

May 5, 2017

BY COURIER

Sarah U. Crittenden, Esq.
Attorney, Legal Division
Office of Insurance and Fire Safety Commissioner
State of Georgia
2 Martin Luther King, Jr. Drive SE
West Tower, Room 620
Atlanta, GA 30334

Re: Case No.: 11018870, Reorganization Plan for MAG Mutual Insurance Company

Dear Ms. Crittenden:

In response to your letter dated May 4, 2017 to Joe Cregan, Executive Vice President and Chief Legal Officer of MAG Mutual Insurance Company, please find enclosed the original affidavit of Naveed Anwar in accordance with paragraph 2e. of your letter. Thank you and your team members for the prompt review of the filings that we have previously made with the Georgia Department of Insurance for this transaction.

Sincerely,


Brian T. Casey
For the firm

BTC:mm

Enclosures

cc: Michael Yaworsky, Esq., Attorney, Legal Division, Office of Insurance and Fire Safety
Commissioner

Locke Lord

Ms. Sarah Crittenden
Staff Attorney, Legal Division
Office of Insurance and Fire Safety Commissioner
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Joe Cregan, Executive Vice President and Chief Legal Officer of MAG Mutual Insurance
Company

AFFIDAVIT OF NAVEED ANWAR

STATE OF GEORGIA)
)
COUNTY OF FULTON)

Case No.: 11018870, Reorganization Plan
for MAG Mutual Insurance Company

I, Naveed Anwar, having appeared before the undersigned officer duly authorized to administer oaths and having been duly sworn, do depose and state the following:

1.

My name is Naveed Anwar. I am over eighteen (18) years of age, a resident of the State of Georgia and competent under federal and state law to make this Affidavit, and do so upon my personal knowledge. This Affidavit is made for use in connection with the application of my employer, MAG Mutual Insurance Company ("MAG Mutual"), to reorganize and create a Mutual Holding Company system ("MHC") pursuant to a reorganization plan ("Reorganization Plan") under the Georgia Insurance Code.

2.

I am employed by MAG Mutual as its Executive Vice President and Chief Financial Officer. I have served in this position since August 10, 2015, and my responsibilities include the preparation of the Company's financial statements and supervision and the overall responsibility for the Company's financial matters.

3.

In the course of its review of MAG Mutual's proposed Reorganization Plan, the Georgia Department of Insurance has asked MAG Mutual to address how the six (6) approval criteria from Georgia's Form A statute (O.C.G.A. § 33-13-3(d)(1) either do, or do not, apply

to MAG Mutual's proposed Reorganization Plan and, to the extent any of such criteria were deemed to apply to MAG Mutual's proposed Reorganization Plan, how MAG Mutual's proposed Reorganization Plan satisfies such applicable criteria.

4.

The first criterion – satisfaction by MAG Mutual, after the change of control transaction, of the requirements for an insurance company license for its lines of insurance – does not apply to MAG Mutual's Reorganization Plan for two reasons: (1) because all of MAG Mutual's current policyholders will become all the members of the new mutual insurance holding company upon the effectiveness of the proposed Reorganization Plan, there will not be any change in the ultimate control of MAG Mutual and (2) because MAG Mutual will merely convert from a mutual insurance company form to a stock insurance company form, with no other changes affecting the requirements for its licensure as a Georgia domestic stock insurance company to offer and sell the lines of insurance that MAG Mutual presently transacts. Even if this criterion were deemed to apply, as part of MAG Mutual's proposed Reorganization Plan, upon its effectiveness, MAG Mutual will satisfy the minimum paid-in capital and minimum paid-in surplus as provided in the Reorganization Plan and the proposed amendments to MAG Mutual's charter which are set forth in Exhibit A thereto. In addition, MAG Mutual already maintains a statutory deposit with the Georgia Insurance Department as required for a Georgia domestic mutual insurance company, which statutory deposit will satisfy the statutory deposit requirement for a Georgia domestic stock insurance company. Accordingly the converted MAG Mutual, once it becomes a stock company, will have retained all of its assets, liabilities, surplus, board members, officers, employees, agents, contracts of insurance and will continue to serve its approximately 8,000

policyholders in the same manner as MAG Mutual does before the proposed reorganization.

5.

The second criterion -- substantially lessening effect of the transaction on competition in Georgia -- does not apply to MAG Mutual's proposed Reorganization Plan. Because MAG Mutual will provide the same insurance products and services and have the same customers immediately before and upon the effectiveness of the proposed Reorganization Plan, the proposed reorganization will not have any impact on competition for, or MAG Mutual's market share of, insurance in the state of Georgia or tend to create a monopoly by MAG Mutual in any of the insurance markets its serves in state of Georgia. Stated differently, MAG Mutual's market share of insurance in the state of Georgia upon the effectiveness of the proposed reorganization will be identical to its market share of insurance in the state of Georgia before the transaction is consummated. Therefore, by definition the effect of MAG Mutual's proposed Reorganization Plan cannot substantially lessen competition for, or tend to create a monopoly by MAG Mutual in any market of, insurance in the state of Georgia.

6.

