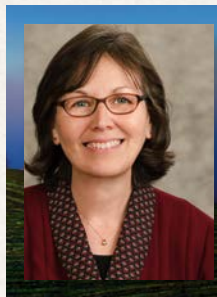




Letter to Members



We take great pride in being named a Best Place to Work in Vermont for 2017.

Dear Members,

Each year, we build a business plan using historical data and projecting future trends in growth, claims and inflation. 2016 did not live up to expectations – in a good way. It was an exceptionally good year for your Co-op, largely due to mild winter weather and less severe claims than usual.

In addition to the annual business plan, we also updated our strategic plan for the 2017-2020 window, evaluating and incorporating input from our employees, agents, members and board of directors. At the highest level, our strategic plan is to remain an independent and viable company seeking growth and profitability for the benefit of our members. Profits are added to policyholders' surplus at the end of each year; this remains vital as we write more business because it ensures our ability to pay claims and maintain a cushion for potential catastrophic events.

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Buying a car?

Don't rely on the dealer to transfer your insurance

You want to make sure the change was made properly and completely, and that you have the appropriate coverages for the new vehicle. And you want to know that right away... not later in the event of a claim.

While some dealerships do attempt to make the changes for you as a courtesy, technically they cannot do so; your car dealer is not party to your insurance contract and can't initiate a change.

Whether you're replacing your current car or buying an additional one and keeping the old one, coverage from your existing policy will extend to the new auto for a limited period before you notify us of any change.

Provided you already have insurance, you can buy on a Saturday or Sunday and you will have similar coverage when you

leave the lot in the new car. But you will only have that coverage temporarily, and in the meantime, it may not be exactly what you want or need for the new vehicle.

We suggest you call your agent before you even head to the dealership. If you already know the exact car you're going to buy, you can jump-start the process. If you don't, your agent can still help you understand what will make things run smoothly for you in your situation.

If you make an impulse buy, or are otherwise not able to talk to your agent before the sale, make contact as soon as you can afterward.

Once your agent has all the information, they will be able to process the change so you'll get the updated declaration pages and the new auto ID card that you need. ■

Co-op has been recognized as

The Number One Best Value for Auto Insurance in Vermont and New Hampshire for 2016

by a service that Forbes Magazine calls "Carfax for insurance."

The ValChoice awards analyze customer service quality, claims handling, and general pricing into its rankings.

Co-op ranked number one in both Vermont and New Hampshire, placing ahead of 62 other insurance companies in Vermont, and 80 in New Hampshire.

"Creating a rewarding member experience is a primary focus for the entire organization," said Brad Fortier, Co-op's Executive Vice President of Operations. "Receiving the ValChoice award for number one best value affirms the Co-op team's ability to consistently meet and exceed customer expectations."

While the awards were for 2016, ValChoice analysts actually looked at millions of financial and complaint data points for

insurers over a three-year period as they ranked companies across the country.

Based in Bedford, NH, ValChoice was founded in 2013 to provide information and transparency about insurance companies so that consumers can make more informed decisions. The company describes itself as independent and unbiased; it is not affiliated with or owned by insurers, nor does it receive sales commissions or survey fees from them.

ValChoice makes some of its comparison reports available for free, and more details can be purchased by subscription or for a one-time fee. Their web site (www.valchoice.com) also offers general information about insurance laws and restrictions in each state. ■



Letter to Members

(Continued from page 1)

We are committed to investing in technologies for the future and to vigilantly protecting our data and policyholder privacy. This will have a significant effect on our expenses over the next several years as we bring our new core system online. It should also significantly affect our business, positioning us to compete even better with insurers of all sizes in meeting and exceeding our members' and agency partners' expectations.

New technology will also allow us to expand geographically. We are researching which state we might venture into next, and whether we might do it as a startup or seek a fitting acquisition or affiliation.

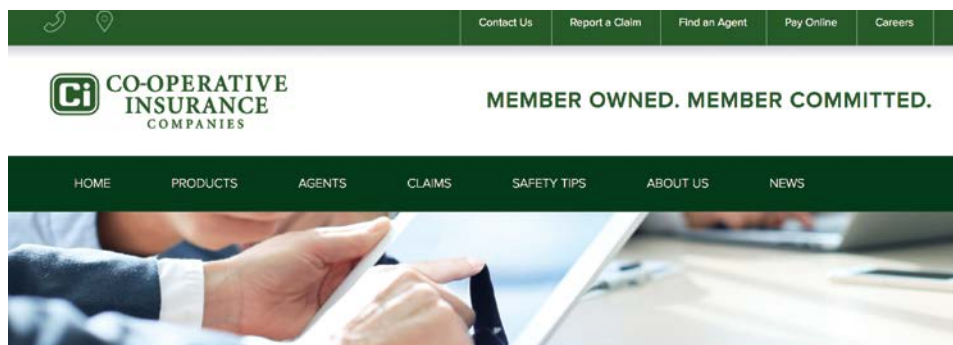
For our first century in Vermont, we were served well by the exclusive agency model, wherein Co-op owned the business on our books. In our two and a half decades in New Hampshire, we have come to better understand and use independent agencies. In 2016, the board of directors supported us in moving to one model, and we offered our exclusive agents the opportunity to purchase their books of business and become independent. This should not affect our members, but allows our agency partners to more fully compete in the marketplace, and provides them better long-term financial security.

