

Letter to Members



We are committed to a rewarding member experience through communication, empowerment and respect. What does that mean to us, and what should it mean to you?

We hope that every time you interact with us, you come away pleased that you do business with Co-op.

We are in a relationship business. We appreciate that our members and agency partners choose to deal with us long-term, and train our staff to provide them exceptional customer service.

We aim to be an employer of choice.

We use anonymous employee feedback from the Best Places to Work in Vermont survey to improve our work environment, job satisfaction, growth, and development.

We strive to hit responsible financial goals and deliver our products and services well.

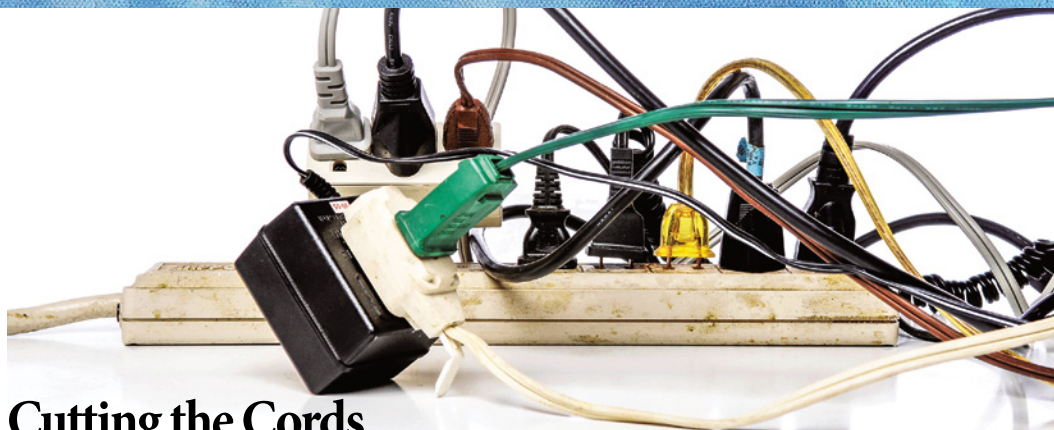
In 2018 we grew across all lines of business, especially commercial. We've reached a milestone of \$80 million in written premiums, with just over a quarter of that in New Hampshire. With more than 73,000 policies in force, our policy retention continues to be very strong: 92% last year. Most importantly for you, again last year, we added to our policyholder surplus (our safety fund for catastrophic events).

We adapt our products and systems for the future.

We developed Businessowner policy enhancements that (Continued on page 2)

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Cutting the Cords

Before we had battery-operated everything, the extension cord was a thing of magic, making it possible to have electricity where once there was none...

Okay, maybe it's a stretch to wax poetic about electrical extension cords. But that's not the only way they get stretched. Here are six ways they are commonly misused – and how to use them properly.

Used in place of permanent wiring: Extension cords are not manufactured or rated for permanent consistent use. They are meant for occasional use over their lifespan. Overuse can lead to materials breakdown, which leads to overheating, which leads to fire.

If you find yourself using an extension cord in your home or workspace almost every day, rather than for temporary projects or short-term decorations, you should consider having another outlet installed.

You also can't do the same things with them you can do with permanent electrical wiring. Running them through walls, under flooring, or in other confined spaces can also cause rapid wire deterioration and overheating.

Used for greater loads than they're rated for: Your extension cord comes with information about the electrical load it can handle. Your appliances or tools come with information about the power load they use. Comparing those numbers to ensure the cord can handle more than the device needs, and not the other way around, is an important

step before use.

If the cord becomes warm during use, you're overloading it and need to unplug.


Some appliances, like air conditioners, draw so great a load that they should never be used with an extension cord under any circumstance. You'll usually find that warning on the device and in the manual.

Some appliances, like air conditioners, draw so great a load that they should never be used with an extension cord under any circumstance.

Used when they're not in good condition: Many a garage or toolshed has a deep, dark drawer where cords and cables live in an unkempt tangle. When you pull an extension cord out, it needs a quick scan before you use it. (Saying "I'm sure it's fine – I'm not using it for very long"

has never, to our knowledge, prevented a fire.)

If you find cracks or frays, any exposed wire, or bent, missing, or broken prongs, out it should go.

Used when they're of questionable origin:  If it hasn't been approved by a well-known laboratory like UL or CSA, replace it with a cord that has.

