

January 4, 2011

Dear,

On December 30, 2010, VC & Co. Advisory Limited delivered documents to Economical Mutual in support of proposals it wishes to be placed on the agenda of the annual general meeting of mutual policyholders scheduled for May 26, 2011. Those proposals are: to eliminate the established phased election of directors; to remove all the Company's directors; and to nominate for election individuals selected by VC & Co. to replace the Company's directors.

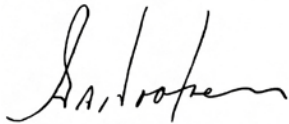
The Special Committee of independent directors of the Board of Economical is in the process of reviewing VC & Co.'s submission. Upon completion of this review, we will advise you of our conclusions and recommend next steps for mutual policyholders.

As the Special Committee and the Board move towards the annual general meeting and the announcement of the Company's demutualization plan, we intend to ensure that all stakeholders remain fully informed and that Economical Mutual remains focused on its business and maintaining its commitment to the highest quality service.

If you have any questions, we encourage you to contact us directly. To facilitate timely communications, we invite you to provide us with your email address.

We expect to be in touch with you shortly.

Yours sincerely,



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