Finally, we are committed to investing in our employees and giving back to our local communities. We take great pride in being named a Best Place to Work in Vermont for 2017. Our employees are our greatest asset, and we remain an employer of choice in part due to our commitment to work/life balance, personal development, and supporting many individuals' special causes.

Our strategic initiatives will carry us forward and ensure that we take the actions necessary to live up to our vision to be here for you, when you need us, providing the service you need.

Sincerely,

Marie M. Jewett, AU, API, AIS
President & CEO



Do you webpay?

Sure, you can pay your Co-op bill by mail like most people do. Or you can pay in person at our Middlebury office or by phone during business hours.

But your anytime payment option continues to be our Webpay service, available 24/7 on our Web site at www.co-op-insurance.com. You can make your online payment with your Mastercard, Visa, or Discover, or from your checking account.

Plus if you haven't visited our site in the last year or so, you'll be pleasantly

surprised by its new look (and by how much better it works on your phone or tablet).

Your anytime payment option continues to be our Webpay service, available 24/7 on our Web site at www.co-opinsurances.com.

Of course, our most convenient payment plan is still StepSaver EFT; register and have your payments automatically deducted from your checking account every month. ■

Fond farewells

In the first half of 2017, Co-op marked the retirement of both an employee and a board member.

Always a fan of round numbers, Co-op controller Julie Coons retired in June after 10 years of service. She plans to stay in the Middlebury area, where she's looking forward to spending more time with her grandson. However, the non-profits are circling; so far, she's already been recruited to a statewide church finance team and a local music festival committee. We'll miss her, but we're looking forward to seeing what good things she'll achieve next!

1987 was a year of change for Charles Palmer: he and his wife left dairy farming; the town of Pownal sent him to the Vermont House of Representatives; and he accepted an appointment as a Co-op director. It's been quite a few years since he retired from the legislature, but he remained an active member of the Co-op board until this past April. While Charlie held many roles during his 30-year tenure, one of his biggest contributions was helping to modernize the board, as he led the governance committee in efforts to streamline it and institute a committee structure. We're grateful for his contributions and wish him all the best! ■



Each year, heating appliance fires are a leading cause of loss for our members. That is probably an unavoidable reality; sometimes hot things get out of control.

It is possible to minimize risks, though, with actions from firewood selection to ash disposal, from space heater placement to wood boiler setup, from chimney maintenance to proper venting. (Learn more in past Visions articles at co-opinsurance.com.)

A larger action you can take is to upgrade your woodstove to a newer model. It's a big project. It costs money. And it may not be as large a leap in safety as some of the practices listed above.

But it might still be a good move for your safety, health, and wallet.

Fire Safety

New EPA-approved stoves use less fuel, and they burn more of each log. Less is lost to gas emissions, which results in less creosote buildup in your chimney. Estimates vary, and it depends where you're starting with your current stove, but you could expect buildup to drop by half, and maybe even as much as 90%.

Less creosote means less chance of a chimney fire. Of course, your chimney still needs annual cleanings and regular maintenance.

Health Benefits

EPA-certified stoves are better for your health (and your neighbors' health). Smoke from EPA-certified stoves has only about a quarter of the small particles and harmful pollutants in smoke from non-certified stoves, reducing the risk of harm to those within range of it.

How harmful are the pollutants in smoke? That particulate matter, like benzene and formaldehyde, gets into your eyes and lungs. It can cause runny eyes, bronchitis, and pneumonia, and worsen asthma and other chronic conditions. In the long term, smoke pollution can cause or exacerbate heart and lung issues, and some studies link long-term particulate matter exposure to elevated rates of cancer, reproductive and developmental problems, and premature death.

Children, older adults, pregnant wom-



en, and people with existing health conditions ranging from diabetes to COPD to heart disease are at highest risk for harm from exposure.

By the way, carbon monoxide is among the harmful gases reduced by efficient stoves. You'll still need a detector in your home, but your CO risks will be lower.

