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**TELCOM INSURANCE GROUP'S BUSINESS
INSURANCE AND RISK MANAGEMENT SOLUTIONS..**
MUSIC TO YOUR EARS

TELCOM
INSURANCE GROUP

2014 ANNUAL REPORT



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Our purpose is to enable telecommunication businesses to manage their financial risk by means of industry-specific insurance and risk management solutions. We build value through the strength of our relationships with our family of insureds, the knowledge we have gained of the risks of the industry we serve, the coverage and claims advocacy we offer, and by consistently producing sound solutions that fit the needs of each of our customers.

**THE END PRODUCT OF OUR EFFORTS IS THE
EARNED TRUST OF OUR INSUREDS.**

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PRESIDENT AND CHAIRMAN OF THE BOARD'S MANAGEMENT REPORT

“Words may show a man's wit but actions his meaning.”

— Benjamin Franklin, Inventor and Politician (1706-1790)

Because It Is a Matter of Trust...

Since 1982, National Telcom Corporation (NTC) has been in the business of insuring telecommunications companies and offering risk management solutions to support the telecom industry with the transfer of the impact of hazards. The Company has a long history of being known for fairness, truth, and honor in business practices and that has earned it a positive reputation. No business sells trust as their “service and product” more than an insurance company. National Telcom Corporation, the captive insurance company of the National Telecommunications Cooperative Association (NTCA), conducts all business transactions in a manner that is consistent with that of a company that focuses on earning trust. In simple terms, that means when it seems impossible to others, the Telcom Insurance Group finds a way to get it done.

What truly makes Telcom Insurance Group special is the staff. In an industry, such as insurance, where products are promises, the quality of people matters. Being the brightest or most driven isn't enough and at the core of the transaction there has to be a person

who cares and wants to protect the others. The Company employs individuals that care. As a result, the relationships we have built with insureds go beyond business and have grown into friendships.

Beyond earning trust and developing solid partnerships with customers by caring and treating them like friends, the Company continues to develop insurance and risk management services or products that meet the insureds current needs. Staying on top of emerging risks and developing protection to minimize the impact of them show true commitment to shielding insureds. Management and Staff of the Telcom Insurance Group have plenty of history to draw from and the success and failures of the years that provided the experience necessary to act and manage the business of the Company in a way that maintains a stable and secure insurance operation. History is a great guide, but to be a relevant solutions provider for our customers listening to you about what your needs are and developing product and service from your feedback is invaluable and part of the commitment of the Company to finding solutions for you.

This President and Chairman of the Board's Management Report will be just a piece of the overall Telcom Insurance Group Annual Report, which will journal the past year and provide you, the reader, with information that will allow you to continue to trust, respect, and support this Company.

The Insurance Industry in 2014...

The insurance industry in 2014 produced a combined ratio, as of the time of this writing, of 102.1%, as reported by A.M. Best. When Combined Ratios are above 100%, which is the break-even level, it indicates the industry is suffering a loss from operations. The 2014 reported result, is slightly worse than the 2013 year. In 2014 rate increases that were common in the prior 2 years slowed, and it may be part of the reason for the loss the industry realized last year. This is basically six years in a row that the industry has generated unprofitable underwriting results. The prior years, from 2005-2013, produced the following combined ratio results 93.8%, 93.9%, 95.1%, 104.7%, 101%, 101.5%, 107.5%, 103.2% and 100.1%. These results show that the insurance industry is subject to profit and loss swings from year-to-year. History would also show that the industry is willing to allow operational losses for stretches of time without taking corrective action. Even with the rollercoaster results, Capital and Surplus remains strong for the industry as a group and for almost all individual insurers. The strength of Capital and the positive results in 2014 will lessen the pressure on some insurers to take action to correct for the unprofitable year. In 2014, rates for the average consumer increased by roughly 1.75%. This amount doesn't cover the baseline increase in claims inflationary costs, and in the event of weather catastrophes, the industry quickly trends to significant operational loss. While rate increases are not as positive for consumers as a

soft market rate reduction, it has been good news to insurers, the past few years, who believed that inadequate rates were being secured since the last period of corrective action in 2003 and 2004. There are issues that could create turmoil in the industry including, severe weather disturbances, business failures, investment portfolios inability to generate modest returns, terrorism, asbestos, and pandemic types of flu. These are all concerns that are unknown factors to the industry. If they occur or if they play out to conclusion, we will learn what the industry as a whole needs to do with rates and premium to maintain healthy insurers who can meet their claims obligations in future years.

Major Highlights from 2014...

Insureds pay a premium for a promise that they will have their claims paid when they have a loss. For an insurer, the management of reserves is a major factor in their goal to maintain a financially healthy company that can meet its obligations. For that reason, reserving for loss obligations continue to be an area that the Company's management carefully watches and to maintain the highest attainable level of stability reserves are set at the upper level of the Company's actuaries range for loss funding. In insurance terminology, the fund for losses is called the claim reserve of the Company. In 2014, an actuary opined and confirmed that Management's practice of setting aside a portion of premium for loss obligations were more than sufficient and that there was also an acceptable level of redundancy to support current and future obligations of the Company. Thus, with a secure reserve foundation in place, the Company was positioned for responsible growth and development of the entire program.