Used when it's too short for the job: If you must stretch a cord tightly, step over it in a walkway, or cross your fingers that it stays in place, it's not the right cord for the job. Get a longer one that will have some slack in it and can be routed out of harm's way.

Used without protecting for conditions: You may have heard somewhere that electricity and water don't mix. The rumor is true. Keep the connections out of puddles and snow. And whether you're using cords inside or out, protect them from critters who like to chew. ■

Letter to Members

(Continued from page 1)

include protection for cyber and employment practices liability for our members. We continue to develop our new system for all lines of business and began using it for new Commercial Auto and Commercial Umbrella policies this year, along with Homeowners, Mobilehomeowners, and Dwelling. And our IdeaLab program solicits innovative improvement suggestions from our employees.

We take seriously our promise and responsibility to provide great claims service.

The overall amount we paid for claims was at an all-time high for 2018. However, we plan for such years: We purchase reinsurance to protect our exposure, and our recovery team exceeded our previous salvage and subrogation record and expectations. Even with extra volume, we are committed to going above and beyond in someone's time of need. (See our Claims story for our Net Promoter Score confirming this.)

We appreciate being recognized for our strengths.

In 2018, AM Best acknowledged our continued success by reaffirming our A (stable) rating. We received the ValChoice award for #1 Best Value for Personal Auto Insurance in both VT and NH again in 2018, and for the third year, we stayed in the top ten on the list of Best Places to Work in Vermont.

We continue our dedication to giving back to the areas we serve.

In 2018, we supported more than 150 non-profits throughout VT and NH, including Make-a-Wish Foundation of Vermont, the American Red Cross, Vermont Foodbank and NH Food Bank, Green Up Vermont, and UVM Extension Service. On a smaller scale, in conjunction with our agency partners and directors, we recently awarded nine community grants to organizations in both states.

We make decisions for the long haul.

Vermont's Department of Financial Regulation completed our 5-year exam for 2013-2017, focused on solvency, stability, and consumer protection, with no significant findings. We are well positioned to meet our members' needs, to be here for you when you need us.

Sincerely,
Marie Jewett, AU, API, AIS
President & CEO

Claims Round-Up

In most ways, 2018 was not an unusual year for Co-op's Claims department.

While we spent more on claims in 2018 than in any previous year, the number of claims reported was a little lower than in 2017. The drop wasn't huge, but even a subtle downward shift in volume is good news for our members.

We had a small uptick in fires caused by wood heat in 2018, but only because 2017 was unusually low due to warmer winter weather. Colder temperatures caused an increase that brought us back up to normal levels.

We were able to handle 95% of our claims with our in-house staff. That's a little jump from the previous year, but right around our usual level.

A couple of things did stand out from the norm, though, and both in very good ways:

In 2018, there were no claims events large enough to be considered catastrophes! In recent years, we've usually seen at least one or two storms large or severe enough to cause losses for hundreds of our members and generate higher-than-normal numbers of claims. Last year, nature kindly spared us the worst of the snow, ice, and wind; we're sure our members are as grateful for that as we are.

The other item of note is unusual for our industry, but not for us: We've earned

a Net Promoter Score of .77. We've been using this customer satisfaction measurement program for several years and our scores have always been great, but .77 is our best yet. The average for auto insurance providers is .44. Any positive number is considered good, but anything above .70 is considered exceptional.

This matches what our customers have been saying for years: our

focus on fast and fair claims service is real, noticeable, and appreciated! We work hard to communicate with and empower members. Thanks for putting your trust in us to help you in your time of need. We'll keep working to retain it!

Special Investigations Unit

One important claims topic we don't talk about much is investigation. After a fire or other loss, it's important to determine what happened. We need to understand early whether there are third parties involved or if fraud has occurred, in order to keep claims costs where they should be and keep premiums as low as we can for all our policyholders.

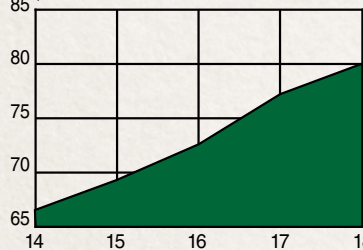
In addition to examining hundreds of fires every year, our staff investigators and adjusters annually review more than 250 files flagged for potential fraud: thefts, suspicious vandalism, mysterious disappearances of items. This work often allows us to identify potentially dishonest claims that should be further reviewed and/or not paid.