Financial Benefits

An EPA-certified woodstove costs between \$750 and \$3,500 (or more). But \$1,500-1,800 is a generally reasonable ballpark for a stove to heat most average-sized homes. That cost could about double once you factor in installation by a certified professional, adjustments to your chimney, flue, or other infrastructure, and removal of the old stove.

But balance the \$3,000-3,500 installed cost of an efficient stove, used and maintained properly, against estimated savings of up to \$5,000 over its lifetime. Savings come largely because efficient stoves require only about two-thirds of the fuel of older stoves.

In addition to long-term savings, there are ways to lower your initial investment.

The big one is to take advantage of a woodstove changeout incentive program. These are frequently offered by stove manufacturers, local utilities, environment, health, or economic assistance non-profits, and by municipal and state governments.

If your need to upgrade isn't urgent, waiting for a program you qualify for can pay off. Rebates and assistance can vary from \$100 vouchers to the entire cost of the stove (usually capped around \$3,000).

Sometimes rebates are calculated based on the heat output of the new stove or of the old stove being retired.

If you're flexible, you can even choose your heating device to maximize your rebate. For example, sometimes higher rebates are available to folks who switch from wood to pellet stoves (which are generally cleaner-burning).

You can also be on the lookout for "bounties." Some programs buy back older, polluting stoves, even if they are not being replaced with new ones. Those bounties can range up to \$500.

Sometimes metal recyclers will offer to remove old stoves for free, instead of charging.

There are some ways you **shouldn't** try to save money, though:

- Don't skimp on professional installation. Doing it properly helps you achieve the long-term results you want.
- Don't skimp on fuel quality. It'll increase your fuel needs and you're unlikely to come out far ahead, plus you'll dilute the safety benefits.
- Don't sell the old stove for operation. The idea is to get old, polluting, less safe stoves out of use. If you do sell to someone other than a recycler, it should be disabled so that it can be decorative only. ■



Identify theft/fraud resolution services

You may know that as a homeowners, mobile home-owners, farm, or mini-farm policyholder, you have access to identity theft or fraud resolution services through Cyberscout, one of the leading expert firms in the field.



You may not realize that that comes with proactive services as well – assistance in taking steps to protect your identity and your information to prevent incidents from ever happening.

You can contact Cyberscout before a move, before or

during a military deployment, or at the beginning or end of a marriage to make sure all changes are processed correctly, your sensitive data remains confidential, and alerts are set up to protect your credit.

You can also get support in replacing lost, stolen, or destroyed documents while traveling, after a natural disaster, after a security breach at an organization you do business with, and in many other situations.

For more information, you can contact Cyberscout directly at (877) 432-7463. (Have your policy number ready.) Or you can contact your agent or anyone in Co-op's member services or claims departments, and they can connect you as well. ■



Agency of the Year



George M. Stevens & Son Co.

with locations in Lancaster, Littleton, Lisbon and Colebrook, New Hampshire
 Congratulations to Jeff Gilman and Don Clark (center). Also pictured,
 Brad Fortier, Co-op's Executive Vice President of Operations (left)
 and Marie Jewett, Co-op's President/CEO (right) ■

2017 Stevens Advanced Driver Training



Learn accident avoidance and emergency maneuvering during this hands-on half-day course.

Co-op shares members' cost – you pay only \$125 for a \$300 class! (Co-op and private foundations will cover the rest.) Plus, when you successfully complete the course, you may qualify for a discount on your personal auto policy premium.

Course dates, times, and VT and NH locations are at www.skidschool.us. Participants must be licensed to attend the course in VT, and must be licensed or hold a valid learners' permit for NH courses.

If you register online at www.skidschool.us, select "register," then provide all the required information as prompted. If you are a Co-op Insurance member, select the appropriate discount code: VT residents should choose "Coop VT and YSCV Combined," and NH residents should pick "Coop Insurance New Hampshire." You will need to provide your policy number as well. You can choose to pay at the time of the course or online. ■



Co-op Community Grants Program

Every fall, our agents and directors apply to Co-op for matching funds towards charitable projects they are supporting. We select recipients at the end of the year, and usually send grant checks in January. This year, we awarded ten grants for one-time operational or capital support to the following community groups:

United Way of Windham County, Brattleboro, VT for the Kids in Coats Fund

The Cornucopia Project, Peterborough, NH for the Farm to Folk Fellowship, an agricultural and entrepreneurship program for high school students

Bridges: Domestic and Sexual Violence Support Services, Nashua and Milford, NH for services to individuals victimized by domestic and/or sexual assault

The Youth Council, Nashua, NH for resource materials for at-risk teens

Westfield First Congregational Church, Westfield, VT for foundation repairs

Arts Bus, Inc., Randolph, VT for the arts-based literacy program for daycare and pre-K programs

Community of Vermont Elders, Berlin, VT for promotion of higher quality of life for Vermont's elderly population

