightenment, the award is presented for achieving the highest level of professional excellence, contributing time and energy to improve the quality of life for others in the community, and for actively assisting others, particularly women, in realizing their full leadership potential.

“Fran’s leadership in the workplace has contributed to a corporate culture that has made Mutual Benefit Group a recipient of The Best Places to Work in PA award for the past six years in a row. As chair of the board of directors at J.C. Blair Memorial Hospital in Huntingdon, PA, Fran has worked tirelessly to ensure topnotch health care for a rural community, and has set an outstanding example as a champion and servant of the community where she lives and works.”

-Steve Sliver, President and CEO, Mutual Benefit Group

Our Experience...Your Benefit

Standing by Our Policyholders

“Kevin James has been above and beyond any expectations. I was actually surprised and very pleased!”

-W.E. Volant, Pennsylvania

“Kevin, as well as our entire claims team, believes in providing great customer service. It’s part of who we are—because we care. We strive to separate ourselves from competitors through our customer service efforts. Customers have left MBG to get a lower price with another carrier, only to return to MBG because of the outstanding claims service. This gives us great satisfaction and serves as a tribute to our claims staff.”

-Mark Russell
Vice President - Claims

Kevin James
Senior Claim Representative

Our Best People

Serving Our Agents

“Everything starts with a good underwriter...one who works with me, and listens, and offers solutions...like Jodie Bishop, my commercial lines senior underwriter at Mutual Benefit Group. I value the professional relationship with Jodie and appreciate the personalized underwriting assistance she provides.”

-Sheila K. Rathfon, Office Manager
R. James Smathers Agency, Inc.
Clarion, Pennsylvania

Jodie Bishop
Commercial Lines
Senior Underwriter

Supporting Our Community

Fran Vaughn, Mutual Benefit’s Vice President - Human Resources, was presented with the 2014 ATHENA Leadership Award® by the Huntingdon County Chamber of Commerce. Inspired by the goddess of Greek mythology known for her strength, courage, wisdom and enlightenment, the award is presented for achieving the highest level of professional excellence, contributing time and energy to improve the quality of life for others in the community, and for actively assisting others, particularly women, in realizing their full leadership potential. “Fran’s leadership in the workplace has contributed to a corporate culture that has made Mutual Benefit Group a recipient of The Best Places to Work in PA award for the past six years in a row. As chair of the board of directors at J.C. Blair Memorial Hospital in Huntingdon, PA, Fran has worked tirelessly to ensure topnotch health care for a rural community, and has set an outstanding example as a champion and servant of the community where she lives and works.”

-Steve Sliver, President and CEO, Mutual Benefit Group

Fran Vaughn
Vice President - Human Resources
Our Experience...Your Benefit

Mutual (Continued from page 3)

demand.” During those eight years, Laura managed to go on with life and enter college, but remained tied to the events of that tragic night. “We were on ‘standby’ to attend numerous legal proceedings,” states Mr. Platt. “I felt bad for my daughter. She graduated from high school the year of the accident, started college that fall, and then, as she was graduating from college and beginning to enter the job market, the trial began. The unsettling feelings continued because the trial kept getting postponed. We felt like we were always on deck to be ready at the last minute. And, from Laura’s perspective, how do you explain the need to take time off from your new job at the drop of a hat to go to court? These were very troubling years for us all.”

Laura was fortunate, however, because her parents chose to partner with Mutual Benefit Group (MBG) for their auto insurance. MBG and its legal team remained by Laura and her family’s side throughout those eight years. “Mutual Benefit had our backs from day one,” states Mr. Platt. “Mutual Benefit stood by us every step of the way to the very end.”

“Laura’s case is an example of how a rather simple auto accident can turn into a situation where a loss of life occurs after the fact; suddenly you are faced with a million-dollar-plus lawsuit that puts your financial assets at serious risk,” states Attorney Todd B. Narvol, of Thomas, Thomas and Hafer LLP, Harrisburg, Pennsylvania, who represented Mutual Benefit Group and its insureds. “My experience has been that larger insurance companies will pay almost any monetary demand in a case like this to avoid the risk of a jury’s verdict. However, that is not the case with Mutual Benefit Group, or other mutual companies I’ve worked with, where the mindset is typically to ‘pay what we ought to pay and fight what we need to fight.’ Companies like MBG care about their insureds and go to bat for them.”

“From the initial claim, handled by MBG Claim Adjusters Susan Romano and Joel Myers, through the traffic safety engineer hired to reconstruct the accident, the pathologist who testified on behalf of the Platt family, the countless

“Mutual Benefit had our backs from day one and stood by us every step of the way to the very end.”