Despite operating in a competitive environment or insurance market, premium volume in the Captive Reinsurance Company, NTC, grew in 2014. The organization also saw growth in the Agency, wholly owned subsidiary Telcom Insurance Services Corporation, which is utilized to find independent solutions with up to 8 insurance companies beyond the captive program for insureds when the rate or coverage is not favorable. The strategy of involving multiple insurers with the goal of finding the best solution for insureds worked exceptionally well in the past year as policyholder growth was strong. The policyholder count tells of a growing business with core Property and Casualty customers consistently increasing from 166-2008, 168-2009, 169-2010, 177-2011, 190-2012, 192-2013 and 242 in 2014. When the total number of Property and Casualty customers are added to the total of Directors & Officers customers, it adds up to a total of 310 telecommunications companies utilizing us for some type of policy placement. This customer base is up from 285 the prior year. A strong and growing customer base sets the tone for a strong financial base for the current year and the future.

The staff of National Telcom Corporation monitored the events and trends that created challenges for the telecommunications industry in 2014 and worked diligently to make sure that the insurance impact to the members of the National Telecommunications Cooperative Association (NTCA) would be minimal. As an example, NTC with 41 telecommunications companies saw their investment in a traditional insurance company, Rural Trust Insurance Company, begin operations in April exclusively insuring telecommunications risks. The Premium rates developed for the group

are specific to the industry sector of NTCA. The rates not only cover loss exposure but also allow for further coverage development which has always been a strength of the Company. The proof is that we were the first and only to launch a policy that offers CAN, SPAM, and COPPA violation reimbursement as required by some television transmission and retransmission agreements. Further proof is in the Theft-of-Service and Trade Credit risk that is offered. True program development includes risk and loss prevention service offerings to support the insurance protection. We also are the first and only provider offering a risk management strategy for our customers so they can understand and protect themselves using management techniques versus simply being reliant on an insurance policy. Our programs offer both insurance and non-insurance risk transfer mechanisms that allow prospects and customers more than one way to address a concern. In the insurance industry, trust, stability, and expertise of a provider are evident through the relevance of products and services. Our continued development of protection speaks volumes about how we have stayed pertinent with the NTCA membership.

Great American Insurance Company (GAIC) has played a pivotal role in the success we have enjoyed as an operation for many areas. GAIC has been the fronting insurer, issuing policies and providing the admitted insurer financial guarantee to policyholders, since 2003. This relationship has grown and enhanced the benefit that the NTCA membership receives consistently from having an insurance program dedicated and owned by the group. Great American Insurance Company is a well respected and financially stable insurance company

that understands the values of rural America. They have been instrumental in specifically providing loss prevention and claims service that is unrivaled. Their excellence in these areas, coupled with their understanding of the rural telecommunications industry developed with the staff of the Telcom Insurance Group, acting as the educator and steward, have created a one-of-a-kind program. As previously noted in 2014, the Company introduced a second exclusive option by way of Rural Trust Insurance Company, which will not replace GAIC but supplement the program that is in place.

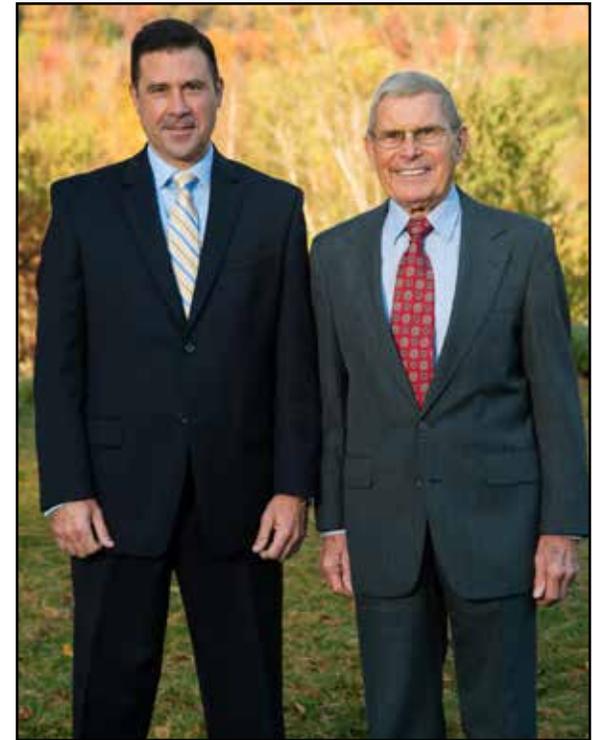
We Thank You for Your Support...

We appreciate our customers and recognize the relationships we have formed over long periods of time, but they could be jeopardized in much less time if we forget what matters. We are not only focused on profit and loss goals, but we want just as much to have a positive impact on the businesses and lives of those we serve. As such, we give back quite a bit to the telecommunications industry and the National Telecommunications Cooperative Association. The benefits provided by the fact that the NTC program is the only nationwide rural telecommunications insurance program writing all lines of insurance, are significant to both individual companies and the association as well. Protection for all members, regardless of the state in which they are domiciled, can be secured if they fit the underwriting model. The employees of National Telcom Corporation continue to be the leaders in insurance education and risk management for the Association and its telecommunications company members. The staff continues to show that education begins at home, and safety in the field, by educating at NTCA meetings, industry statewide events, and

in insureds offices and job sites to assure safety is implemented properly. The benefits of this work results in direct and indirect savings to National Telcom Corporation customers and members of the Association in insurance premiums and operating cost. We are pleased to provide hands-on services and prove that true experts in safety roll up their sleeves and visit in the trenches and at the jobsite. We believe that leading and training by example is more effective than just handing out money to fund safety meetings and/or scholarship funds. We hope that our appreciation is evident in our desire to create safe work environments that return your employees home safely each and every evening.

