

in pursuit of LOYALTY



President's Report
2017



Ohio Mutual
Insurance Group



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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

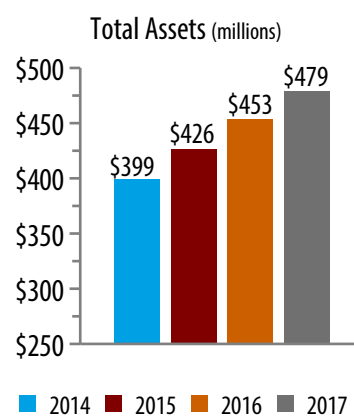
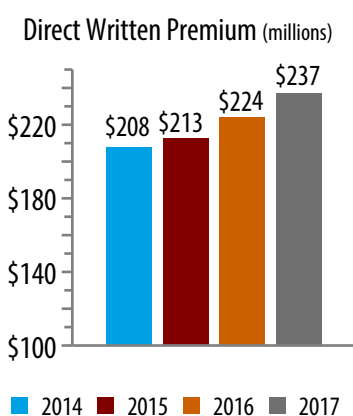
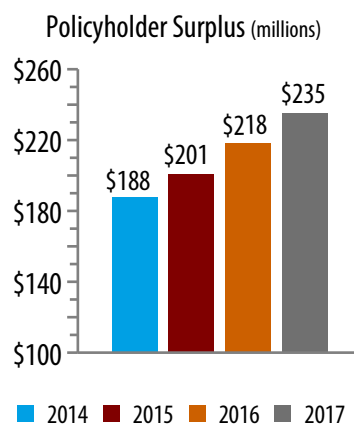
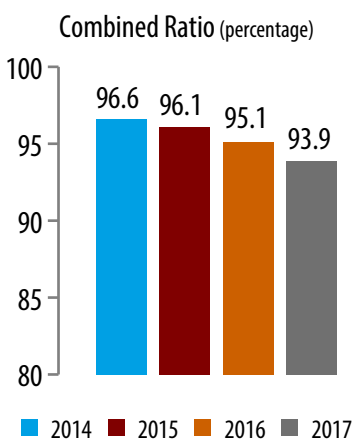
Results – take a long-term view, use objective measurements and strong internal controls, be personally accountable

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

FINANCIAL PERFORMANCE



CONDENSED CONSOLIDATED STATUTORY FINANCIAL REPORT *(in thousands)*

STATEMENTS OF ADMITTED ASSETS, LIABILITIES AND SURPLUS as of	12/31/2017	12/31/2016
Bonds	\$ 339,322	\$ 320,349
Common and Preferred Stocks	40,369	33,849
Real Estate	2,974	4,107
Cash and Short-Term Investments	11,417	14,078
Premiums and Agent's Balances	55,070	50,491
Other Assets	29,787	29,912
Total Admitted Assets	\$ 478,939	\$ 452,786
Unpaid Losses and Loss Adjustment Expenses	102,894	103,849
Unearned Premiums	104,132	97,168
Other Liabilities	36,914	34,143
Total Liabilities	243,940	235,160
Total Policyholder's Surplus	234,999	217,626
Total Liabilities and Surplus	\$ 478,939	\$ 452,786
STATEMENTS OF INCOME for the years ended	12/31/2017	12/31/2016
Net Premiums Earned	\$ 213,933	\$ 202,920
Losses and Loss Adjustment Expenses	129,157	125,226
Other Underwriting Expenses	74,060	69,787
Net Underwriting Gain	10,716	7,907
Investment Income	9,641	8,588
Other Income	3,782	4,159
Income Tax (Expense)	-6,656	-5,868
Net Income	\$ 17,483	\$ 14,786

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



MARK C. RUSSELL, CPCU
President & CEO
Ohio Mutual Insurance Group

At Ohio Mutual, our focus every day is to **earn the loyalty of our policyholders and our agent partners**. It isn't always easy – there are hundreds of property and casualty insurance companies operating in the United States today, seeking to entice customers to leave their existing insurer relationships. It's sometimes hard to stand out in such a vast sea of competitors – but we recognize that **in order to stand out, we need to deliver an outstanding policyholder experience**. Competitive products and delivering exceptional policyholder experiences help earn policyholder loyalty, as well as the loyalty from our independent agent partners. It's well known that loyal customers stay with the company much longer, purchase more products, and refer the company to family members and friends.

This focus on loyalty is why Ohio Mutual is relentless about seeking feedback and acting on it to continually improve products and our customers' experience. We regularly survey our policyholders, agents and our associates to gain insight in what we do well, and where we can improve. One of the ways we measure loyalty is through a metric called Net Promoter Score (NPS), which seeks responses on a 10-point scale to just one question: "How likely is it that you would recommend Ohio Mutual to a friend or colleague?" Studies have shown that those answering with a 9 or 10 (promoters) produce 7 times the loyalty value compared to those who respond with a score of 0 - 6 (detractors).

This is why we are focusing so much energy on the pursuit of loyalty from our policyholders and agent partners.

You don't earn loyalty in a day.
You earn loyalty day-by-day.

~ Jeffrey Gitomer
business author, trainer

I am pleased to report that 2017 was a very successful year, by almost every measurement we employ. We achieved new highs in sales (direct written premium), assets, and policyholder surplus. Our policy count also grew a healthy 4.4% from the previous year. The effectiveness of our insurance operations, measured by our combined ratio, was the best we've recorded since 2009 and significantly better than the industry. Our policyholder Net Promoter Score (NPS) also increased 7% from last year and easily bested the industry benchmark. We're energized to build upon our progress.

Customer experience is a catalyst of transformation. It directly impacts culture, strategy, structure, and all parts of a business.

~ Christine Crandell
President, New Business Strategies

We also updated our Guiding Principles in 2017, which summarizes the vision, priorities and values of Ohio Mutual – I invite you to read through them in this publication or on our website, omig.com. If you read nothing else in this report, our Guiding Principles will tell you all you need to know about who we are and how we aspire to behave as individuals and as an organization.

We've created tremendous momentum toward 2018 and beyond. I am truly grateful for the strong support provided by our Board of Directors and for the loyalty we receive from our policyholders, agents, business partners and associates.

Mark C. Russell, CPCU
President & CEO



*in keeping with our commitment to
"contribute positively to our communities,"
Ohio Mutual associates generously gave time, funds, and effort
to many organizations & causes in 2017*

