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May 3, 2017

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Michael Yaworsky, Esq.
Georgia Department of Insurance
Legal Division
Sixth Floor, West Tower
2 MLK Jr Drive, SE
Atlanta, GA 30334

Dear Mike:

We have reviewed your letter dated April 26, 2017. Our responses to your issues and questions are presented below. Each response corresponds to the lettered item from your earlier correspondence.

a. The proposed mutual insurance holding company system for MAG Mutual Insurance Company ("MMIC") is fully described in detail within the document and attachments that were submitted to the Department on March 17, 2017 (the "Reorganization Plan"). To date, there are no additions or amendments to that Plan. The interests of MMIC's policyholders are protected by Georgia's Mutual Holding Company statute and other provisions of the Georgia Insurance Code, but also, the company charter, company bylaws, the proposed (i.e., post-conversion) charter, and bylaws of the insurer, plus the bylaws of the newly created MHC and IHC. As stated in the Plan, and in our previous meetings, the fairness to the MMIC policyholders is protected within the Plan itself and by the corporate documents listed above. As we've discussed, pre-transaction the policyholders (collectively) own and therefore control the insurance company and have the right to vote for the election of the board directors and on other important matters. Post transaction, those policyholders will (again, collectively) own the MHC and therefore control all of its holdings, including converted MMIC. The policyholders will continue to have a right to elect the Board of Directors and vote on other important matters. Each existing policy holder will be treated equally and fairly, and any new policyholders to join MMIC post transaction will also receive the same rights and benefits in the MHC as those who were policyholders at the time of conversion.

b. If we understand your question, there are no offerings of voting stock to officers, directors or any other persons. Nor have we made any offer of voting stock to members. At present, MMIC has no stock. Post transaction, 100% of the stock of converted MMIC will be owned by the IHC as outlined in the Plan and required by Georgia law.

c. There are no agreements with any directors or officers of MAG Mutual Holding Company.

d. We are unsure of what is meant by this question. There is no cash or consideration involved in this MHC transaction. As we have frequently noted, it is merely a re-organization of the companies into a new holding company structure. We have asked our consultants at PWC to provide a pro forma of the likely necessary funding at both the MHC and IHC levels and will

be glad to disclose that to the Department when it becomes available. However, we currently anticipate that the capital needs of both new entities will be very small – thus we envision an initial capitalization for the MHC of between \$5m and \$10m and an initial capitalization for the IHC of between \$1m and \$5m. The remaining surplus of MMIC would be retained at the converted insurance company level (currently in excess of \$900 million).

e. We do not believe there are any disadvantages to MMIC's policyholders as a result of the Reorganization Plan. To the contrary, we believe that the MHC structure is more advantageous to MMIC's policyholders because their policyholder interests will be retained intact at MMIC, and their membership rights will have merely been transferred from MMIC to the newly created MHC. Further, the MHC structure provides greater flexibility -- and we believe greater financial stability and competitiveness -- for the long term benefit of MMIC's current and future policyholders. Therefore, we believe the proposed Reorganization Plan transaction is highly advantageous to the policyholders.

f. As noted in our answer to item d above, our consultants at PWC will prepare a pro forma to summarize the expected funding at the MHC and at IHC levels. However as noted above, we anticipate that the vast bulk of the existing surplus of MMIC will be retained in the converted stock insurance company.

g. Same answer as for f above.

h. We are happy to prepare a five year business plan. However, the function of the newly created MHC is merely to hold all the stock of the IHC and to set overall strategy for the group of its subsidiaries. The insurance operations and indeed all of the standing committees of MMIC will continue to be performed at the Insurance company (i.e., Converted MMIC) level. As you know, neither the MHC or the IHC will be an insurer and thereby will not be involved in the traditional underwriting, premium collection, claims defense and policy servicing roles -- these insurance functions will all be retained by converted MMIC. Therefore, as a practical matter, the strategic business plan of the MHC is the strategic business plan of MMIC.

i. Enclosed are copies of the resolution approved by the Board on February 22, 2017 as well as the minutes from the Board conference call which was held on March 20, 2017. Taken together these two actions represent the authorization by the Board to move forward with the MHC Reorganization Plan.

j. The communications between the company and its policyholders relative to the Reorganization Plan are still being developed and will be provided to you when they are in final draft form. As you know, these communications will not actually be sent to MMIC's policyholders until after the Commissioner's ruling on the proposed Reorganization Plan.

k. There is no policyholder information booklet, nor do we expect that there will be one.

l. The proxy card is also being prepared and final draft form will be shared with the Department when it is completed.

m. The voting procedures for the policyholders to vote on the MHC Reorganization Plan are the same as for any other policyholder vote and are set forth in the bylaws of MMIC. An excerpt of the relevant bylaws sections has been provided, although we believe all of this information is already on file with the Department

n. Presently, MMIC has a number of intercompany and cost sharing agreements with a number of its subsidiaries. Each of these agreements has previously been filed with the Georgia Department. At present, there are no proposed cost sharing or intercompany agreements beyond those already provided to the Department, nor do we anticipate any being needed.

l. We understand a draft of the proposed affidavit has been provided to you last week by our outside counsel.

