



# Ohio Mutual

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## Insurance Group



# 2019

## President's Report

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## To Our Policyholders, Independent Agents, Business Partners, & Associates:



2019 was a year during which we maintained the incredible momentum from the previous year, and built on that foundation in a number of meaningful ways.

While the first half of the year mirrored the phenomenal growth of 2018, a modestly slowing economy and increased competitive pressures slowed growth in the second half, but still resulted in solid overall direct written premium growth of 5.4%. We also posted a strong Combined Ratio of 94.6% and strengthened Policyholder Surplus by adding approximately \$27M. Just as important, our ongoing focus on earning loyalty and customer experience resulted in our highest ever Net Promoter Score (NPS). NPS is a proxy for customer loyalty and it has increased 36% over the past three years. In addition, we were honored to be named for the sixth time to the Ward's 50, which independently recognizes the nation's top 50 insurers. In summary, we produced very strong financial and customer experience results in 2019.

In the face of a looming talent shortage in our industry, we have employed a number of thoughtful strategies to attract, recruit, and retain a new generation of associates who share the high level of professionalism, passion, and commitment to customer experience as our current dedicated team. Associate engagement continues to grow each year, and we are proud to have again earned Gallup's designation of a "Great Place to Work."

As we developed strategies to support a comprehensive recruitment and retention effort, it became apparent that we needed to invest some effort and capital into our physical work space at our Home Office in Bucyrus. As a result, we executed a year-long project to reimagine our space, increase areas for associate collaboration and teamwork, expand capacity, and create state-of-the-art meeting spaces. The building renovation was truly a success. We were able to create more capacity for our growing number of associates within our existing structure (avoiding the expense of an expansion), incorporate environmentally-friendly features to reduce energy consumption, and support our culture of teamwork and collaboration through the impressive design.

We also improved a number of our insurance products throughout the year, created new operational efficiencies for our valued agent partners, and built creativity and innovation throughout the organization as part of our continuous improvement focus. Together, in alignment with our Guiding Principles, these efforts helped to make 2019 a successful year, and created great forward momentum for 2020.

Our success is the result of the combined impact of the strategic vision our company's Board of Directors, the daily commitment of our local agent partners, contributions from many other business partners, the passion of our associates, and a growing number of loyal and valued policyholders. Each of these valued contributors are owed a debt of gratitude, and I am grateful to have the privilege to serve alongside each one.

A handwritten signature in black ink, appearing to read "Mark C. Russell". The signature is fluid and cursive, with a large initial "M" and "R".

Mark C. Russell, CPCU  
President & CEO



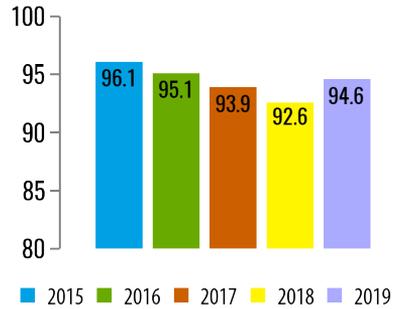
# Financial Performance 2019

## CONDENSED CONSOLIDATED STATUTORY FINANCIAL REPORT (in thousands)

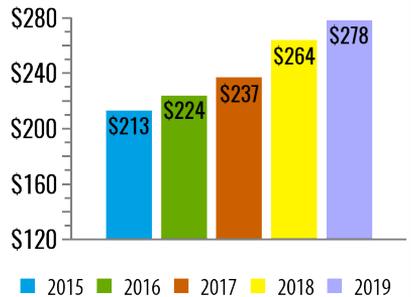
STATEMENTS OF ADMITTED ASSETS, LIABILITIES AND SURPLUS as of	12/31/2019	12/31/2018	12/31/2017
Bonds	\$ 369,864	\$ 356,923	\$ 339,322
Common and Preferred Stocks	46,955	37,283	40,369
Real Estate	7,671	4,450	2,974
Cash and Short-Term Investments	26,695	20,145	11,417
Premiums and Agent's Balances	67,677	63,715	55,070
Other Assets	34,348	30,936	29,787
<b>Total Admitted Assets</b>	<b>\$ 553,210</b>	<b>\$ 513,452</b>	<b>\$ 478,939</b>
Unpaid Losses and Loss Adjustment Expenses	116,737	107,853	102,894
Unearned Premiums	124,376	118,357	104,132
Other Liabilities	31,669	34,097	36,914
<b>Total Liabilities</b>	<b>272,782</b>	<b>260,307</b>	<b>243,940</b>
<b>Total Policyholders' Surplus</b>	<b>280,428</b>	<b>253,145</b>	<b>234,999</b>
<b>Total Liabilities and Surplus</b>	<b>\$ 553,210</b>	<b>\$ 513,452</b>	<b>478,939</b>
STATEMENTS OF INCOME for the years ended	12/31/2019	12/31/2018	12/31/2017
Net Premiums Earned	\$ 257,854	\$ 235,199	\$ 213,933
Losses and Loss Adjustment Expenses	163,820	141,713	129,157
Other Underwriting Expenses	81,967	80,598	74,060
<b>Net Underwriting Gain</b>	<b>12,067</b>	<b>12,888</b>	<b>10,716</b>
Investment Income	12,971	10,634	9,641
Other Income	3,104	1,418	3,782
Income Tax (Expense)	-4,875	-5,416	-6,656
<b>Net Income</b>	<b>\$ 23,267</b>	<b>\$ 19,524</b>	<b>\$ 17,483</b>