Many of our adjusters are members or leaders in groups like Vermont Arson Tip Award Program, International Association of Special Investigator Units, and International Association of Arson Investigators. This helps us stay current with the latest information and training, allowing us to better protect your premium dollars. ■

Financial Statistics at a Glance

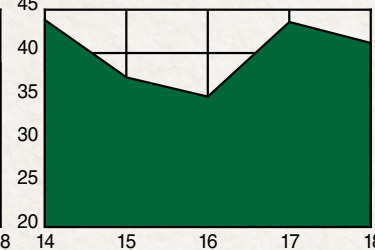
Direct Premiums Written

\$ Millions



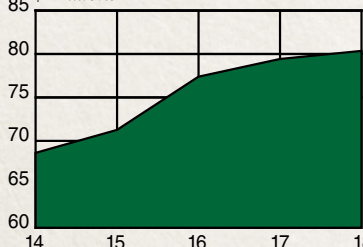
Direct Incurred Losses

\$ Millions



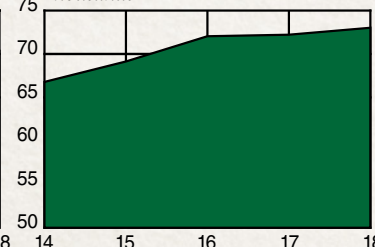
Policyholders' Surplus

\$ Millions



Policies In Force

Thousands



Insuring Your Ride

They may not be a common sight on the streets of Vermont or New Hampshire yet, but if you've travelled to warmer climes in the past few years, you've probably seen them.

E-bike and e-scooter rentals have become commonplace in larger cities, in hot-weather destinations, and around college and university campuses.

The electric-powered vehicles generally run 10-20mph. Some are meant to be rented at and returned to charging/rental hubs; others are on a "dockless" model and can be left anywhere in a metro area. Most are rented by riders through a mobile app or online at per-minute rates.

"if the rental company offers insurance and it sounds reasonable, buy it. Your personal auto and homeowner's policies weren't designed with these vehicles in mind and likely exclude coverage for them."

Lime and Bird are two of the best-known companies offering these rentals, but there are smaller names as well. They offer the vehicles as an environmentally friendly option for commuters; a fun way to explore a city you're visiting; a means to reduce traffic congestion and parking space needs; and a low-cost highly flexible local transportation option.

They may be all those things, but in some places, e-scooters are considered a nuisance. Reckless riders have caused accidents, as has careless parking of the dock-

less vehicles.

We're sure YOU would be a careful rider of such vehicles, of course, but all the same, it's useful to know how insurance works with these vehicles. Do you need to buy special insurance?

The short answer:

If you have a motorcycle policy, you may have coverage. Otherwise, if the rental company offers insurance and it sounds reasonable, buy it. Your personal auto and homeowner's policies weren't designed with these vehicles in mind and likely exclude coverage for them.

The long answer:

The user agreements for the rental companies by and large tell you that the company carries the insurance "required by law," but that you are responsible for physical damage to the vehicle and any property damage or injury you cause.

The minimal legally required insurance probably doesn't help you with either physical damage to the vehicle or liability for injury to others or damage of their property. It does, however, vary by location; some cities are starting to require that rental companies provide "adequate insurance" with each rental.

As for your own policies, this situation doesn't really fit their molds.

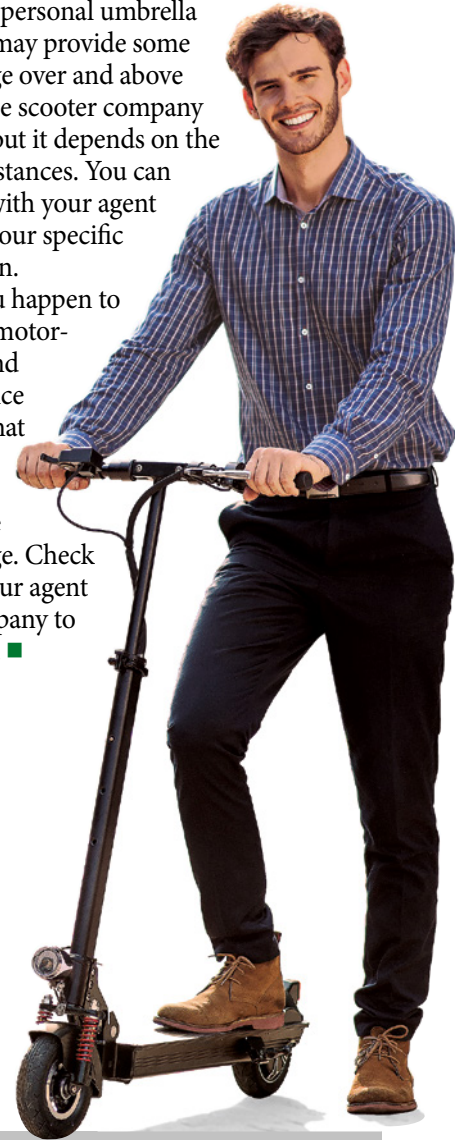
Your homeowner's policy doesn't provide liability coverage for a rented motor vehicle off your premises.

