



To: Beacon Policyholders

Date: March 21, 2011

Re: Beacon Mutual Dividends

Last December, Beacon's Board of Directors declared a 3% dividend to all policyholders of record as of December 30, 2010.

Dividends will be based on the final audited premium of each policy after its term expires. Therefore, although some dividends will be mailed commencing in April 2011, it will take a year for all dividends to be paid to all qualified policyholders.

Here are some frequently asked questions and answers concerning the Beacon dividend. Please feel free to call your agent if you need more information.

Frequently Asked Questions

Q. When will checks be mailed out?

A. Dividend checks will be mailed within 60 days after a policyholder's final audit has been completed and all amounts due under the policy have been paid to Beacon, including any audit additional premium.

Q. What policies will receive a dividend?

A. Policies in force as of December 30, 2010.

Q. Will short term policies receive a dividend?

A. No. Dividends will only be issued for policies that are in force for an annual term.

Q. What premium will the dividend be based on?

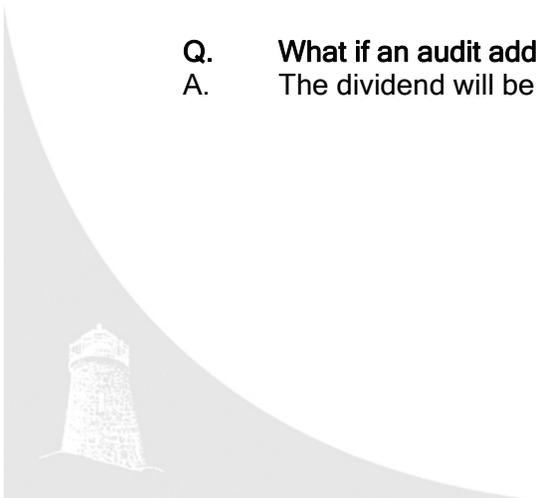
A. Dividends will be based on the final audited premium of each policy after its term expires. Therefore, although some dividends will be mailed commencing in April 2011, it will take a year for all dividends to be paid to all qualified policyholders.

Q. Will a dividend be paid if a policy premium is written off to bad debt and sent to collections?

A. No. Dividends will only be paid to accounts in good standing.

Q. What if an audit additional premium was on a promissory note?

A. The dividend will be issued once the promissory note has been paid in full.



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Q. Will Argonaut premiums be included in the dividend calculation?

A. Yes. A 3% dividend will be issued on premiums paid to Beacon for out-of-state policies issued by Argonaut. This dividend will be paid in a separate Beacon check and will be mailed within 60 days after a policyholder's final audit of its Argonaut policy has been endorsed subject to all other dividend rules.

Q. How will this dividend affect shared earnings?

A. Dividends are not part of premium; therefore, shared earnings will not be impacted.

Q. Will the dividend affect the loss ratio?

A. Dividends are not part of premium; therefore, loss ratio will not be impacted.

Q. If an account has a poor loss ratio, will they still get a dividend?

A. Yes. All policies inforce as of December 30, 2010 will receive a dividend, as long as the policy is inforce for an annual period and is paid in full.

Q. Will the dividend be a separate check or can it be applied to an outstanding balance or future installments?

A. The dividend will be a separate "stand-alone" check. It cannot be applied to any past or future premiums due.

Our ability to issue this dividend was made possible through the efforts of our employees to reduce our operating costs and the efforts of you our policyholders who made a commitment to workplace safety during 2010. We appreciate your business and your continued loyalty to Beacon.

Sincerely,



James V. Rosati
President & CEO

