



HARFORD MUTUAL

COMMITTED TO
MUTUAL SUCCESS



2015
ANNUAL STATEMENT



HARFORD MUTUAL

OUR MISSION:

Provide insurance products that allow our policyholders to conduct their business with the knowledge that they are protected by a financially strong insurer. We strive for profitable growth through our commitment to individualized customer service and by providing the independent agent with a stable market for quality insurance products.

OUR VALUES:

Delivering Financial Strength

Commitment to Integrity

Superior Customer Service

Continued Learning and Improvement

Corporate and Social Responsibility





Since 2010, our written premium has grown \$65 million dollars—an increase of 62%

2015 AT-A-GLANCE

Over **450** independent agencies representing Harford Mutual across **7** states and the District of Columbia.

Over **30,000** policies in effect in 2015.

174 years of partnering with our agents and policyholders, providing them with the peace-of-mind service they deserve.

\$170.7 million in direct written premium, representing **9.7%** growth over 2014.

Our **150** employees are industry experts and committed to serving you and your business.

435 years of service represented by **24** employees who received anniversary awards this year.

\$26.6 million in NEW business premium written.

Achieved a **92.6%** premium retention ratio.

Ended the year with **\$193.4** million in surplus.



Steven D. Linkous

President and Chief Executive Officer

PRESIDENT'S MESSAGE

As Harford Mutual marches forward into its 174th year of safeguarding our policyholders, I am pleased to report that the company ended 2015 on a very prosperous note. With nearly all financial measures improved, underwriting revenue and profitability goals surpassed, and planned operational achievements realized, Harford Mutual stands strong and ready to advance into a future of endless opportunities. Good fortune and the tremendous contributions and support of our team and agency partners position us well to face the challenges ahead. We are prepared to serve our policyholders while remaining keenly focused on our strategies.

Regarding underwriting profitability, it would be fair to describe 2015 as a tale of two halves. Insureds experienced above-average losses during the first two quarters, most notably from the brutal winter, a late-February two-week freeze event, and a handful of large fires. At the halfway mark of the calendar, loss experience turned extremely favorable, bringing the year to a break-even underwriting position by the end of September. An outstanding fourth quarter ultimately led to the company achieving a net combined ratio of 94.9%.

Harford Mutual continued to capitalize on strong agency partner relationships and market opportunities throughout the year in maintaining existing and capturing new premium revenue. Overall premium retention was an outstanding 92.6%, with policy retention close behind at 86.3%. Premiums retained in the large account segment (greater than \$200,000) were even better at 107%. New business was robust throughout the year, even during the typically difficult fourth quarter, which generated 21% of the year's \$26.6 million total new premium, \$2.5 million greater than projected. Excellent performance in both existing and new premiums led to a \$15.1 million, 9.7% increase, with the company

exceeding the \$170 million direct written premium mark for the first time in our history.

Our financial performance was not the only aspect of 2015 that saw significant change as the year progressed. As the company grows, so does our need for strong leadership at all levels. The additions of Chief Financial Officer, General Counsel/Director of Compliance, Director of Human Resources, and Director of Property Claims, as well as promotions and new management for our Underwriting team, have altered the face of the company while strengthening our core competencies. As we grow and move toward reaching our strategic operational and profitability goals, our tremendous team will be at the helm looking for and introducing innovative ways to guide us.

With a full management roster by mid-year, we immediately started to see benefit from the implementation of new efforts to support our vision. Service guidelines and internal audit procedures were created. New employee relations and benefits programs were introduced. Deeper analysis of our product diversification was conducted. And, compliance and security protocols were fortified. As a growing company in an increasingly complicated industry and regulatory environment, these improvements ensure we are prepared for the future while maximizing operations today.

The Underwriting team may have seen the most change in 2015. The expansion of the Large Account Unit, formed in 2014, continued throughout the year with the addition of a new team member and produced more than \$7 million in new business. Complementing our restaurant segment, a Fine Dining program was introduced and final preparations for affording cyber liability coverage to our policyholders, beginning in the spring of 2016, were



2015 Annual Employee Photo

completed. Twenty-five year veteran and Executive Vice President Bob Ohler retired at year's end, and John Goodin was promoted to Senior Vice President, Commercial Business Services. We reorganized the Underwriting Department to allow for more specialized and personalized attention at the state level, supplemented staff to manage the increase in volume and maintain our high service standards, and placed two Directors of Underwriting to guide and oversee the teams.