The report that follows in the pages of our 2014 Annual Report will provide an in-depth analysis of the year that was. The report itself is only part of the story of the Company and how we have earned the respect and trust of so many. One of the operation's greatest assets is the staff that protects the insureds and the members that participate in the program. The results that we report are driven by the staff and speak volumes of the quality of those employees. Enjoy the annual statement but also join us in person when presented with the chance. We hope you notice what makes us successful and stand out among peers.

In closing, the employees of the Telcom Insurance Group would like to thank you all, our sponsor NTCA, Shareholders, Directors, Officers and Policyholders for your loyalty, trust, and support. Without you, it would not have been possible to accomplish our goals. Our results are not by chance and your protection and trust should not be left to chance either.



Peter J. Elliott, CPCU
President & Chief Executive Officer

Richard C. Parker
Chairman of the Board, Retired 12/31/14

SHAREHOLDERS

As of 12/31/2015

SHAREHOLDER	STATE	SHAREHOLDER	STATE
Cen-Ark Cellular, Inc.	AR	Polar Communications	ND
Central Arkansas Telephone Cooperative, Inc.	AR	Randolph Telephone Membership Corporation	NC
Craw-Kan Telephone Cooperative, Inc.	KS	Riviera Telephone Company, Inc.	TX
Etex Telephone Cooperative, Inc.	TX	Rock Port Telephone Company	MO
Farmers Telephone Cooperative, Inc.	SC	Santa Rosa Telephone Cooperative, Inc.	TX
Glenwood Telephone Company	GA	Scott County Telephone Cooperative, Inc.	VA
Hancock Telecom	IN	Skyline Telephone Membership Corporation	NC
Horry Telephone Cooperative, Inc.	SC	Southwest Arkansas Telephone Cooperative	AR
Industry Telephone Company	TX	Stanton Telecom, Inc.	NE
KanOkla Telephone Association, Inc.	KS	Star Telephone Membership Corporation	NC
National Telecommunications Cooperative Association	VA	Surry Telephone Membership Corporation	NC
Panhandle Telephone Cooperative, Inc.	OK	Taylor Telephone Cooperative, Inc.	TX
Paul Bunyan Rural Telephone Cooperative	MN	Tote Holding, LLC	TX
Pembroke Telephone Cooperative	VA	Twin Lakes Telephone Cooperative Corporation	TN
Peoples Telecommunications, LLC	KS	West Carolina Rural Telephone Cooperative, Inc.	SC
Peoples Telephone Cooperative, Inc.	TX	West Kentucky Rural Telephone Cooperative Corporation	KY
Piedmont Rural Telephone Cooperative	SC	Wiggins Telephone Association	CO
Pioneer Telephone Association, Inc.	KS	Wilkes Telephone Membership Corporation	NC
Pioneer Telephone Cooperative, Inc.	OK	Yadkin Valley Telephone Membership Corporation	NC
Pioneer Telephone Cooperative	OR		

2014 BOARD OF DIRECTORS



Members present from left to right: (front row) Michael F. Hagg; Charles H. Creason, Jr.; Catherine F. Moyer; Peter J. Elliott; Richard C. Parker; David E. Schultz; Bill D. Galyean; (back row) Lonnie D. Pedersen; George W. Nostrand; Thomas E. Preston; Loren L. Duerksen; F. Bradley Erwin; and Edgar L. Olson

Board Members not pictured: Raymond P. Henagan and Leroy H. Lage

2014 OFFICERS OF THE CORPORATION:

Chairman of the Board

Richard C. Parker

Vice Chairman of the Board

Michael F. Hagg

President & Treasurer

Peter J. Elliott

Secretary/Executive Vice President

Marilyn A. Blake

Assistant Secretary/General Counsel

George W. Nostrand



Board Resolution in Recognition of Richard C. Parker

IN RECOGNITION AND PROFOUND
APPRECIATION OF DISTINGUISHED
SERVICE BY RICHARD C PARKER

Whereas, Richard C. Parker has always been mindful of the interests of Telcom Insurance Group and has worked tirelessly since he came on the Board of Directors in 1986, and became the Vice Chair in 1989, and recently became the Chair in 2012;

Whereas Richard C. Parker has provided outstanding leadership and guidance and;

Whereas Richard C. Parker has faithfully and with honor, integrity, and great distinction served on the Board of Telcom Insurance Group for over twenty-eight years;

Resolved that the Telcom Insurance Group Board of Directors formally acknowledges and extends its profound appreciation to Richard C. Parker for his leadership and guidance.

CORPORATE OVERVIEW

“Because it has Always Been a Matter of Trust”

National Telcom Corporation (NTC) was formed in 1982 from a member search committee. We are now the third (3rd) oldest captive and the first (1st) association captive licensed in Vermont, which now has 1000 licensed captives. We welcome **all** members of the unified National Telecommunications Cooperative Association including traditional rural telecommunications companies, Statewide Associations, Associate members, and Subsidiary members to join our program. NTC acts as a reinsurance company that shares a portion of the risk assumed from the primary underwriting company, which is also known as a “front”. Great American Insurance Company acts as Telcom’s captive partner and assists in providing exceptional underwriting, reinsurance, loss prevention, and claims services.

