



# Annual Policyholders' Meeting

Meeting of the Board of Directors of the New Mexico Mutual Casualty Company and its wholly-owned insurance subsidiaries New Mexico Commercial Insurance Company, New Mexico Premier Insurance Company, New Mexico Assurance Company, New Mexico Employers Assurance Company, New Mexico Southwest Casualty Company, New Mexico Security Insurance Company, New Mexico Safety Casualty Company, New Mexico Foundation Insurance Company and New Mexico Business Insurance Company.

## Minutes of Friday, May 19, 2023

**Board Members:** Tom Antram, Chair; Maria Griego-Raby, Secretary Treasurer; Sam Baca; Christina Campos; Ken Carson – *Absent*; Ronda Gilliland-Lopez; Eric Herrera; Jennifer Thomas; and Kellie Mixon, President & CEO

**Leadership:** Dan Giralmo, Vice President of Claims; Kristen Carey, Vice President of Underwriting; Gina Hickman, Vice President & CFO; Cindy Mohler, Vice President of Human Resources & Administration; Jeremiah Ritchie, Vice President & General Counsel; Claudia Sanchez, Director of Marketing & Policyholder Services; Karen Schroeder, Director of IT; Dawn Madden, Director of Claims; Sara Gurule, Scribe

**Other Attendees:** Jim Richardson, RSM US LLP; Kyle Conway, RSM US LLP; Kathy Kreider, New Mexico Mutual Policyholder

### **Item No. 1: Call to Order**

Tom Antram, Board Chair, called to order the 2023 Annual Policyholders' Meeting of the New Mexico Mutual Casualty Company at 8:00 AM/MDT on Friday, May 19, 2023. The meeting was broadcast live via Cisco Webex from New Mexico Mutual's home office at 5201 Balloon Fiesta Parkway NE, Albuquerque, New Mexico 87113. Mr. Antram introduced Kellie Mixon, the President and Chief Executive Officer of New Mexico Mutual.

### **Item No. 2: Proxy Report and Quorum**

Ms. Mixon presented the Quorum and Proxy Report and stated the Company received a total of **57** written proxy responses from Policyholders of the New Mexico Mutual Casualty Company ("Policyholders") indicating the following:

- **53** Policyholders appointed Kellie Mixon with full power of substitution, as proxy to vote on all matters that may properly come before the 2023 Annual Policyholders Meeting; and
- **4** Policyholders indicated that they would attend the 2023 Annual Policyholders Meeting: (i) Three G's Construction, LLC; (ii) Cancer Services of New Mexico; (iii) People Assisting the Homeless P.A.T.H.; (iv) Rick Quant & CO.

**In accordance with the Bylaws and Proxy Report, Ms. Mixon confirmed that a quorum had been constituted by simple majority of Policyholders present and by written proxy, which is necessary and sufficient to conduct business at the 2023 Annual Policyholders Meeting.**

### **Item No. 3: Approval of the Agenda of May 19, 2023**

Mr. Antram entertained a motion for approval of the Agenda of the May 19, 2023 Policyholder Meeting.

**Motion to approve the Agenda of the May 19, 2023 meeting was made and seconded. The motion was unanimously approved without amendment.**

### **Item No. 4: Approval of the Minutes of May 20, 2022**

Mr. Antram entertained a motion for approval of the Minutes of the May 20, 2022 Policyholder Meeting.

**Motion to approve the Minutes of the May 20, 2022 meeting was made and seconded. The motion was unanimously approved without amendment.**

## **Item No. 5:     Opening Remarks and Introductions**

Mr. Antram welcomed the Board, Policyholders, and Management to the meeting and introduced each member of the Board. The meeting is an opportunity to share information on the performance of the Company with its Policyholders. Mr. Antram noted that 2022 was another strong year for New Mexico Mutual despite the added pressures of a 5.5% rate decrease. Overall, the Company was able to increase Gross Written Premiums by 11.5% and maintained its position as the market leader with 32.1% share of the workers' compensation market in the State.

## **Item No. 6:     2022 Financial and Operations Reports**

### *Introduction of Senior Leadership*

Ms. Mixon introduced each member of New Mexico Mutual's Senior Leadership Team and noted their years of service with the Company.

### *Report of Consolidated Financials*

Gina Hickman, Vice President and Chief Financial Officer, presented the consolidated financial results for 2022. In review of the income statement and balance sheet, it was reported that revenue was at pre-pandemic levels. The Company experienced an increase in Loss Ratio and Claim Severity yet maintained focus on expense management. Due to volatility in the investment market and unrealized losses in the investment portfolio, a decline of \$6.2M in surplus was reported. Despite business challenges including the continued rate reduction, New Mexico Mutual had a successful year resulting in Net Income of \$9.2M. The Company's A.M. Best rating of A- (Excellent) was reaffirmed with a stable outlook.

### *Independent Financial Audit Report*

Jim Richardson, Partner with RSM US LLP, presented the Independent Financial Audit Report of the Company's financial statements for the year ended December 31, 2022. Mr. Richardson confirmed that RSM did not identify any material departures or exceptions in their audit procedures on the statutory financial statements. On May 11, 2023, RSM issued an unmodified, "clean" opinion of the combined statutory financial statements. It was noted that RSM received full cooperation from management in performance of the audit, including open communication and oversight by the Board's Audit Committee.

### *Operations Report*

Kristen Carey, Vice President of Underwriting, presented the operations report. Favorable results continued in 2022 as Written Policies grew to a record high, and Premiums returned to pre-pandemic levels. The overall worker's compensation market in New Mexico grew by 17% as New Mexico Mutual remained the market leader in the State. Sector results were briefly reviewed with minor gains in all sectors except for Oil/Gas. Claim volume decreased by 27% from pre-pandemic levels among all claim types and Claim Frequency remained flat as Claim Severity continued to increase. It was reported that the overall impact from COVID Claims has been minimal and not expected to materially develop. A focus on cost containment and expense management resulted in \$9.8M in savings for the year. New Mexico Mutual remained committed to operational excellence in 2022 and continued to serve the local business community across all sectors.

## **Item No. 7:     CEO Report**

### *2022 Overview*

Ms. Mixon provided a brief overview of 2022 results for New Mexico Mutual. Earned Premiums grew by 11.2% totaling \$94M, even as rates were reduced. Due to unrealized losses in the investment portfolio, surplus declined by 2.4%. New Mexico Mutual held its position as the market leader in the State with 32.1% of the total workers' compensation market. Efforts continued to enhance Service Excellence by implementing technology to better communicate with our injured workers and a digital payment option was added. The Company's cyber security profile was improved to further protect its data and systems.

*2023 Objectives*

Ms. Mixon briefly reviewed what was anticipated for 2023 in relation to Premiums, Losses, and the Combined Ratio. The Company plans to keep its focus on innovation to enhance service and will upgrade its core systems to the cloud, which will bring efficiencies to our operations and improve the customer experience. Finally, the Company will continue to work on engagement efforts focused on its Employees, Agents, and our Policyholders.

**Item No. 8: Other Business**

No other business was considered by the Policyholders.

**Item No. 9: Adjournment**

**The 2023 Annual Policyholders Meeting of the New Mexico Mutual Casualty Company was adjourned at approximately 8:21 AM/MDT.**

**APPROVED:**

**ATTESTATION:**

By: \_\_\_\_\_  
**Tom Antram**, Board Chair

\_\_\_\_\_ **Maria Griego-Raby**, Secretary Treasurer

Date: \_\_\_\_\_

Date: \_\_\_\_\_