At Harford Mutual, *Committed to Mutual Success* is more than a tagline—it is our guiding principle. Every decision we make is made with our insureds, our agents, and our employees in mind. We strive to streamline operational efficiencies to contain costs, ensure our profitability, and provide for long-term, outstanding service to our insureds. We partner with agents, protecting our franchise value and helping them grow and succeed. Lastly, but most importantly, we work diligently to attract and retain the best talent possible, as they ultimately deliver the promise of security to our policyholders and achieve the vision leadership has set forth.

Our focus on this guiding principle works. The policyholders' surplus has increased \$104.5 million, 117.7% over the last 10 years, to \$193.4 million. We have increased the number of agents writing over \$1 million in direct written premium with the company from 10 in 2011 to 28 as of year-end 2015. The vast majority of our agency partners have deepened their relationship with the company, further illustrating their commitment to, and confidence in Harford Mutual. And you only need to turn

to pages 6-8 to read of the incredible professionalism and community involvement of our employee workforce.

Looking forward to 2016, we are excited to see critical projects nearing completion. After countless hours and teams of consultants on-site and overseas, we will begin implementation of the first phase of the multi-year project to replace our core systems, with the launch of package lines in November. This long-term investment of time and capital into our infrastructure is not only indicative of our commitment to advance our technology platform, but it is a testament of our commitment to our vision of the future—one that finds us a strong, stable, and dependable insurer for our policyholders. We can also see the finish line of the major renovation to our headquarters, a 64-year-old iconic landmark in Bel Air, Maryland. More than just new paint and furniture, the upgrades and redecorating are symbolic of our ability to adapt and change as we continue our evolution from a hometown insurance company to a renowned regional mutual carrier of commercial insurance.

Whether an insured, an agent, a vendor, a board director, or an employee—thank you for your part in this journey. The principles of mutuality do not thrive in a vacuum, but are dependent upon the dedication and contribution of all who would benefit. We did this together. Thank you for being ***Committed to Mutual Success***.

Stan D. Cinkus

President and Chief Executive Office



Former Academy of Finance intern and new accounting assistant, Tia Timpson (l) mentors summer intern, Joi Dixon.

EMPLOYEES

Harford Mutual took an aggressive approach to employee development in 2015, making changes to accommodate our growth and ensure that we attract and retain a vibrant workforce to provide the highest caliber of service to our agents and insureds.

A new Director of Human Resources and a new General Counsel worked to elevate our departmental infrastructure with new technology and auditing tools to manage increasing compliance and regulatory reporting and record-keeping requirements. We enhanced our Employee Education Assistance program to include master's degrees to accommodate a more sophisticated and competitive insurance marketplace. We expanded our recruiting efforts to include Towson, Stevenson, and St. Joseph's Universities in addition to our continued efforts at Temple University.

These improvements will surely bear fruit in the future, but our past efforts have seen their own success. Kelly Dougherty and Alexander Troutman joined Harford Mutual as Underwriters after interning here last summer and graduating from Temple University with degrees in Risk Management and Insurance. We continued our internship program with Edgewood High School Academy of Finance, hosting five students on a shadow day and hiring senior Joi Dixon as our summer accounting intern. The Edgewood program has proven very rewarding for us as we welcomed back Tia Timpson, an intern here during her junior and senior years, as our new Treasury & Accounting Assistant. After graduating from Edgewood High School, Tia earned her bachelor's degree in Business Administration from The University of North Carolina at Greensboro and was ready to "return home" to Harford Mutual at the first opportunity.



A few of the many employees who celebrated anniversary milestones in 2015. Pictured above are March milestone recipients (l to r) Missy Ruff, 10 years; Dawn Carter, 30 years; Jane Gootee, 25 years; and Richard Kipp, 5 years.

The development and professionalism of our staff can be seen in their continued advancement in education and industry affiliations. Charmian Hess, MD/DE Production Underwriter, is the 2016 President of Insurance Field Representatives of Delaware. Senior Claims Examiner Caty Hartley is President-Elect of the Maryland CPCU Society. Caty, along with Accounting Assistant Missie Ruff and Underwriter Cheryl Amberman, were invited to lead a roundtable discuss at the 2015 Guidewire Conference in San Francisco, where Program Manager Gail Bianco was a featured panel speaker as well. And our company can proudly report over a third of our employees have completed or are in the process of completing their CPCU or other advanced insurance designation.

