

BRIDGES

2015 PRESIDENT'S REPORT

OHIO MUTUAL INSURANCE GROUP



	2013	2014	2015	2013-2015
Direct Written Premium	\$197.0 M	\$208.1 M	\$213.3 M	
DWP Growth Rate	7.6%	5.6%	2.5%	
Net Written Premium	\$183.0 M	\$192.4 M	\$198.3 M	
Loss Ratio	57.1%	55.4%	52.7%	55.0%
Loss Adjusting Expense	8.7%	8.6%	8.9%	8.7%
Commissions	17.7%	17.5%	17.7%	17.1%
Other Underwriting Expense	15.0%	15.1%	16.8%	15.6%
Combined Ratio	98.5%	96.6%	96.1%	97.0%
LAE / Comm / OUE Ratio	41.4%	41.2%	43.4%	42.0%
Underwriting Profit	\$0.2 M	\$4.6 M	\$6.6 M	\$11.4 M
Net Investment Income	\$7.2 M	\$7.6 M	\$8.0 M	\$22.8 M
Net Income	\$8.3 M	\$14.1 M	\$11.9 M	\$34.2 M
Surplus	\$177.8 M	\$187.5 M	\$201.3 M	+\$36.1 M
NWP to Surplus Ratio	1.03:1	1.03:1	0.98:1	
Admitted Assets	\$381.0 M	\$399.3 M	\$425.5 M	+75.6 M
AM Best Rating Rating Outlook	A Stable	A Stable	A Stable	
OMIG BCAR	300.15	342.1		
Industry BCAR	223.3	223.1		
Comparison	134.6%	153.4%		

ABOUT

MARK C. RUSSELL



Mark C. Russell joined the Ohio Mutual Insurance Group in the fall of 2015 after being selected to succeed retired President & CEO James J. Kennedy, who led the company from 2003-2015.

Russell is a 1984 graduate of Texas Lutheran University, and earned an MBA from Ashland University in 1989. He has also completed additional executive training from the Harvard Business School and Indiana University.

He holds the CPCU, ARM, and CCLA professional designations, and recently served on the board of governors for the National Insurance Crime Bureau.

A resident of Dublin, OH, Russell is active in his local community – he currently serves as board president for the Ronald McDonald House and was formerly a trustee for the Community Shelter Board.

Russell and his wife, Lori, have two high-school age children.

TO OUR POLICYHOLDERS, INDEPENDENT AGENTS, BUSINESS PARTNERS, AND ASSOCIATES:

In 850 BC, workers in what is now Izmir, Turkey built a 42-foot-long stone bridge over the river Meles.

Today, more than 2,865 years later, the Caravan Bridge continues to span the same river, making it the oldest functioning bridge in the world.

Over the centuries, the world's bridges have become some of the most iconic of all man-made structures – crossing dangerous waters, joining separated communities together, and becoming physical metaphors of hope – often leading to great progress and change.

The year 2015 was a year of change and transition for Ohio Mutual Insurance Group – contrary to the changes experienced by many organizations, however, it was uncharacteristically smooth.

Early in the year, the company's President & CEO Jim Kennedy announced his pending retirement at the end of 2015. This triggered a series of orderly and thoughtfully planned events, culminating in the organization's Board of Directors offering me the great privilege of leading this company into its very bright future. This was a terrific opportunity due to the strong employee culture, the long track record of excellent financial performance, a tradition of superior policyholder and agent service, a great leadership team, and an engaged and forward-thinking Board of Directors. I am honored to be part of such an outstanding organization and I look forward to leading Ohio Mutual into future.

Our associates, agents, and other business partners handled this transition without missing a beat. Often, leadership transitions can be risky, as they can cause an organization to lose concentration, to become inward-focused, and to lose momentum – but we experienced none of that at Ohio Mutual.

The organization remained disciplined in the execution of its business plan, reaching many of the goals we had previously set – giving life to what businessman Jim Rohn once wisely stated: "Discipline is the bridge between goals and accomplishment."

One needs to look no further than our year-end financial performance in order to see that, in the midst of transition, the organization continued to perform at a high level throughout the year.

DISCIPLINE IS THE BRIDGE BETWEEN
GOALS AND ACCOMPLISHMENT.

-JIM ROHN

The Ohio Mutual Guiding Principles define and align who we are, and frame how we behave in order to achieve our purpose: "to keep the promises that secure dreams." We hire associates and appoint agent partners who see themselves reflected in the values described in this credo, and every decision we make every day is measured against our company's Guiding Principles. The mission awareness and alignment between our company's associates, agent partners, and other business partners (in addition to a bit of weather-related good fortune) resulted in yet another successful year.

For the tenth time in the past dozen years, we finished the year with an underwriting gain (more than \$6.5 million). We also continued to grow our assets (\$425.5 million) and surplus (\$201.3 million) which is there to protect our

policyholders. This financial performance allows us to grow, to innovate, to invest in new competitive products and technology, and to better serve our policyholders.

While the year 2015 represented a bridge between leadership eras, it also was a time when Ohio Mutual began to sharpen our focus on policyholder and agent services.

In the years to come, you will see us concentrate more effort and resources on finding ways to partner with our agency force to meet the changing expectations of our customers – to simplify our business processes, to identify and effectively target niches in the market, to deepen our policyholders' loyalty, and to build upon the success of our recent past. As I gaze back across the bridge we traversed in 2015, I recognize that credit for a successful 2015 is shared by many people – and least of all by me.

I want to recognize Jim Kennedy for his outstanding leadership and service for our policyholders for more than a decade. I am grateful for our loyal policyholders, our trusted agents, our visionary Board of Directors, a host of many other expert business partners,

and especially to Ohio Mutual's dedicated and passionate team of associates.

As American entertainer Earl Nightengale once observed, the challenge before us is "to bridge the gap which exists between where you are now and the goal you intend to reach."

We have a good story to tell, good people to tell it, and good markets in which to grow and live out our corporate purpose. Having bridged two eras of leadership during 2015, Ohio Mutual is well-positioned to meet the challenges of tomorrow – building on a strong foundation constructed by an accomplished generation of leaders to whom this organization owes so much.



MARK C. RUSSELL
PRESIDENT AND CEO





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