Your personal auto policy doesn't pro-

vide any coverage for vehicles with fewer than four wheels.

Your personal umbrella policy may provide some coverage over and above what the scooter company offers, but it depends on the circumstances. You can check with your agent about your specific situation.

If you happen to have a motorcycle and insurance for it, that policy may provide coverage. Check with your agent or company to be sure. ■



2019 Stevens Advanced Driver Training



Learn accident avoidance and emergency maneuvering during this half-day hands-on 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 locations are at www.skidschool.us.

Participants must hold a valid learners' permit or license for these courses held in New Hampshire. 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. ■

President's Award of Excellence



Pictured L-R: Marie Jewett, Co-op President & CEO, Daniel Lussier, Steff Sleeper, Brad Fortier, Co-op EVP Operations

Each year, Co-op recognizes one of its agencies for exemplary service and performance. This year, the award goes to NFP Property & Casualty Services, Inc. Congratulations to Daniel Lussier and his agency staff at their locations throughout Vermont and New Hampshire. ■



Red Cross Home Fire Preparedness Campaign

The American Red Cross New Hampshire & Vermont Region is making homes fire resistant through the Red Cross Home Fire Preparedness Campaign.

At no cost to you, they would like to demonstrate some simple changes in the home that will help you protect your family against fire. **In addition, the Red Cross will install FREE smoke alarms within your home.**

To schedule an appointment, please visit: <https://www.redcross.org/local/new-hampshire-vermont/about-us/our-work/home-fire-campaign/smoke-alarm-request.html> or call (802) 660-9130. ■





Grants • Charitable Giving • Scholarships

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 nineteenth annual golf tournament for this great cause happened on Friday, July 12, at Enosburg Falls Country Club in Enosburg Falls, VT.

We had 26 registered teams and many sponsors and donors who helped us raise \$30,500, pushing our 19- year total raised to over \$380,000! A shout out to everyone who helped support this great event, and special thanks to our Wish Ambassador, Ben!

Fletcher “Buster” Brush Memorial Scholarships

Congratulations to Anabel Hernandez (Middlebury Union High School, Middlebury, VT) and Lilly Grodt (Londonderry High School, Londonderry, NH), our 2019 Fletcher Brush Memorial Scholarship recipients. Congratulations also to the 2018 winners, Andrea Boe (Middlebury Union High School) and Michaela Ur (Gorham High School, Gorham, NH) – they had not been announced as of press time last year!

All of these students were recognized for their compassion, hard work, community service, school spirit, leadership, and desire for challenge. These were 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.

The 2019 awards were the tenth set we've awarded since we began in 2009, and they will be the final scholarships awarded from the Fund. From the beginning, the intention has been to provide substantial awards for a shorter period, rather than smaller prizes in perpetuity.

The Fund will now offer renewals to its final classes of students, and then wind up its affairs.

Co-op thanks everyone who donated to the Fund, helped spread the word or assist students in applying, or volunteered for the cause in some other way. Particular thanks to those who kept the Fund running and

tackled the difficult annual task of selecting the awardees: trustees Matt Brush, James Needham, Randy Odell, Ken Perine, Timothy Robinson, and Dave Tatlock.

One final shout-out to the 21 young people who received the award over the last decade: Best to you all, and thanks for keeping Buster's spirit alive.

Everyday Heroes

The American Red Cross of New Hampshire and Vermont held its Vermont Everyday Heroes Awards banquet on April 2.

Everyday Heroes Awards celebrate people who show extraordinary courage and compassion, whether with a quick action in a crisis or slow and steady effort over a lifetime. This year's event honored Vermonters from all over the state for acts that saved or changed lives.

The dinner at which the awards are presented is also the organization's largest fundraising event of the year in Vermont, supporting programs that create a more resilient and better prepared community.