DESIGNATIONS EARNED IN 2015

- Senior Claims Examiner, Alison Barry, AINS, CPCU
- Commercial Underwriter, Mike Borzatti, CPCU
- Commercial Underwriter, Jack Griffin, CPCU
- Commercial Underwriter, Laura Hoffses, CPCU
- Senior Claims Examiner, Laura Kurrle, CPCU
- Production Underwriter, Martin Kyper, CPCU
- Commercial Underwriter, Kay Sheldon, AAI
- Commercial Underwriter, Jennilee Sobczak, AU
- Claims Examiner, Joshua Swimmer, AIC

Bob Ohler, (l) poses with the Bocce Ball Tournament final teams and Helping Up Mission Donor Relations Coordinator, Barry Barnett. The tournament and donations raised \$2,426 for the charity.



LEADERSHIP RETIREMENT

On December 31, 2015, Bob Ohler retired as Executive Vice President after 25 years of service with the company. Ohler began his career at Harford Mutual in 1990 with the Claims Department before transferring to Underwriting in 2003. He was promoted to Executive Vice President in 2015. Under his leadership, Harford Mutual refined its underwriting practices helping to achieve a direct written premium growth of \$65 million in the last five years and a \$122 million increase in policyholders' surplus since 2004. Ohler holds a bachelor's in marketing from the University of Baltimore.

A respected member of the community, Ohler will continue his service as a Board Member of the Helping Up Mission in Baltimore City. Ohler was instrumental in pioneering Harford Mutual's Annual Bocce Tournament for their benefit. The highly anticipated event, held in early fall, has become a fixture in the company's numerous internal charitable giving activities.

President/CEO Steve Linkous congratulates Bob Ohler on his retirement.



SERVICE AWARDS

5 YEARS OF SERVICE
Catherine Hartley
Richard Kipp

10 YEARS OF SERVICE
Melissa Ruff
Timothy Rutledge
Regina Jenkins
Stefanie Mohr
Sharon Lee
Susan Hannah

15 YEARS OF SERVICE
Deborah Merkle
Clare Emm
Angela Alaimo
Michele Williams
Tara Turner
Deborah McGinley

25 YEARS OF SERVICE
Jane Gootee
Robert Ohler
Martha Slemaker
Frank Kellner III
Charmian Hess
Michael Winn

30 YEARS OF SERVICE
Dawn Carter
Steve Linkous
Karen Zink

35 YEARS OF SERVICE
Michele Crisco



(L) Harford Mutual was a major sponsor for the Boys & Girls Clubs of Harford County's 25th Anniversary, including purchasing Build-A-Bears for auction and sponsoring 10 members. (Top) Presenting \$10,000 to Relay for Life.

Harford Mutual donated more than **\$200,000** to local charities and community groups

\$1,905 was donated to Komen Race for the Cure® by employees through bake sales, Ravens ticket raffle and wearing jeans on Friday.

\$31,000 pledged by employees through payroll deduction to the United Way of Central MD

42 patients were helped because of our Red Cross Employee Blood Drive

#1 fundraising team for Relay for Life in Harford County

24 employee teams participated in the Annual Bocce Ball Tournament to benefit Helping Up Mission

MEANINGFULLY INVOLVED

Harford Mutual exists to help people. As an insurance company, our very product is designed to be there when people need us most. We are dedicated to extending that purpose beyond our products and services to the communities we serve. In 2015, we elevated our commitment to that mission with the development of our Corporate Social Responsibility Statement and the addition of a staff position to oversee our charitable contributions and volunteer efforts. Season Voelker, Corporate & Community Engagement Coordinator, will manage our corporate and employee giving, assist in fundraising, partner with local agencies and organizations to ensure we are making the most impact, and encourage and lead our employee engagement in non-profit programs. As our company continues to grow, it is our vision to expand our legacy of giving to other service areas and champion new projects where we can make a difference.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

Harford Mutual Insurance, founded on the principles of mutuality, is committed to being meaningfully involved in the communities we serve. The Company's charitable giving focuses on health & human services as well as organizations that support a vibrant community.