In 1989, the National Telcom Corporation program was expanded to include its own full-service brokerage facility known as the Telcom Insurance Services Corporation (TISC). Together, NTC and TISC form the Telcom Insurance Group (TIG). Telcom Insurance Group is the only nationwide program that specializes in property-casualty insurance for rural telecommunications companies that is fully licensed and owned and directed for the purpose of doing business in every line and in every state where NTCA members do business. The overall benefits are undeniable; there is absolutely no reason to go elsewhere for this coverage, as the rate and forms are superior to any other products on the market.

As your businesses have evolved over the years, so has the Telcom program. As it stands today, Telcom is an industry leader who offers several exclusive products in providing the coverages for all of the exposures of a modern telecommunications company—even as your endeavors continue to grow and develop. Telcom manages Rural Trust Insurance Company, which is a member-owned insurance company which offers competitive rates and specialized coverages for rural telecom

companies. Furthermore, Telcom utilizes specialty line brokers, as well as, other carriers, such as: The Hartford, Travelers, Philadelphia Insurance Companies, CNA, Texas Mutual, and also several bond markets to provide additional coverages and services to meet your needs. So, if you want to “shop” your insurance, we can do that for you with access to all of these markets to provide the best solution for your specific needs.

For Telcom, the focus has always been on education. Through the use of insurance and risk management education, training, and various other loss prevention services, Telcom continues practical hands-on training for the members of NTCA to help mitigate your losses.

While the membership’s property and casualty, specialty lines, and risk management needs evolve, so do the programs and coverages provided by Telcom. As such, the traditions and foundation of our history provide a benchmark for planning and implementation of these future goals. It’s an exciting time for the Company as the organization only continues to improve and to earn the trust of more of the members.

Your Captive—Proudly Owned by the Members of



National Telcom Corporation and Subsidiary

CONSOLIDATED BALANCE SHEETS

	At December 31,	
	2014	2013
Assets		
Investments, available for sale, at fair value	\$ 11,944,960	\$ 11,221,781
Cash and cash equivalents	2,100,183	2,068,986
Investment in RTIC	2,482,978	2,203,612
Certificate of deposit		35,000
Accrued investment income	84,095	93,212
Agency billings receivable from insureds	5,110,424	6,416,741
Assumed reinsurance premiums receivable	235,417	128,847
Reinsurance recoverable	45,368	128,120
Deferred policy acquisition costs	400,082	369,615
Funds held by RTIC	160,000	
Other assets	359,243	317,899
Deferred tax asset	111,036	127,603
Due from affiliate		145,492
	<hr/>	<hr/>
Total assets	\$ 23,033,786	\$ 23,256,908
Liabilities and shareholders' equity		
Liabilities:		
Reserve for losses and loss adjustment expenses	\$ 5,054,386	\$ 5,325,851
Unearned premiums	1,630,478	1,718,342
Premiums and commissions billed or collected in advance	345,628	245,712
Accounts payable and accrued expenses	707,115	407,609
Agency billings payable to insurance carriers	6,083,085	7,210,596
Federal income taxes payable	166,370	254,815
Due to affiliate	11,538	-
	<hr/>	<hr/>
Total liabilities	13,998,600	15,162,925
Shareholders' equity:		
Common stock: Class B, \$1,000 par value, 5,000 shares authorized; 1,433 and 1496 issued and outstanding in 2014 and 2013, respectively	1,433,000	1,496,000
Additional paid-in capital	1,781,678	1,819,678
Treasury stock, at cost		(127,000)
Accumulated other comprehensive income, net of tax	229,012	271,706
Retained earnings	5,591,496	4,633,599
Total shareholders' equity	<hr/> 9,035,186 <hr/>	<hr/> 8,093,983 <hr/>
Total liabilities and shareholders' equity	\$ 23,033,786	\$ 23,256,908

National Telcom Corporation and Subsidiary

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years ended December 31,	
	2014	2013
Revenues		
Premiums earned, net	\$ 5,832,162	\$ 5,556,607
Commission income	2,803,118	2,543,356
Investment income, net	320,533	316,779
Net realized gains on investments	197,567	127,310
Other income	70,755	20,489
Total revenues	<u>9,224,135</u>	<u>8,564,541</u>
Losses and expenses		
Losses and loss adjustment expenses, net	2,344,831	1,971,267
Salaries and employee benefits	2,382,762	2,235,319
Amortization of policy acquisition costs	1,293,214	1,207,248
Other operating expenses	1,685,559	1,653,882
Interest expense		-
Total losses and expenses	<u>7,706,366</u>	<u>7,067,716</u>
Net income before federal income tax provision	1,517,769	1,496,825
Federal income tax provision	<u>533,872</u>	<u>560,525</u>
Net income	<u>\$ 983,897</u>	<u>\$ 936,300</u>
Other comprehensive income, net of tax:		
Other comprehensive income:		
Net unrealized holding gains (losses) gains on available for sale Securities, net of tax expense (benefit) of \$37,285 and (\$120,650) in 2014 and 2013, respectively	72,377	(234,124)
Reclassification adjustment for net realized gains on sales of available for sale securities included in net income, net of tax expense of \$59,279 and \$43,334 in 2014 and 2013, respectively	(115,071)	(83,976)
Other comprehensive (loss) income	(42,694)	(318,100)
Comprehensive income	<u>\$ 941,203</u>	<u>\$ 618,200</u>

Note: Saslow Lufkin & Buggy, LLP has audited the consolidated financial statements of National Telcom Corporation and subsidiary as of and for the years ended December 31, 2014 and 2013, prepared in conformity with accounting principles generally accepted in the United States, and issued an unqualified opinion on such financial statements in their report dated May 29, 2015.