Finally, your letter indicates that all materials submitted to the Department by MMIC in connection with the Reorganization Plan will be placed on the Department's website. That was not our understanding from our other previous discussions with the Department. We understood the plan and exhibits as filed on March 17, 2017 will be placed on the Department website. We respectfully request that any other communications and correspondence provided in connection with the Department's analysis and investigation of these matters (including this response) be treated confidentially by the Department.

We trust this letter responds to your questions posed to us. If anything further is needed, please let us know.

With best regards,



Joseph L. Cregan
Executive Vice President, Chief Legal Officer

Enclosures

cc: Brian T. Casey, Esq.
Naveed Anwar, CFO and Treasurer, MMIC

2.2 Voting Rights. Each Member shall be entitled to one vote on each matter submitted to a vote of the membership. A majority of the votes cast in a meeting, duly called and at which a quorum is present, shall be sufficient to take or authorize action to be taken upon any matter which may properly come before the meeting, except as otherwise provided in these Bylaws.

2.3 Voting by Proxy. Voting by Proxy at any meeting of the Membership is hereby expressly authorized. Any Member shall be entitled to vote at any meeting of the Corporation by written Proxy, in lieu of voting in person. All Proxies shall be in writing or via electronic transmission and shall be filed with the Secretary of the Corporation for verification and recording at least three (3) days prior to the date of the meeting. No Proxy shall be made irrevocable. The Secretary shall determine the validity of such Proxies, subject to the right of appeal to a committee appointed by the Chairman of the Board of Directors for the purpose of hearing such appeals. The form of Proxy shall be approved by the Board of Directors of the Corporation.

2.4 Presiding Officer. The Chairman of the Board or the Vice Chairman or in the absence of both, the President, of the Corporation shall serve as a Chairman of every meeting of the Members of the Corporation unless some other person is elected to serve as Chairman by a majority vote of the Members represented at the meeting. The Chairman shall appoint such persons as he deems necessary to assist with the meeting.

2.5 Privileges of Members. Members shall be entitled to vote with respect to any matter submitted to the Membership, and shall have the right to elect the Board of Directors of the Corporation in the manner provided in ARTICLE IV of these Bylaws. Any Member shall be equally eligible for service as Director or Officer of the Corporation. Officers and Directors need not be Members of the Corporation.

ARTICLE III

MEETINGS OF MEMBERS

3.1 Place of Meetings. Meetings of the Members of the Corporation shall be held at any place within or without the State of Georgia as may be set forth in the notice of the meeting or in the waiver of notice thereof and if no place shall be so specified, meetings of the Members shall be held at the registered office of the Corporation.

might have. If any matter is to be voted upon by the Members at any meeting, the notice with respect to that meeting shall be accompanied by a proxy in the form approved by the Board of Directors of the Corporation. Any notice given by mail shall be deemed to have been given on the date such notice shall be deposited in the mail with first-class postage prepaid. Notice of the reconvening of any adjourned meeting of Members shall not be required to be given so long as the date, time and place of such reconvening is given prior to such adjournment. In the case of an annual or substitute annual meeting, the notice of the meeting need not state the purpose or purposes of the meeting unless the purpose or purposes of the meeting constitute a matter which the Georgia Business Corporation Code requires to be stated in the notice of the meeting. In the case of any special meeting, the notice of the meeting shall state the purpose or purposes for which the meeting is called.

3.6 Quorum. Ten (10%) percent of the Membership, including both persons attending in person and those represented by proxy, shall constitute a quorum at any meeting of the Membership. For any meeting where a quorum is not attained,, a majority of the Members present may adjourn such meeting. After any such adjournment, the meeting may be reconvened when a quorum does exist, and any business may be transacted at the reconvened meeting as it would have been at the originally called meeting.

ARTICLE IV

DIRECTORS

4.1 Governing Board. The property, affairs and business of the Corporation shall be managed and directed by a Board of Directors consisting of no less than nine (9) and no more than twenty-three (23) natural persons who are eighteen years of age or older. At all times, at least one-fourth (1/4) of the Corporation's Directors shall be residents of the State of Georgia and a majority of such Directors shall be citizens of the United States. At all times, at least two-thirds (2/3) of the Directors shall be active policyholders of the Company.