Co-op has been the title sponsor of the Everyday Heroes event, and a general supporter of American Red Cross, because like Co-op, the Red Cross is there to support the community when need is greatest.

A special point of pride: one of this year's recipients is a member of the extended Co-op family. Christina Wiles, daughter of SVP Claims Brian Wiles, was recognized for her work to establish a mentoring program for elementary students.

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 early spring. This year, we awarded 9 grants for one-time operational or capital support to the following community groups:

FoodWorx Enterprises

St. Johnsbury, VT
to create a space for the Breakaway Bakery and Cafe

St. Johnsbury History and Heritage Center

St. Johnsbury, VT
to replace the roof

Touchstone Farm

Temple, NH
to help at-risk middle school students through the Moving Forward Together program

Old Church Theater

Bradford, VT
to restore the building

Mt. Norris Scout Reservation Alumni Association

Lowell, VT
to restore the campfire area

Front Door Agency

Nashua, NH
to replace the heating system at one of the transformational housing properties

Home Health and Hospice Care

Merrimack, NH
to fund the annual Champagne Luncheon fundraiser.

West Brookfield Village Trust

West Brookfield, VT
to restore the West Brookfield meeting-house

Old Spokes Home

Burlington, VT
to fund the mechanics-in-training program ■

Retirements

In late 2018 and early 2019, we said farewell to long-serving colleagues.

Both Claims Adjuster David Phelps and Farm Safety Inspector Tom Brennan were known for their calm, their professionalism, and their focus on great customer service. After his 24 years of service, Dave will now have more time for hiking and his grandsons. Tom's retirement after 29 years allows him and his wife Diane to focus on their long-time volunteer work building homes in the Dominican Republic for underprivileged farm families.

Both finished their Co-op careers in Dec 2018, and are missed by co-workers and members!

Additionally, this spring, Michael Ladd completed his final term on Co-op's board. We are grateful for Mike's 17 years of service as director, including his leadership during his time as board chair, and we wish him all the best! ■

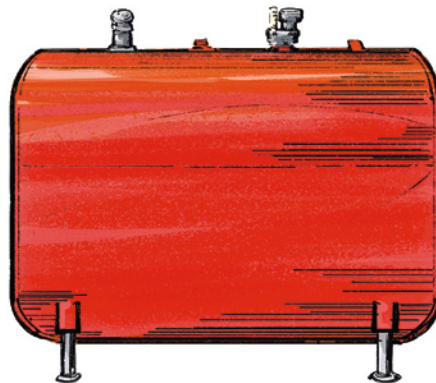
Vermont Requirements for Above-Ground Storage Tanks

In summer 2017, Vermont's Department of Environmental Conservation revised its rules on above-ground fuel storage tanks to prevent unwanted and avoidable releases of heating oil.

By July 31, 2020, all existing above-ground storage tanks must be inspected by a certified tank inspector to verify they are safe to fill and have no conditions that could lead to a fuel release.

Inspectors will attach a red/do-not-fill tag to a tank that has one or more of the following flaws:

- **An unstable foundation** could allow the tank to tip
- **Uncoated or unsleeved piping from the tank to the appliance** could allow for corrosion
- **Unequal fill and vent pipe sizing** could over-pressurize the tank
- **No vent whistle/alarm** could allow for overfill
- **Poor condition – excessive rust, leaks,**



weeping, or drips could all lead to released fuel

Also, any new indoor tank installations in flood zones must secure the tank against flooding.

Any newly installed tank, or any existing tank that's moved, must be placed on a concrete pad or other Agency-approved foundation to minimize tip and sink risks. A currently installed

tank that is not being moved doesn't have to meet this regulation yet, provided its foundation is stable enough to pass inspection. However, by July 1, 2030, every tank in Vermont must be on a solid concrete pad.

Tanks must be inspected every three years, plus:

- When first installed
- When first filled after a new installation
- After a change of fuel distribution company

If a tank fails inspection, in addition to being red-tagged, it is logged on the Department's web site until it passes inspection. Fuel distributors can't fill a red-tagged tank until it's repaired or upgraded.

Tanks with capacity higher than 1320 gallons, or collections of smaller tanks and containers totaling higher than that, have additional standards to meet. Farms have a distinct set of rules as well.

For more information, visit the Department's web site at <http://dec.vermont.gov>, or contact your fuel oil supplier. ■