These consolidated balance sheets and consolidated statements of income and comprehensive income of National Telcom Corporation for the years ended December 31, 2014 and 2013 were derived from the audited financial statements. The complete audited financial statements may be obtained from National Telcom Corporation at 6301 Ivy Lane, Suite 506, Greenbelt, MD 20770.

FINANCIAL REPORT

Daniel G. Riddle

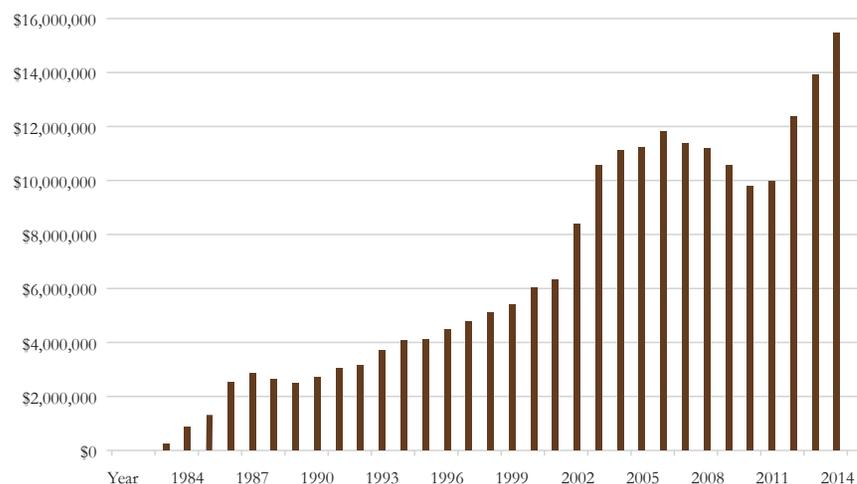
2014 represents the Telcom Insurance Group's third consecutive year of solid growth and Profit. The Company again succeeded in writing a significant amount of new accounts and retaining the majority of existing business, which results in a fairly sizable increase in Premium totals. Although the dynamics of the Premium base changed some due to our migration of some accounts to RTIC, the Captive Company's Earned Premium (NTC) base grew by over 5% to \$5.8 million. This is the highest amount of Earned Premium in the history of NTC.

Telcom Insurance Services Corp., the Agency member of the group, also continued to perform at a high level in 2014, as it generated Revenues just above \$2.8 million. Total Income from all sources was nearly \$8.4 million.

NTC also enjoyed another highly successful year in terms of Insured Losses. The Company is required to carry Reserves on the Balance Sheet that are determined to be sufficient to handle all existing claims, as well as any that have not yet been reported. The Company retains the services of an actuarial firm to evaluate the degree to which the Captive's Balance Sheet Reserves are adequate. As in the past, NTC's Balance Sheet reserves have been rated within an acceptable range which is more than adequate to meet the claims paying needs of the organization. In fact, our Reserves have been determined to be well beyond actuarially determined reserve levels. This position provides security to our Policyholders, above and beyond, what could be expected of some of our competitors

WRITTEN PREMIUM

Experienced, Ethical Underwriting Practices and Policyholder Retention



that have a tendency to be more focused on Profit and short-term results. Policyholder security continues to be and has always been the primary concern at the Telcom Insurance Group.

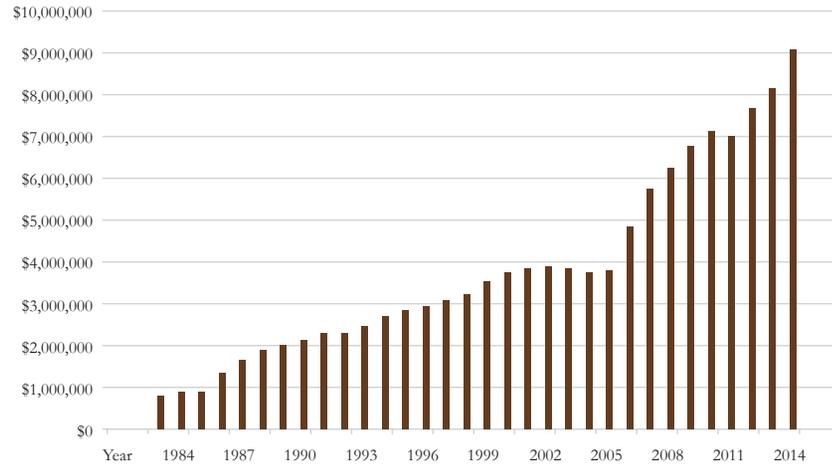
With the significant growth in Premiums and Agency Commission dollars, Telcom Insurance Group's total Expenses increased during 2014. As an insurance company writes a larger Book-of-Business, many of the Expenses associated with acquiring new business will rise, as well. With a significant growth in Premium in 2014, Telcom Insurance Group achieved an Underwriting Profit of \$1 million. An Underwriting Profit is recognized when an insurer's Underwriting and Operating Expenses do not exceed the value of the Premiums and Other Revenues. When Investment Income is then added to this result, an insurer will see what its overall end results will be.

Telcom's Investment portfolio contributed \$543,000 of Income to our financial results in 2014, an increase of nearly 21% over the 2013 result. Our Investments, which are largely invested in the Fixed Income Markets, continue to perform at an acceptable level. The prolonged low interest rate environment allowed us to realize \$198,000 of Capital Gains during the year, bolstering the \$425,000 of Interest and Dividend that we earned.