-Brian Platt
Laura’s father and MBG policyholder

hours invested by Mark Russell, MBG vice president-claims, Maurice Dellenne, MBG litigation specialist, and myself, one thing is for certain—MBG went above and beyond to protect this family and its financial assets. Yet, it’s typical of what Mutual Benefit does for its insureds,” says Narvol.

In all, MBG has devoted eight years to this claim, seeing it through to the end. “MBG won the case at the local level; however that decision was appealed, meaning the case had to be heard at the Pennsylvania Superior Court,” states Narvol. “Although MBG won at the Superior Court level too, this lengthy and time-consuming process is why some companies choose not to fight cases. MBG chose to fight for its insured and remained by the Platt family’s side throughout the entire litigation process. There were costs associated with fighting this case, but those costs were just a fraction of the initial million-dollar-plus demand. In the end, MBG’s only payment on the claim was for the collision coverage on the vehicle Laura was driving that night.”

After experiencing this ordeal, Mr. Platt is glad he chose MBG as his insurance carrier. “Since my daughter’s accident in 2006, our experience has been the best anyone could have hoped for,” states Mr. Platt. “We had the best team working for us, including our insurance agents, Bob and Rosemary Longley, of Longley Insurance, Exton, Pennsylvania; MBG’s Claim Department and senior management; and the legal team representing us, Todd Narvol and Andrea Gadd of Thomas, Thomas and Hafer LLP. This accident took a terrible turn, followed by accusations and a civil law suit; it was very personal to me. After going through all of this, it’s plain to see that MBG, its agents, and its attorneys have the experience we needed to protect us.”

Mark Russell, who quietly and unassumingly orchestrates the processes of these large and complex losses, has this to say, “We did what we promised Mr. Platt: we would do when he took out a policy with MBG—we protected him. I am proud of that and of everyone who helped us fight for our insured.”
Our Experience...Your Benefit

Financial Strength

**Assets (000’s)**

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<tr>
<th>Description</th>
<th>2014</th>
<th>2013</th>
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<tbody>
<tr>
<td>Cash in Bank</td>
<td>$4,528</td>
<td>$5,528</td>
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<tr>
<td>Bonds (Amortized)</td>
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<td>Stocks (Market)</td>
<td>$28,993</td>
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<td>Real Estate (Market)</td>
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<td>Accounts Receivable</td>
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<td>Reinsurance Recoverable</td>
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<td>Accrued Interest</td>
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<tr>
<td>All Other Assets</td>
<td>$281</td>
<td>$193</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$208,578</strong></td>
<td><strong>$207,866</strong></td>
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**Liabilities (000’s)**

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<tr>
<th>Description</th>
<th>2014</th>
<th>2013</th>
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<tr>
<td>Reserve For Unearned Premium</td>
<td>$48,913</td>
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<tr>
<td>Reserve For Loss and Adjusting Expense</td>
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<td>Reserve for All Other Liabilities</td>
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<td>Policyholder Surplus</td>
<td>$81,398</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$208,578</strong></td>
<td><strong>$207,866</strong></td>
</tr>
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</table>
Mutual Leadership

Directors

- William R. Alexander  
  Huntingdon, PA
- John D. Coursen  
  Huntingdon, PA
- Mark R. Cummins  
  Green Lane, PA
- Debra A. Goodling-Kime  
  Dover, PA
- Timothy I. Havice  
  Lewistown, PA
- Janis Herschkowitz  
  Cornwall, PA
- Peter M. McManamon  
  Huntingdon, PA
- Robert R. Packer  
  Clymer, PA
- Steven C. Sliver  
  Huntingdon, PA
- Charles B. Swigart  
  Huntingdon, PA

Officers

- Timothy I. Havice  
  Chair of the Board
- Steven C. Sliver  
  President  
  Chief Executive Officer
- John D. Coursen  
  Executive Vice President  
  Chief Operating Officer
- Charles B. Swigart  
  Vice Chair of the Board  
  Secretary
- Joseph L. Sloan  
  Vice President  
  Treasurer  
  Chief Financial Officer

Company Overview

- Rated A- (Excellent) by A.M. Best Company, the leading independent analyst of the insurance industry.
- Represented by more than 250 independent insurance agents throughout Pennsylvania and Maryland.
- Providing prompt, efficient claims service to nearly 80,000 policyholders through full-time staff adjusters and independent adjusting specialists.
- Offering a full line of personal and commercial insurance coverages, including homeowners, automobile, commercial package plans, workers’ compensation, inland marine, and umbrella through Mutual Benefit Insurance Company and Select Risk Insurance Company.
- Consistently ranked among the top three carriers on the Insurance Agents and Brokers biennial Company Satisfaction Index Survey from 2004-2013.
- Named one of the Best Places to Work in PA for six consecutive years (2009-2014).