Harford Mutual defines health & human services as charities that are working on poverty alleviation, youth development and overall community health & safety.



We purchased a truck for the new Habitat for Humanity, Susquehanna ReStore and sent a team of employees to the Bel Air home build.



(L) Our Loss Control Team
(R) Jeff Okeson facilitated a training session between two of our insureds—Hawkins and Sons and Ceramic Tile.

RISK MANAGEMENT

Harford Mutual provides hands-on, customized Loss Control services to insureds to identify potential risks, make recommendations for improvement, and train employees to prevent future occurrences. We will conduct a site and claims analysis to detect repeated and latent risk exposure then develop a program to address those specific areas.

Our services don't stop there. Because we operate on the principles of mutuality, it's in everyone's best interest to learn and share. In December, in response to last February's freeze event and in advance of harsh winter temperatures, we mailed and made available Winter Advisory Packages to agents and their insureds. These "kits" included winter safety posters with messages specific to snow and ice; maintenance tips for property managers to review before and after an event; and a checklist for tenants and unit owners on steps to take to protect their vacant units.

We tailored our safety posters for two large accounts with custom photography using their employees and onsite locations to accurately depict risk scenarios and drive the message. And, in an example of true mutual service, our Loss Control Consultant, Jeff Okeson, brought together two insureds and facilitated a training workshop on a piece of safety equipment that one was using and the other was considering.



● "We are very pleased with the support Harford Mutual provides us to train our staff. It is fantastic to have our insurer provide such excellent training and resources to help us meet our safety goals! With Harford Mutual behind us, we're hoping to achieve 'Safety First' in 2016.

Kelly Boyle, Safety Director for Smith Industries.



**DAVE ELLIOTT,
ARM, CRIS**
Casualty Specialist

Dave has been a Harford Mutual employee since 2007, with 19 years of safety and loss control experience. Prior to joining Harford Mutual, Dave served as the Area Risk Control Manager for SuperValu food stores where he was responsible for 130 supermarkets and 30 convenience stores across 12 states. He specializes in Property, WC, and Liability programs. He's a member of the American Society of Safety Engineers and Insurance Loss Control Association and holds the Associate in Risk Management (ARM®) and the Construction Risk and Insurance Specialist (CRIS®) designations.



BACK: Bill Wynne, Loss Control Manager; Karl Hancock, Director of Property Claims & Account Management; Pat Stifler, Business Development Manager. FRONT: Angela Alaimo, Underwriting Supervisor; Kay Sheldon, Commercial Underwriter; Christopher D'Alessio, Field Underwriting Specialist

DEVELOPMENT FOR SUCCESS

When you're looking for innovation in the insurance business, looking inward can often yield effective solutions. In 2015, Harford Mutual formalized our product development efforts and assembled a team to systematically review our coverages and appetites and make recommendations for changes and improvements. We took a multi-disciplinary approach, recruiting staff from Claims, Compliance, Marketing, Business Development and Underwriting, to make sure we examined the possibilities from all angles. We must continue to identify opportunities to improve and expand our product offerings to ensure we continue to meet the demands of our agents and insureds. Our Fine Dining Program, Large Account Unit, and Cyber Liability coverage offering scheduled for release mid-year 2016, are all examples of this customer-centric focus.

FINE DINING

The development of our new Fine Dining program was the result of a thorough evaluation process by our team. With the addition of four class codes to our Horizon BOP Restaurant program, we are able to recognize the unique characteristics of Fine Dining establishments and price this business more appropriately. We also reviewed our coverage offerings to ensure we could meet the needs of this unique customer base. Fine Dining restaurants are full-service restaurants with an upscale menu and an extensive beverage selection. With a highly-trained waitstaff and a more ambient and sophisticated décor, this segment of the restaurant market presents us with an opportunity to diversify our restaurant portfolio and supports our profitable growth strategy.

LARGE ACCOUNT UNIT

Launched in late 2014, our Large Account Unit was extremely successful in 2015 writing \$7.2 million in new business. Again relying on the cross-departmental

expertise of a multi-disciplinary team, the unit members from Underwriting, Claims, Business Development, and Loss Control provided the high-touch service our large account customers expect and deserve. The pursuit of large accounts, with a dedicated team responsible for handling these customers, is not a shift from our core business, but another example of refining our strategies and committing the appropriate resources required to ensure continued profitable growth.