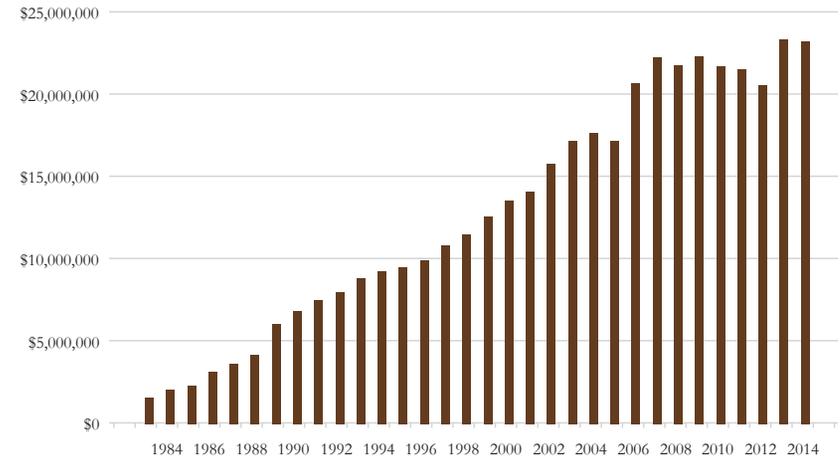
In summary, we reported After-Tax Income of \$983,000 for 2014, a result that exceeded our financial goals for the year and also exceeded the record breaking year we reported in 2013. The Net Value per Share of Company stock increased to \$6,305 per share, an increase of 11.6%. With the addition of the RTIC market in 2014, NTC finds itself uniquely poised to serve the telecommunications industry's insurance needs in 2015 and beyond.

SHAREHOLDERS EQUITY

Steady Long Term Growth

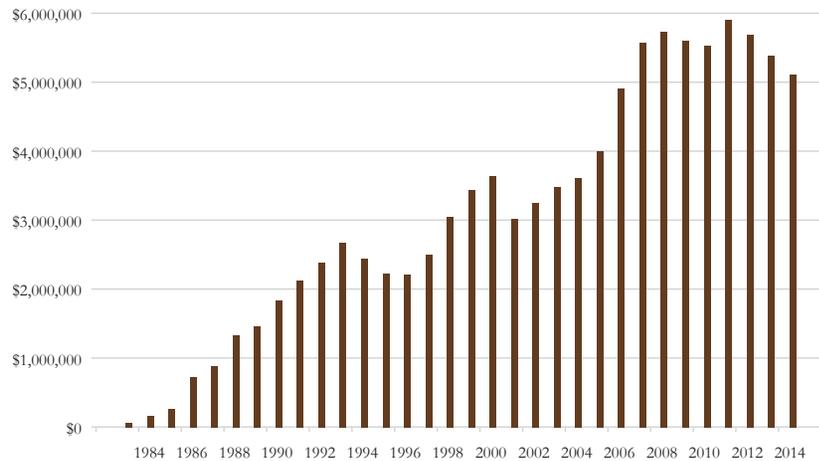


TOTAL ASSETS

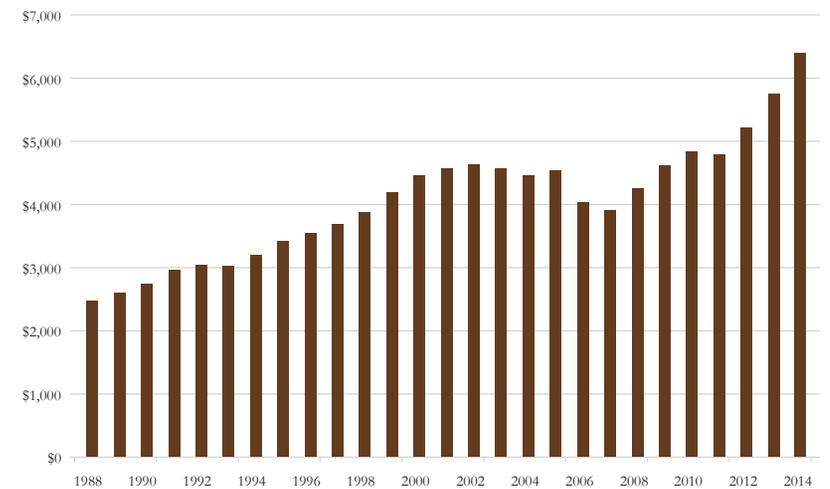


RESERVES FOR LOSSES

Security in Ample Reserves for Paying Claims



BOOK VALUE PER SHARE



RISK MANAGEMENT & OPERATIONS REPORT

Marilyn A. Blake, AU, CRM

“Tomorrow - your reward for
working safely today.”

— Attributed to Robert Pelton



The benefits of an active risk management program include fewer accidents, adequate asset protection for the entity, and it increases your ability to plan and budget better for retained losses. Telcom Risk Management continues to strengthen its value to the Association by being a leading provider of risk management tools and services for the rural telecommunications industry.

Sometimes it comes down to as simple a concept as this quote about “tomorrow is your reward for working safely today”. As employers, it is our responsibility to provide a workplace from known hazards for our employees. This can be done through a variety of methodologies as long as safety and risk management are part of the culture of the organization and receive the support of Management.