4.2 Election of Directors. The initial Board of Directors of the Corporation set forth in the Corporation's Application for charter shall serve until the first Annual Meeting of the Members of the Corporation or until their successors are duly elected and qualified, whichever shall first occur. Commencing with the first Annual Meeting of the Members of

the Corporation, the Board of Directors of the Corporation shall be elected by written or electronic ballot or written or electronic proxy to be tabulated at the Annual Meeting of the Membership, and shall thereafter hold office until their term of office shall expire, or until their successors are duly elected and qualified, or until their earlier death, resignation or removal.

4.3 Nominations. Commencing with the first Annual Meeting of Members, nominations for election to the Board of Directors shall be made by the Nominating Committee. The Nominating Committee may make at least as many nominations as may be necessary to fill the positions of the members of the Board whose terms of office will expire at the Annual Meeting of the Members and as may be necessary to fill any vacancies existing on the Board of Directors, as long as the total number of such nominations is in accordance with that number set out herein under Section 4.1 Governing Board.

4.4 Vote Necessary to Elect. Each Member shall be entitled to one vote for each position on the Board to be filled at the Annual Meeting of the Members. Such votes are not cumulative. The candidates receiving the highest number of votes shall be elected to the Board of Directors. In case of a tie, a run-off election shall be held in the manner prescribed by the Board of Directors.

4.5 Term of Office. At the initial Annual Meeting of the Members of the Corporation, the members of the Board of Directors of the Corporation, shall in aggregate number as fixed by the Members, be elected in three (3) classes, each class categorized by the term of office of the Directors therein. The term of office of those Directors in the first class shall be one (1) year. The term of office of those Directors in the second class shall be two (2) years. The term of office of those Directors in the third class shall be three (3) years. At each subsequent Annual Meeting, either the number of Directors equal to the number of Directors in the class whose terms of office expire at the time of such meeting, or that number of nominations made by the Nominating Committee pursuant to Section 4.3 Nominations herein, shall be elected by the Membership to serve for a full term of three (3) years and until their successors shall be duly elected and qualified. Any increase or decrease in the number of Directors shall be so apportioned among the classes as to make all classes authorized by the requisite vote of the Members as nearly equal in number as possible.

4.6 Vacancies. In the event a Director shall die, resign, or become permanently incapacitated, be removed for cause, or otherwise cease to be a Director, in the event that, at an Annual Meeting, the Membership shall elect a number of Directors less than the number of Directors in the class whose terms of office expire at the time of such meeting,

**RESOLUTIONS FOR APPROVAL
BY
THE BOARD OF DIRECTORS
OF
MAG MUTUAL INSURANCE COMPANY**

February 22, 2017

At its regularly scheduled Board meeting, the Board of Directors of MAG Mutual Insurance Company (the "Company") met to discuss a series of resolutions:

WHEREAS, in numerous previous meetings the Board has discussed and considered a number of alternatives to the Company's current organizational structure, including the possibility of forming a Mutual Holding Company ("MHC") under newly enacted Section 33-13A of the Georgia Insurance Code;

The Board has determined that a Mutual Holding Company conversion will enhance the Company's ability to grow and respond to future needs, challenges and opportunities, including the following benefits:

- Enhancing the company's access to capital
- Improving the company's position as it seeks to expand its territory of operations
- Improves the company's ability to pursue mergers and acquisitions of other insurers
- Improves the company's ability to acquire and operate captives, risk retention groups, agencies and other insurance entities

After careful consideration and analysis, the Board has determined that the membership interests of all of the Company's policyholders would be exchanged for an equal value ownership in the newly created MHC, that the proposal is both fair and equitable to the current policyholders;

In order to effectuate the MHC conversion, and pursuant to Section 33-13A-3 of the Georgia Insurance Code, the Company is required to obtain the approval of at least two thirds (2/3) of the Board members to begin the MHC conversion process;

Even after such Board approval is obtained, the Company is further obligated under Section 33-13A-4 to prepare and submit a proposed plan of reorganization to the Georgia Insurance Department for its review and approval.

Upon receipt of the regulatory approval from the Georgia Department of Insurance, the Company will be required to submit the proposed MHC conversion plan to a vote of the members, which is tentatively scheduled to occur at the next annual meeting in May.

That the Board of Directors of MAG Mutual Insurance Company (the "Company") hereby approves the following Resolutions:

RESOLVED, that the Board approves a plan to convert the company to a stock insurer and create a Mutual Holding Company structure as authorized by the Georgia Insurance Code.