Weathervane Theater Players, Inc., Whitefield, NH for rehearsal hall flooring renovations

Pierce Hall Community Center, Rochester, VT for final construction on lower-level dedicated rooms

Haverhill Library Association, Haverhill, NH for window and door repairs

Wish Kids Golf Classic

Once again this year, Co-op and our agents hit the golf course in support of Make-A-Wish Foundation® of Vermont. Our seven-

teenth annual golf tournament for this great cause happened on Friday, July 14, at Enosburg Falls Country Club in Enosburg Falls, VT. All told, our 32 registered teams, and our sponsors and donors, raised more than \$28,000, pushing our 17-year total raised over \$315,000. A shout out to everyone who helped support this great event, and special thanks to our Wish Kid Ambassador, Skyler!

Visit www.wishkidsgolf.org to see results, view photos, become a sponsor, or donate and help dreams come true for Vermont children with life-threatening medical conditions.

Fletcher "Buster" Brush Memorial Scholarships

Congratulations to Jared Lehouillier (Lake Region Union High School, Orleans, VT), and Bethani Winchester (Woodsville High School, Woodsville, NH), our 2016 Fletcher Brush Memorial Scholarship recipients.

The two were recognized for their compassion, hard work, community service, school spirit, leadership, and desire for challenge – values exemplified by late Co-op employee Fletcher "Buster" Brush, who spent decades working for community causes and mentoring and coaching young people.

The \$1,000 awards are renewable for up to four years of post-secondary study.

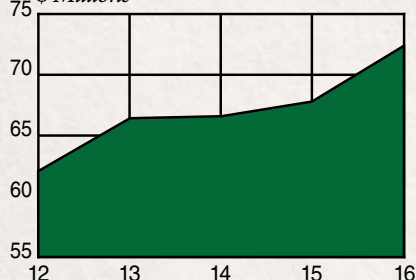
2016 marked the seventh set of awards from the Fund since its founding in 2009. It was founded to provide substantial awards for ten to 15 years total, rather than smaller prizes in perpetuity. The board expects it will continue to award scholarships for five to six more cycles.

The 2017 recipients will be announced this summer. To see who they are, find out how to apply, or learn more about Buster, visit www.brushscholarship.org or find Buster Brush Scholarship Fund on Facebook. ■

Financial Statistics at a Glance

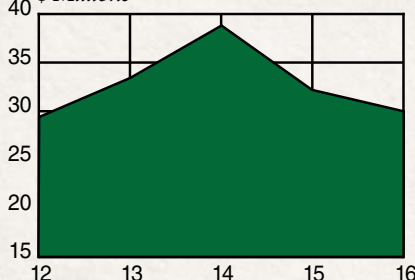
Direct Premiums Written

\$ Millions



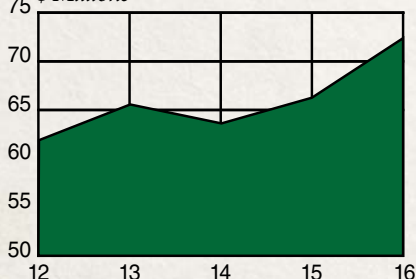
Direct Incurred Losses

\$ Millions



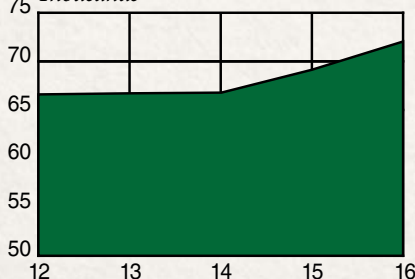
Policyholders' Surplus

\$ Millions



Policies In Force

Thousands



Our employees think Co-op is a great place to work!



We're proud to have been named a Best Place to Work in Vermont for 2017!

In our first year of participation, Co-op ranked #6 out of the 24 small and medium businesses that made the list. (Another 21 companies were ranked on a separate large employer list.)

The list is developed by the Best Companies Group and sponsored by Vermont Business Magazine, the Vermont Chamber of Commerce, the Society for Human Resource Management Vermont State Council, and Vermont's departments of economic opportunity and labor. The process includes a review of company practices and policies, but the results depend mostly on direct survey feedback from company employees.

"Over the years we've often heard from employees about our professional yet re-

laxed culture, employee development opportunities, and management style," said Gina Larrow, VP Human Resources. "It's nice to have that validated by an external review and survey of all employees."

Co-op management knows that providing a desirable workplace is one of the keys to being able to serve its members well.

"Employees are our greatest asset in consistently delivering an exceptional customer experience," said president and CEO Marie Jewett. "Our benefits package, competitive pay, commitment to work-life balance, and opportunities to give back to our communities are all factors in recruiting and retaining the strong team we have." ■