One of TIG’s charters is to provide risk management solutions to the members of NTCA. We’ve been doing this through a variety of educational formats for many years and we continue to do so to this day.

At the end of June, we held our Annual Risk Management Conference in Nashville, TN. Attendance was at an all-time high and the theme was “TIG is Music to Your Ears”. We had discussions from NTCA on the challenges and opportunities of rural telecoms and the current benefits offered. The CEO reviewed the state of the Industry and the Company and provided insight on a variety of insurance topics. We also had practical training

sessions on DOT Audits and safety for your outside plant employees. Throughout it all, we found some time to get to know our family of policyholders and their families even better. Overall, it was rated extremely successful by the participants.

Community Efforts

A Spring art contest was about Cyber-safety. The kids drew pictures on ways to surf the Web safely. The 11th Annual October Fire Safety Art Contest had hundreds of entries from our policyholder's members/customers. The theme was "Working Smoke Alarms Saves Lives". The winners receive money and their masterpieces are displayed in our publications.

Communication/Marketing/ Public Relations Efforts

Our overall marketing and branding theme is "trust" and doing the right thing for our policyholders. In 2014, our marketing efforts centered on allowing our position at your Company to be your "chief worry officer" and finding solutions to help the policyholders have peace-of-mind and know they are protected.

Loss Prevention

Great American conducts most of the on-site physical loss prevention visits for TIG. We work together with them to develop areas of review. This

year, key areas of concentration were lightning and grounding, DOT compliance, Ergonomics, and OSHA telecom standards. To determine the appropriate areas of concentration, we used five year trends and are able to evaluate an individual company's losses by line-of-business with our Book-of-Business and then we can tailor our loss prevention training to their specific claims trends as needed.

Rural Trust Insurance Company became a partner in safety and loss prevention in 2014. In addition to the services provided by Telcom, services are provided by independent contractors, like Utilicom Safety, who are managed by the Telcom Insurance Group Staff. Other services we offer to larger audiences include monthly PowerPoint safety trainings to all of our policyholders. Additionally, we conduct quarterly safety webinars for all Shareholders and Policyholders. Topics included: setting up a safety committee, Summer safety tips, protecting your outside employees from hazards, and defensive driving.

Claims Management

Telcom Risk Management continues to act as an advocate and facilitator on behalf of our insureds with all carriers represented, past and present, on claims matters. We review results for internal use and share via report to management meetings with insureds by use of 5-year trending reports to review claims trends for the entire Book-of-

Business, as well as, for each individual system and design our educational programs to address these concerns.

The Management of Rural Trust Insurance Company includes the oversight of claims. TriStar Risk and Claims Management is the Third Party Administrator handling claims for the Company and using the Best Practices as identified by Management.

Thank You

Telcom Insurance Group is in the risk taking business. That being said, we do not focus only on the business side of the insurance transaction, but we recognize the human side of what we do and who we protect. With your help and our well planned conservative management we do not operate in a risky manner, TIG will continue to be the best and the only nationwide telecommunications program offering all lines of insurance to the members of the NTCA. Our accomplishments would not be possible if we did not have the support of our loyal Association member Owners, Directors, Officers, Policyholders, and support vendors.

POLICYHOLDERS ONE BIG FAMILY

The bond that links your true family is not one of blood, but of respect and joy in each other's life.