The third criterion -- no effect of the transaction jeopardizing MAG Mutual's financial stability or prejudicing the interests of the MAG Mutual's policyholders -- does not apply to MAG Mutual's proposed Reorganization Plan because the financial condition of MAG Mutual will remain wholly unchanged by the Reorganization Plan. As noted above, the only changes to MAG Mutual is its conversion from a mutual insurance company to a stock insurance company and the conversion of the membership rights and interests of MAG Mutual's

policyholders into equivalent membership rights and interests in MAG Mutual Holding Company. Because MAG Mutual's financial condition will not change in any way as a result of MAG Mutual's proposed Reorganization Plan and MAG Mutual's policyholders will obtain membership rights and interests in MAG Mutual Holding Company, preserving the mutual ownership and governance nature of MAG Mutual's policyholders, the proposed reorganization will not in any way jeopardize MAG Mutual's financial stability or prejudice the interests of the MAG Mutual's policyholders.

7.

The fourth criterion – no plans of acquiring party to liquidate, merge or make certain material changes to MAG Mutual -- does not apply to MAG Mutual's proposed Reorganization Plan. Because all of MAG Mutual's current policyholders will become all of the members of the new mutual insurance holding company upon the effectives of MAG Mutual's proposed Reorganization Plan, there will not be any change in the ultimate control of MAG Mutual, and thus there is no new acquiring third party seeking to acquire indirect control of MAG Mutual pursuant to MAG Mutual's proposed Reorganization Plan. Furthermore, under MAG Mutual's proposed Reorganization Plan, MAG Mutual will only be converting its corporate form (i.e., from mutual insurance company form to stock insurance company form). MAG Mutual has no plans to liquidate the converted MAG Mutual, sell any of its assets, or make any material change in the business that MAG Mutual presently transacts or the corporate structure of MAG Mutual and its affiliates, other than the change of MAG Mutual to a stock insurance company and the formation of a MHC as permitted by Georgia's Mutual Insurance Holding Company Act (O.C.G.A. § 33-13A-1 et seq.) and as contemplated by MAG Mutual's proposed Reorganization Plan. Therefore, nothing in MAG

Mutual's proposed Reorganization Plan is unfair and unreasonable to MAG Mutual's policyholders or not in the public interest.

8.

The fifth criterion – competence, experience and integrity of the controlling persons of MAG Mutual are not in the best interest of MAG Mutual's policyholders -- is not applicable to MAG Mutual's proposed Reorganization Plan because the persons that presently control MAG Mutual (its members) will be the same persons who will control MAG Mutual Holding Company, which, acting through its Board of Directors, will control the intermediate holding company and thereby indirectly the converted MAG Mutual. The Georgia Insurance Commissioner has already determined that MAG Mutual's Board of Directors and officers have the requisite competence, experience and integrity to serve the best interest of MAG Mutual's policyholders. As noted above, the composition of MAG Mutual's Board of Directors and MAG Mutual's executive leadership team will remain unchanged by the proposed Reorganization. Therefore, the competence, experience and integrity of MAG Mutual's Board of Directors and MAG Mutual's executive leadership team will be wholly unaffected by the proposed reorganization. Consequently, because there will not be any change of the leadership or competence, experience and integrity of the controlling persons of MAG Mutual, there will not be any detrimental effect on the policyholders of MAG Mutual or to the public as a result of the proposed Reorganization Plan.

9.

The sixth criterion – no likelihood of transaction being hazardous or prejudicial to insurance buying public -- is not applicable to MAG Mutual's proposed Reorganization Plan because the proposed reorganization of MAG Mutual and creation of a Mutual Holding Company does not involve any change to the insurance products and services and customers of MAG Mutual immediately before and upon the effectiveness of the proposed Reorganization Plan. In addition, the proposed Reorganization Plan does not involve any (a) new person becoming an ultimate owner of the converted MAG Mutual, (b) issuance of new equity to any third party or (c) change in identities of MAG Mutual's Board of Directors or officers. There will not be a change of ultimate ownership and control of MAG Mutual as a result of MAG Mutual's proposed reorganization -- before the transaction MAG Mutual is owned, collectively, by its approximately 8,000 policyholders – and after completion of the Reorganization Plan, those very same 8,000 policyholders will own, collectively and indirectly, the newly formed Mutual Holding Company, which, in turn, will wholly own the proposed new Intermediate Holding Company, which, in turn, will directly and wholly own converted MAG Mutual. Consequently, no true "acquisition" of control of MAG Mutual will occur under MAG Mutual's proposed reorganization. Therefore, the continuity of MAG Mutual's existence and operations as a stock insurance company within a MHC would not be hazardous or prejudicial to the insurance buying public in the State of Georgia.

10.

Based on the foregoing, none of the six (6) factors identified in O.C.G.A. § 33-13-3(d)(1) applies to MAG Mutual's proposed Reorganization Plan, and even if they were deemed to

apply, MAG Mutual's proposed Reorganization Plan satisfies all of the six (6) factors identified in O.C.G.A. § 33-13-3(d)(1).

Further the Affiant sayeth not.

This 5th day of May, 2017.



Naveed Anwar

Sworn to and subscribed before me
this 5th day of May, 2017.



NOTARY PUBLIC

My Commission expires:

Notary Public, DeKalb County, Georgia
My Commission Expires April 3, 2020