

Making Ohio Mutual More Mutual.

2021 President's Report



Ohio Mutual
Insurance Group

Why Mutual Matters



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In a mutual company, every policyholder is a *member* and our primary goal is meeting the needs of our members.

Building the trust and loyalty of our members is our top priority, instead of focusing on short-term stock gains.

Decisions about products, investments, policy terms, and more are made with the intention of strengthening the company's long-term ability to meet its obligations to its members.



Why Mutual Matters

A MESSAGE TO MEMBERS



From President & CEO Mark C. Russell

On December 31, 2021, we renewed the final 386 policies of the year. In one sense these were routine transactions that take place thousands of times each year, but these renewals also held great symbolic and practical significance – not only for these customers, but for Ohio Mutual – as it was the final step in an extraordinary journey more than three years in the making.

2021 will forever be known within our organization as the year that all of our policyholders became mutual members of Ohio Mutual Insurance Group. Prior to this, more than half of the group's customers were insured through non-mutual stock companies, and our goal was to ensure that all of our policyholders were united under the same mutual membership status.

It was also a very successful year by other metrics as well. First of all, our member and independent agent loyalty scores (Net Promoter Score or NPS) were the highest on record since we started measuring NPS in 2016. We also achieved a combined ratio for the year of 95.4% on written premium of nearly \$300 million. That helped us increase our Policyholders Surplus by 10.8% to strengthen member security and support our growing written premium.

We also received recognition within our industry in 2021, extending our A.M. Best rating of "A (Stable)" for a 29th year, and being named to the Ward's 50[®] for the eighth time since 2009 – a coveted independent recognition of our financial and operational excellence.

Both the corporate reorganization and our financial performance are very good news for our members. As a mutual insurance

company, every strategic decision we make, every financial milestone we achieve, and each time we invest in new products, technology or in our quality associates, it's done with our members in mind.

We operate in one of the most highly-competitive business environments in the country – and this keeps us sharp. As with many organizations, credit for our success is not concentrated within a few, but is shared over a broad group of individuals. We are led by a Board of Directors that shares a diverse set of backgrounds and expertise. We enjoy a strong, positive culture that continues to attract top-tier associates. Those associates are led by an experienced team of leaders who are united in their commitment to continuously improve member experiences and to enhance the value that our customers receive as *members* of our mutual insurance organization.

We work closely with more than 400 independent agents across seven states who share our passion for our members and are the local face of our company. This partnership is key to our current and long-term success, and we recognize how important quality agents are to the success of Ohio Mutual and to earning the loyalty of our members.

I am deeply grateful for all those who unselfishly unite to serve our members and strengthen Ohio Mutual.

Mark C. Russell



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2021 FINANCIAL REPORT

Assets

	2021 in Thousands	2020 in Thousands	2019 in Thousands
Bonds	400,457	394,520	\$369,864
Common and Preferred Stocks	67,510	58,593	46,955
Real Estate	7,240	7,800	7,671
Cash and Short-Term Investments	57,769	27,076	26,695
Premiums and Agent's Balances	72,812	70,530	67,677
Other Assets	33,988	34,137	34,348
Total Admitted Assets	\$639,776	\$592,656	\$553,210

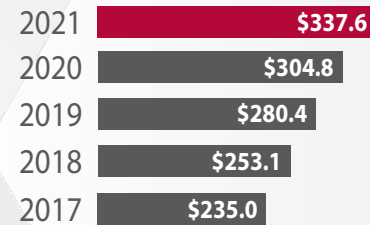
Total Liabilities and Policyholder Surplus

Unpaid Losses and Adjustment Expenses	\$132,976	\$122,783	\$116,737
Unearned Premiums	137,373	129,861	124,376
Other Liabilities	31,852	35,234	31,669
Total Liabilities	302,201	287,878	272,782
Total Policyholder Surplus	337,575	304,778	280,428
Total Liabilities and Surplus	\$639,776	\$592,656	\$553,210

Statements of Income (for the years ended)

Net Premiums Earned	\$276,516	\$261,985	\$257,854
Losses and Loss Adjustment Expenses	176,489	161,097	163,820
Other Underwriting Expenses	89,729	87,335	81,967
Net Underwriting Gain	10,298	13,553	12,067
Investment Income	13,201	12,398	12,971
Other Income	2,556	2,586	3,104
Income Tax (Expense)	-4,731	-4,093	-4,875
Net Income	\$21,324	\$24,444	\$23,267

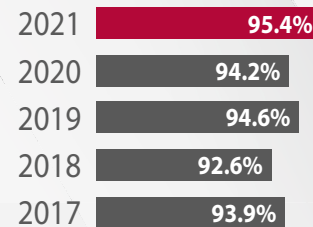
Policyholder Surplus (millions)



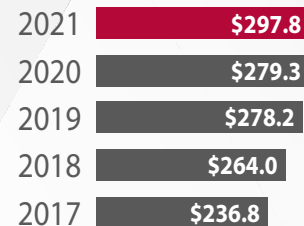
Total Assets (millions)



Combined Ratio (%)



Direct Written Premium (millions)



Our Guiding Principles are a template for Ohio Mutual associates so we can truly focus on doing the right thing for our agents and members in order to create and maintain long-lasting relationships.



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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**

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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