## 5-YR TRENDS

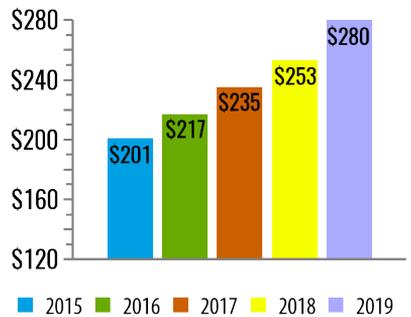
Combined Ratio (percentage)



Direct Written Premium (millions)

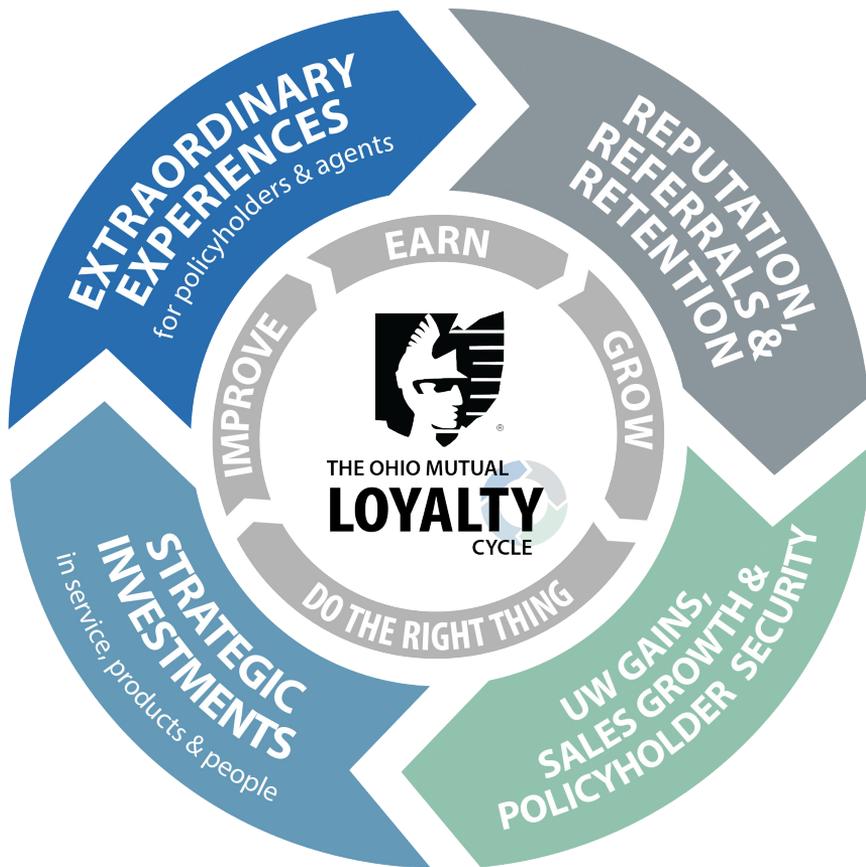


Policyholder Surplus (millions)



Total Assets (millions)





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## OHIO MUTUAL INSURANCE GROUP GUIDING PRINCIPLES

### purpose

To keep the promises that secure dreams.

### mission

To enhance policyholder value by harnessing our financial strength, the ingenuity of our associates, and the shared loyalties of our independent agents and business partners.

### vision

To be recognized as an industry leader, earning market-leading loyalty from our policyholders and independent agents.

### strategic commitments

Generate consistent underwriting gains in order to increase **policyholder** financial security, and provide for strategic investments in our products, services, and associates

Demonstrate unwavering dedication to our **independent agent partners** and the Independent Agency System

Attract, develop, and celebrate a diverse group of passionate **associates**

Contribute positively to our **communities**

### values

**Do the Right Thing** – act with integrity and humility; show respect and care

**Results** – take a long-term view, use objective measurements and strong internal controls, be personally accountable

**Loyalty** – deliver exceptional customer experiences that build strong, lasting relationships; pursue “win-win” solutions

**Continuous Improvement** – embrace change, pursue self-development, improve processes, and eliminate waste

**Teamwork** – create a positive work environment built on transparency, candor, trust, collaboration, and fun