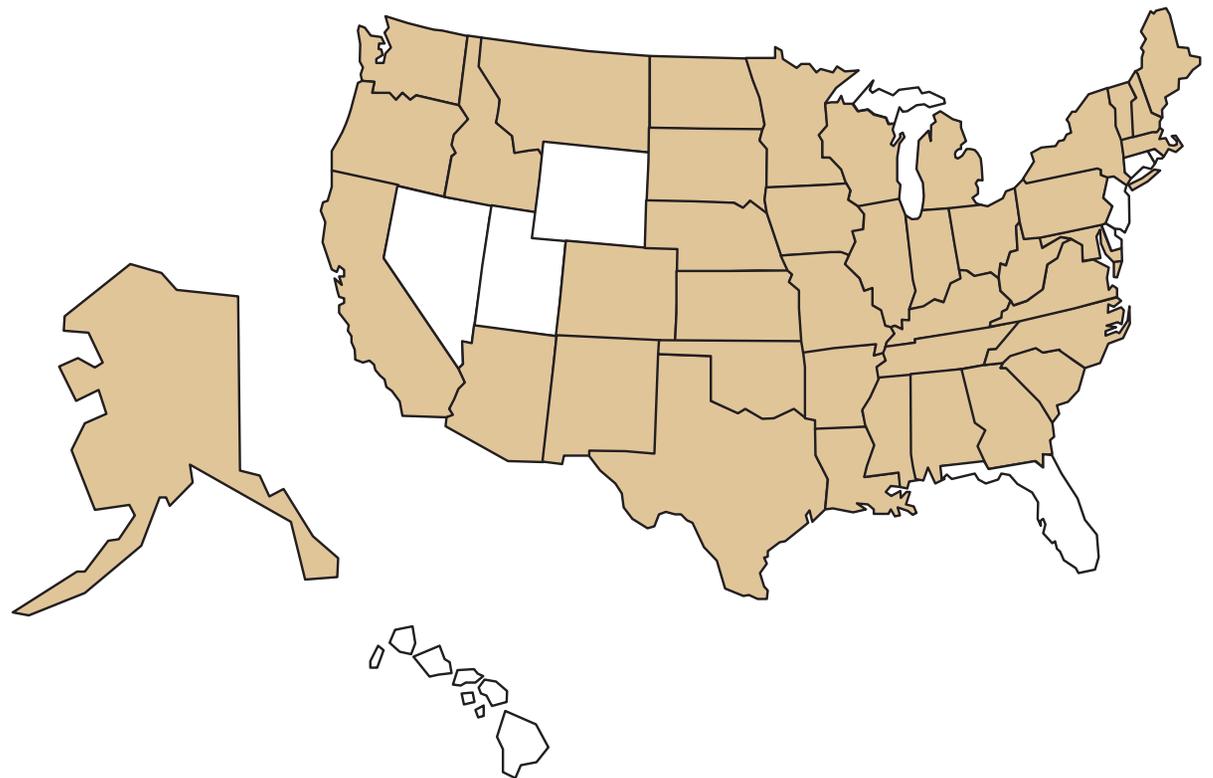
— Richard Bach

Ask anyone who is a member of our policyholder family! Telcom Insurance Group operates much like a family in caring for our policyholders. We offer protection for your business assets, both financial and human, with an arms outstretched approach.

As of the end of 2014, our telecommunications Property-Casualty customers written through the Captive and our Agency customers are spread throughout the United States in 41 states.

Each year when additional states are represented by newly written insureds, we continue to strengthen the operation and add geographic diversity.

Telcom Insurance Group...proud, strong, growing, and available in all states.



MEETING MILESTONES

NTCA's 2014 RTIME Meeting and Expo

February 2-5
San Antonio, TX

Once again, the RTIME meeting fell on Super Bowl weekend. We were proud to host our 4th Super Bowl party and give away treats and goodies with everything from foam fingers and pom-poms to gift cards, Kindles and Ipads for raffle prizes. A good time was had by all.

As we are always honored to do, Telcom hosted our annual "Special Friends" Breakfast on Monday morning for approximately 225 policyholders. It is our way of saying thanks for putting your trust in us throughout the year. The program included a State-of-the-Company and insurance industry review, an introduction of staff and insurance partners, raffle prizes, and a PowerPoint display of the 94 companies who not only had low losses, but that actually had no losses during the previous calendar year. Good Risk Management at work!

On Tuesday, the Board of Directors met and the Expo opened.

The Association always does a fabulous job and we are glad to be a part of it. We were pleased to get to see so many of our Telcom family and friends at this meeting and look forward to future meetings to do the same.



NTCA's Regionals

Come have a "Cup of Joe" and be in the Know with Telcom Insurance Group.

Telcom Insurance Group 2.0

Telcom Insurance Group has long been a member-benefit of the NTCA. The organization, which is endorsed by NTCA and owned by the association and 39 member companies, has always been the



market leader in providing nationwide commercial property and casualty insurance and risk management solutions. The session concentrated on the purchase, with 40 members and the Association, of Rural Trust Insurance Co. (RTIC), which has expanded the powerful solutions that TIG already provides for the business insurance and risk management needs of the members



2014 Risk Management Conference

Nashville, TN
June 29-July 1

The annual Risk Management Conference was a time to network with other NTCA telecommunication company professionals and to gain a better understanding of property/casualty insurance and risk management specific to your company. The two-day session included the following:

Rural Telecom Challenges and Opportunities

Leslie Greer, Sr. VP of Benefits and Technology of NTCA-The Rural Broadband Association, shared his insights about current issues facing rural telecommunication companies. He discussed policy challenges, business strategies and collaboration opportunities that provide the platform for creating the future to help ensure that rural telecom companies, and the communities they serve, continue to thrive into the future.

Insurance Topics: Important Insurance Coverage in Today's Business Operations—Clarified

Peter Elliott, CPCU, began by addressing the State of Telcom Insurance Group. Then, presented on a variety of insurance topics, which included: Understanding Liabilities: the basics of General Liability, Auto Liability, Employee Liability, and Excess/Umbrella Liability and applying those principles to the telecommunications industry including Alarms, Cyber activity/NSDL, Employment Practices, and the differences in standard business activities vs. professional activities and the liabilities associated with each; Understanding Property and Crime coverages including: Buildings, Business Personal Property, Contractors Equipment, and EDP, which would include Business Income/Extra Expenses; and concluding with a look at new trending exposures in our industry.



NTCA Benefits: A Review of the Current Offerings and a Pre-View of What's Upcoming

Janet Cloyde, NTCA Vice President of Member Relations, reviewed benefits offered by rural telecom employers as compared to national trends in workplace employee benefits. She discussed opportunities for NTCA-The Rural Broadband Association members to structure a benefits package that is competitive and meets bottom-line objectives.

Mock DOT Audit for CDL Drivers Required Files

Mike Mock and **Shane Goldsby** of Great American Insurance Company's Loss Prevention Division conducted a workshop going through what is involved in a Department of Transportation Audit, what documentation you are required to have for all of your employees with a Commercial Drivers' License and what the fines could be if you do not have it. They addressed state-specific requirements, if they vary from the Federal requirements, for the member states that were represented.

Safety for Your Outside Plant Employees

Most all telecommunication companies have outside plant employees whose jobs and exposures differ significantly from the administrative/office staff. **Craig Rapp**, of Utilicom Safety, presented a session, which addressed several specific areas of safety for this group. It included policies for entering customers' homes, addressing the flu in the winter, hot summer temperatures, personal safety, and what to do if they saw abuse or illegal activities.



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