RESOLVED, that the Company officers are authorized and directed to do any and all other acts and things whatsoever which may be in any way necessary or proper to assist the company in preparing the MHC conversion plan and making all necessary filings of that plan with the Georgia Department of Insurance.

In witness whereof, the undersigned certifies that the resolutions described above were approved by a two thirds affirmative vote of the directors in attendance at the Board Meeting.

APPROVED:


Chairman of the Board

ATTEST:


Corporate Secretary

**MINUTES OF THE SPECIAL MEETING
OF THE
BOARD OF DIRECTORS
OF
MAG MUTUAL INSURANCE COMPANY**

March 20, 2017

The Board of Directors of MAG Mutual Insurance Company (the "Company"), held a Special Meeting via telephone conference on the evening of Monday, March 20, 2017. All Board Members acknowledged their presence at the meeting and waived any requirement to receive advance notice of the Special Meeting.

ROLL CALL

The following Board of Directors were present at the meeting:

Joseph S. Wilson, Jr., M.D., Chairman
Catherine S. Andrews, M.D.
John S. Antalis, M.D.
James B. Ball, Jr., M.D.
W. Scott Bohlke, M.D.
Michael J. Bono, M.D.
Benjamin H. Cheek, M.D.
J. Price Corr, M.D.
H. Alexander Easley III, J.D., M.D.
Michael E. Greene, M.D.
C. Thomas Hopkins, Jr., M.D.
William James, M.D.
Neil E.S. Morrell
Shelia A. Robinson, M.D.
S. Terry Smith, M.D.
David T. Stewart, M.D.

The following Board of Directors were absent:

E. Daniel DeLoach, M.D.
Peter D. Steckl, M.D.

The following Staff Members were present:

Naveed Anwar, Executive Vice President, Chief Financial Officer
Joseph Cregan, Executive Vice President, Chief Legal Officer

I. CALL TO ORDER

Chairman Wilson called the meeting to order at approximately 7:00 p.m. He indicated the purpose of the meeting was to give the Board an update on the Mutual Holding Company (MHC) project, in particular the hiring of outside consultants, the preparation of a plan for submission to the Georgia Insurance Commissioner and the submission of that plan. In recent weeks the Company has retained the accounting firm of PricewaterhouseCoopers, LLP ("PWC") and the law firm

Locke, Lord, LLP to assist with the MHC project. Chairman Wilson also summarized a meeting that he attended the previous Monday, March 13th at the Georgia Department of Insurance.

Next, Chairman Wilson called on Naveed Anwar, Chief Financial Officer to provide an update on the engagement of PWC and that firm's work thus far. Mr. Anwar confirmed that PWC was chosen because of their national reputation and because several of the PWC team members had been involved in other MHC projects. PWC has three main tasks:

1. To render an opinion that the MHC plan does not create a taxable event, either for the company or for any policyholder;
2. Advice on accounting and financial reporting across all three entities (i.e., MHC, IHC and insurer); and
3. Why the MHC structure is optimal, going forward, for acquisitions and joint ventures with other insurers.

Next, Chairman Wilson called on Joe Cregan, Chief Legal Counsel, to describe the role of our outside law firm, Locke Lord and the status of discussions with the Georgia Department of Insurance. Mr. Cregan indicated that Locke Lord attended the March 13th meeting with Commissioner Hudgens and his staff. They also helped prepare and edit the filing made with the Georgia Department of Insurance on March 17th and which were forwarded to all Board members for their review. Lastly, Mr. Cregan talked about the likely timetable for the Commissioner's review (and hopefully approval) of the MHC plan.

Several Board members had questions at this point. Dr. Robinson asked why an Intermediate Holding Company (IHC) was part of the plan. Chairman Wilson responded that it was part of the plan to maximize flexibility and, potentially, to form partnerships with, or make acquisitions of, other insurance companies.

Drs. Antalis and Cheek asked follow-up questions about the review by the Georgia Department of Insurance and the expected timeframe. Chairman Wilson and Mr. Cregan both responded that now that the Department of Insurance staff have the filing, we should have a better sense of the timeframe sometime later this week.

II. APPROVAL

After all questions had been answered, Chairman Wilson asked the Board to approve the plan that was prepared for the Department of Insurance and circulated to the Board members. The Board unanimously approved such plan, and Chairman Wilson advised that a further update would be provided at the April 26, 2017 Board meeting.

III. ADJOURNMENT

There being no further business, the meeting was adjourned at approximately 7:35 p.m.


Secretary

4/26/17
Date