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Insurers ILM and PLM to Join Forces

Affiliation Strengthens Organizations, Service to Wood Industry

New York, NY, July 10, 2013—Indiana Lumbermens Mutual Insurance Company and Pennsylvania Lumbermens Mutual Insurance Company today announced that they have executed agreements to affiliate their respective companies. Once effective, the affiliation will result in common management, shared services and pooled reinsurance. The headquarters of the newly affiliated group will be in Philadelphia, Pennsylvania, with significant operations to be performed in Indianapolis, Indiana. John F. Wolf, who currently serves as President and CEO of Indiana Lumbermens Mutual, will retire from that position and become a member of the Board of Directors of both companies.

John K. Smith, President and CEO of Pennsylvania Lumbermens Mutual, will serve as CEO of the integrated organization. He remarked, "This combination is an opportunity to capitalize on the strengths of each organization for the benefit of all. It will allow us to offer a broader and financially stronger market for the insureds of both companies, and a more secure workplace for employees. I truly believe that we are building the premiere property and casualty insurance marketplace for wood products and building material businesses in the United States."

Mr. Wolf noted, "Together we're better — for stakeholders of both companies, and so I look forward to working with John and his team to make sure we do this right and maximize this opportunity. The potential for a new service center is something that I am particularly excited about, since it will capitalize on many of the workforce strengths that we have here in Indianapolis."

The affiliation agreements are subject to approval by the applicable departments of insurance, a process that management expects will be successfully completed by year's end. Management has consulted with the A.M. Best Company, and anticipates that the affiliated group and its members will be assigned a Financial Strength Rating of A-.

About the Companies

Indiana Lumbermens Mutual Insurance Company is headquartered in Indianapolis, and was founded in 1897 to provide an alternative source of fire insurance coverage for the state's lumberyards. It has since grown to offer a range of intelligent insurance solutions to the building materials and forest product industries. For additional information, please visit the company's website at www.ilmgroup.com.

Pennsylvania Lumbermens Mutual Insurance Company, based in Philadelphia, was established in 1895, and deals solely in providing property and casualty insurance to the wood products and building material industries. For additional information, please visit the company's website at www.plmins.com.

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