CYBER LIABILITY

Our proven capabilities and success in product development have positioned us well for the launch of Cyber Liability in April. Partnering with the experts at NAS Insurance, we are excited to introduce and offer this comprehensive product to our clients. Cyber-attacks affect all size businesses, and experts have found that nearly 80 percent of small businesses owners don't have a plan. The resource and reference library we will provide along with a \$100,000 limit and 1st and 3rd party coverage promises to make our Cyber Liability a positive enhancement to our businessowner and package policies.



Fine Dining BOP Restaurant Plus Classification Codes:

- 09421—No Sales of Alcohol
- 09431—Alcohol sales up to 30%
- 09441—Alcohol sales from 30-75%
- 09451—BYOB



REGIONAL CARRIER

STATE OVERVIEW

Harford Mutual monitors and maintains state-specific goals down to the agency level. We strive to be the carrier of choice in each state by providing products and pricing that are competitive within the state and regional marketplace. We have made adjustments to our appetite to ensure the most profitable menu of offerings.

DELAWARE

Moved to become our 3rd largest state with 2015 direct written premium (DWP) of \$17M. We remain cautious writing business in the coastal region of the state, with our growth plans concentrated in New Castle County. We have limited representation in Delaware with 14 appointed agencies, all with meaningful volume with the company. In order to maintain our current growth trajectory, we must be considered a core carrier for each of our partner agencies. The mix of business is spread evenly across all target segments, which supports our overall diversification strategy.

MARYLAND

Maryland is our largest state representing 32.8% of our total book, with \$56M in direct written premium. Of our 94 resident agencies, 11 wrote direct written premium above \$1M and 27 above \$500,000. In 2016, we will focus on expanding our fine dining segment, increasing our commercial lessor's risk writings, and driving middle market and large account opportunities.

NEW JERSEY

New Jersey experienced significant growth and moved up one position to become our 6th largest state. Experiencing 24.4% growth in 2015, the state ended the year at \$14.1M with \$4.1M in new business written. Middle market production from domiciled agencies drives our success in the state, along with our strong partnership with the Iroquois Group.

PENNSYLVANIA

Served by two production underwriters, Pennsylvania remains our 2nd largest state with year-end 2015 DWP of \$32.8M. New business of \$4.9M and strong premium retention led to 6.8% growth. With a 2015 combined ratio of

103%, we continue to focus on driving underwriting strategies aimed at improving our loss ratio. We employ a conservative workers' compensation underwriting strategy, with particular focus on our contracting book of business. The state presents considerable opportunity for growth in the middle market and large account arena.

TENNESSEE

Tennessee remains our smallest state with year-end 2015 DWP of \$6M. \$1.1M in new business premium was written and renewal premium retention finished the year at 86.2%. The direct case loss ratio was 38.13%, which is of particular importance as we have now experienced two consecutive profitable years following five consecutive unprofitable years from 2009 - 2013. The state is positioned for growth in 2016.

VIRGINIA

Virginia is our 4th largest state ending 2015 with \$16.8M in DWP, \$2.9M in new business, resulting in 17.8% growth. Virginia new business production reached an all-time high at \$2.9M for the year. The addition of a new production underwriter, solidifying a strong underwriting team, along with considerable support from our partner agencies, all drove our success in 2015.

WASHINGTON DC

The District of Columbia holds the number five slot, with 2015 year-end DWP of \$15M, an increase of 15.18% over prior year. \$1.8M in new business was written with a renewal premium retention percentage over 100%. Our production continues to be driven by agents in surrounding states, with only two DC domiciled agents represented.

SPOTLIGHT ON

NORTH CAROLINA

7th largest state in DWP

\$12.9M
in DWP

\$1.7M
in new business

2015 direct case loss
ratio of **40.79%**

81 active agencies
located in the central and
western regions of the state

Strong partnership with the
Keystone Insurers Group

Good spread of premium across
all target segments of business

79% of our North Carolina book is small business, accounts with written premium below \$25,000. And while we remain committed to this segment of the market, we believe there is considerable opportunity to write larger accounts in the state. With that in mind, we added a second Production Underwriter to the state in 2015 with primary responsibility for identifying middle market and large account opportunities.



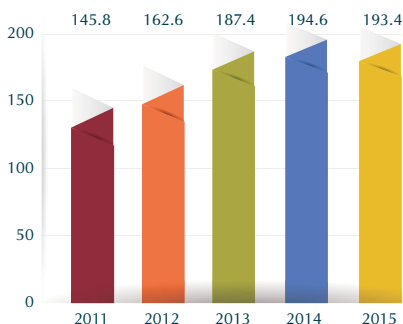
FINANCIAL HIGHLIGHTS

Condensed Consolidated Statutory Financial Report

POLICYHOLDERS' SURPLUS

While our net underwriting gain was strong at \$5.22 million and ordinary investment income was positive at \$4.44 million, unrealized losses in our equity portfolio, along with sizeable expenditures for our Core System Replacement Project, resulted in a \$1.2 million drop in Policyholders' Surplus to \$193.4 million. However, over the last 10 years, PHS has grown by \$104.5 million, or 117.7%. In addition, our leverage ratio remains strong at 0.78:1.

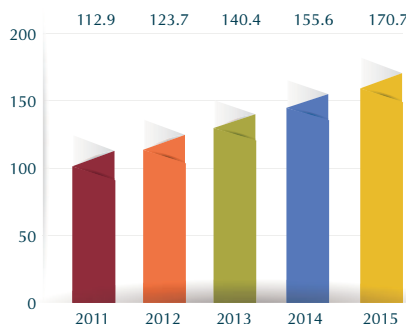
Policyholders' Surplus (in millions)



DIRECT WRITTEN PREMIUMS

Driven by a solid premium retention ratio of 92.6%, and continued momentum on the new business front with \$26.6 million written in 2015, direct written premium grew by 9.7% to an all-time high of \$170.7 million. With the segmentation of our business into three distinct divisions based on account premium size, Small < \$25k, Middle \$25k - \$200k, and Large > \$200k, we've been able to devote the proper amount of resources to each segment, providing the appropriate level of service required from an Underwriting, Loss Control, and Claims perspective.

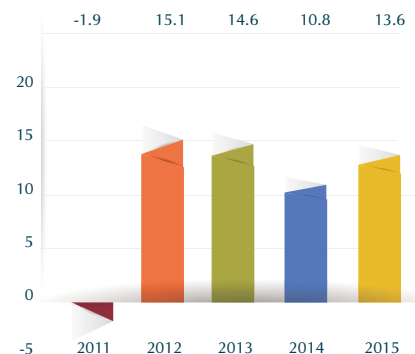
Direct Written Premiums (in millions)



NET INCOME

Net Income after Federal Income Tax ended 2015 at a healthy \$13.58 million, against a plan of \$8.43 million. We continue to employ a conservative investment strategy and focus on core underwriting fundamentals in order to achieve our net income expectations on a consistent basis year-over-year.

Net Income (in millions)





We broke the \$170 million direct written mark for the first time in the company's history.

New business outpaced plan throughout the year as a result of our effective business development efforts. As we continue to establish ourselves as a viable large account player, while remaining committed to growing our small and middle market business, we realized a significant increase in large account production writing more than \$7 million new in 2015 compared to \$1.7 million in the prior year. Overall new business production ended at \$26.6 million, \$2.5 million above plan.

Condensed Consolidated Statutory Financial Report *(in thousands)*

STATEMENTS OF ADMITTED ASSETS, LIABILITIES AND SURPLUS *as of*

	12/31/2015	12/31/2014
Bonds	\$ 207,818	\$ 198,564
Common Stocks	117,096	121,430
Real Estate	4,551	3,992
Cash and Short-Term Investments	35,075	31,227
Premiums and Agents' Balances	42,537	40,085
Other Assets	6,214	2,965
Total Admitted Assets	\$ 413,291	\$ 398,263
Unpaid Losses and Loss Adjustment Expenses	\$ 114,982	\$ 102,138
Unearned Premiums	78,631	72,471
Other Liabilities	26,235	29,085
Total Liabilities	219,848	203,694
Total Policyholders' Surplus	193,443	194,569
Total Liabilities and Surplus	\$ 413,291	\$ 398,263

STATEMENTS OF INCOME *for the years ended*

	12/31/2015	12/31/2014
Net Premiums Earned	\$ 143,853	\$ 129,981
Losses and Loss Adjustment Expenses	87,631	80,980
Other Underwriting Expenses	51,007	46,961
Net Underwriting Gain	5,215	2,040
Investment Income	9,496	9,592
Other Income	42	49
Income Tax (Expense)	(1,171)	(912)
Net Income	\$ 13,582	\$ 10,769



MCDORMAN, JR. | BOYLE, JR. | ROMAN | SMITH | LINKOUS | SCOTT | FRY | MEZZANOTTE, JR. | COLLINS, III | KENNEDY

BOARD OF DIRECTORS

Standing from left to right

ROBERT D. MCDORMAN, JR.
Retired Principal, Investment
Counselors of Maryland

CLARENCE C. BOYLE, JR.
President, Boyle Buick
GMC Truck

SPENCER M. ROMAN
Retired President and
COO, AAA Mid-Atlantic
Insurance Group

ABIGAIL E. SMITH
President, Abigail E. Smith,
Associates, P.A.

STEVEN D. LINKOUS
President and CEO,
The Harford Mutual
Insurance Companies

STEPHEN T. SCOTT
Chairman
Retired Principal, Investment
Counselors of Maryland

DONALD C. FRY
President and CEO
Greater Baltimore
Committee

ALBERT J. MEZZANOTTE, JR.
Partner, Whiteford, Taylor &
Preston, LLP

ATWOOD COLLINS, III
Executive Vice President,
M&T

JAMES J. KENNEDY
Retired President and CEO,
Ohio Mutual Insurance
Group



THOMPSON | GOODIN | MASHINSKI | LINKOUS | FABIAN | KELLNER, III | RINK | POOLE

OFFICERS

Standing from left to right

KENNETH G. THOMPSON
Assistant Vice President and
Controller

JOHN D. GOODIN
Senior Vice President,
Commercial Business Services

KAREN L. MASHINSKI
Vice President and Chief
Financial Officer

STEVEN D. LINKOUS
President and Chief
Executive Officer

STEPHEN M. FABIAN
Vice President and Chief
Information Officer

FRANK P. KELLNER, III
Vice President, Claims and
Corporate Secretary

JEFFREY S. RINK
Vice President, Marketing and
Business Development

JUNE A. POOLE
Vice President and Treasurer

IN MEMORIAM JAMES D. HARDESTY

Harford Mutual lost a dear friend and respected Director with the passing of James D. Hardesty on May 12, 2015. Jim served as a Director on our board for 28 years, including roles as Vice-Chairman, Chair of the Compensation Committee, and member of various other committees during his tenure.

Born in Baltimore and raised in Baltimore County, Jim graduated from Gilman School before earning his bachelor's degree from Georgetown University in 1968 and his master's degree in business from Columbia University in 1970. His career started in the mailroom at Alex. Brown & Sons following high school graduation. He credited the energy from the trading floor there with his interest in the financial sector, taking a job as an analyst with Mercantile-Safe Deposit and Trust Co. after graduating from Columbia. After a brief stint at the Investment Counselors of Maryland in 1972, Jim returned to Mercantile where he stayed until co-founding Hardesty Capital Management in 1995. Serving as board chairman, market strategist and chief economist, Jim led Hardesty Capital Management's growth to nearly \$1 billion in assets managed before he retired in April 2015.

In addition to serving on our Board, Jim was a former board member of Gilman School, Walters Art Museum, and Family & Children's Services of Central Maryland. He was a member of the Maryland Club and Elkridge Club and a communicant for Shrine of the Sacred Heart Church in Mount Washington.

The Board of Directors at Harford Mutual will long remember the numerous contributions, insight, wit, and wisdom that Jim blessed us and the company with over so many years.



*"Jim will be remembered for
his impressive analytical skills,
a genuine interest and
appreciation of history as well
as his investment wisdom.
He could not resist
storytelling, a form of
entertainment he employed
often and well."*

STEPHEN T. SCOTT, CHAIRMAN OF THE BOARD



HARFORD MUTUAL

THE HARFORD MUTUAL INSURANCE COMPANIES

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Bel Air, Maryland 21014-3544

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HARFORDMUTUAL.COM

The Harford Mutual Insurance Company, Founded 1842

Firstline National Insurance Company, Founded 1988