

Roadmaps & Milestones



Ohio Mutual
Insurance Group

2018 President's Report

Home Office
Bucyrus, Ohio



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



Mark C. Russell, CPCU

President & CEO
Ohio Mutual Insurance Group

By virtually every measure, 2018 was an extraordinary year for our organization. We achieved a number of significant milestones and are building great momentum for the future.

Milestones help assure us that we are progressing in the right direction and motivate us to keep pressing forward. We surpassed several notable milestones in 2018:

- In July, we crossed the threshold of having more than 200,000 policies in force. We ended the year with a robust 9.8% increase in total policies. This demonstrates the growing number of families, farmers, and business owners who trust us to protect what matters most to them.
- That same month, we exceeded \$500 million in Total Admitted Assets for the first time, a sign of our financial health and strength.
- In September, our Policyholder Surplus (or net worth) climbed over the \$250 million threshold, demonstrating the ability of this organization to fulfill our purpose toward our policyholders, which is to keep the promises that secure their dreams.

2018 Milestones



In July 2018, Ohio Mutual crossed the 200,000 policies in force threshold



Near the end of the 2018, Ohio Mutual recorded \$250 million in annual Direct Written Premium for the first time



Net Admitted Assets for Ohio Mutual reached \$500 million for the first time in July 2018



Our Policyholder Surplus topped \$250 million for the first time in September 2018



During 2018, Ohio Mutual achieved all-time highs for both agent and customer experience feedback metrics

Continued:

- In December, we crossed over the \$250 million mark in annual Direct Written Premium (or sales) for the first time. The healthy 11.5% growth rate shows that our independent agent partners and policyholders continue to believe in the service and products we offer.
- At the end of the year, we achieved all-time highs for our policyholder and agent customer experience feedback metrics, including the Net Promoter Score (NPS). NPS is a proxy for our customers' loyalty, and it's a great leading indicator for a strong future.
- Our 2018 Associate Engagement Survey results pushed us from the "Good Place to Work" category to a "Great Place to Work."

Each of these milestones in isolation is something to celebrate – achieving them all within a few short months is remarkable. We've made great strides in delivering an outstanding customer experience with a relentless commitment to continuous improvement. While we are pleased to have achieved these milestones in 2018, our entire team is now focused on the next set of challenging goals.



President & CEO Mark Russell and VP of Sales Howie Barber receive The Eagle Award from the Ohio Insurance Agents Association (OIA), recognizing the company's unwavering dedication to the independent agency system. Also pictured is Ohio Mutual agent Steve Brown, representing the OIA.

Continued:

Ohio Mutual is following the roadmap we created three years ago that emphasizes continuous improvement, investments in people and technology, and the pursuit of market-leading loyalty from our policyholders and independent agent partners.

As an organization, we benefit from the thoughtful direction of our Board of Directors, the strong contributions of our agents and other business partners, the conscientious performance of our associates, and loyalty of our policyholders. As I reflect on this truly extraordinary year, I want to personally thank each for their contribution to the achievement of these milestones.

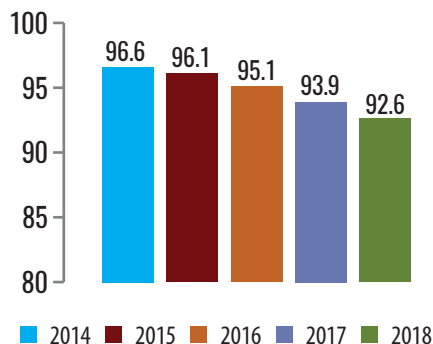


Ohio Mutual places a high value on its associates pursuing self-development, keeping their skills current, and improving their technical and personal skills. Each year, associates who have earned a collegiate-level degree, earned a professional designation, or have completed professional development coursework are honored at an annual education banquet. At the end of 2018, 37 associates (16% of all Ohio Mutual associates) had been certified as a Certified Property & Casualty Underwriter (CPCU), one of the highest of all insurance professional designations.

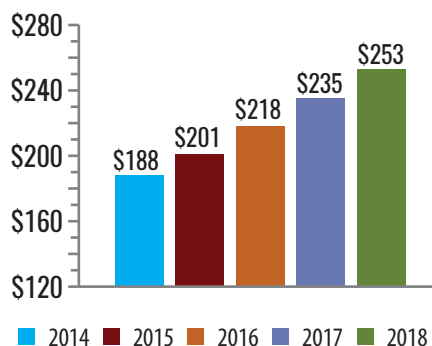
Mark C. Russell, CPCU
President & CEO

FINANCIAL PERFORMANCE

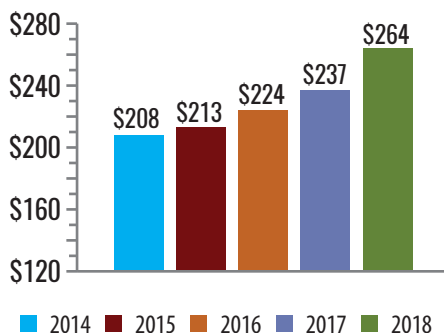
Combined Ratio (percentage)



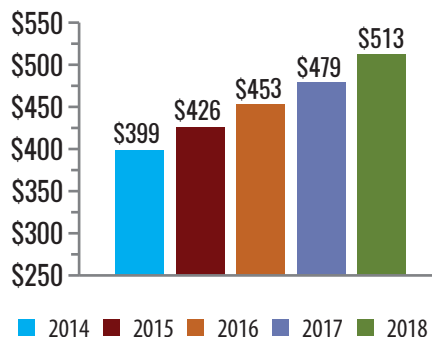
Policyholder Surplus (millions)



Direct Written Premium (millions)



Total Assets (millions)



CONDENSED CONSOLIDATED STATUTORY FINANCIAL REPORT *(in thousands)*

STATEMENTS OF ADMITTED ASSETS, LIABILITIES AND SURPLUS as of	12/31/2018	12/31/2017	12/31/2016
Bonds	\$ 356,923	\$ 339,322	\$ 320,349
Common and Preferred Stocks	37,283	40,369	33,849
Real Estate	4,450	2,974	4,107
Cash and Short-Term Investments	20,145	11,417	14,078
Premiums and Agent's Balances	63,715	55,070	50,491
Other Assets	30,936	29,787	29,912
Total Admitted Assets	\$ 513,452	\$ 478,939	\$ 452,786
Unpaid Losses and Loss Adjustment Expenses	107,853	102,894	103,849
Unearned Premiums	118,357	104,132	97,168
Other Liabilities	34,097	36,914	34,143
Total Liabilities	260,307	243,940	235,160
Total Policyholder's Surplus	253,145	234,999	217,626
Total Liabilities and Surplus	\$ 513,452	\$ 478,939	\$ 452,786
STATEMENTS OF INCOME for the years ended	12/31/2018	12/31/2017	12/31/2016
Net Premiums Earned	\$ 235,199	\$ 213,933	\$ 202,920
Losses and Loss Adjustment Expenses	141,713	129,157	125,226
Other Underwriting Expenses	80,598	74,060	69,787
Net Underwriting Gain	12,888	10,716	7,907
Investment Income	10,634	9,641	8,588
Other Income	1,418	3,782	4,159
Income Tax (Expense)	-5,416	-6,656	-5,868
Net Income	\$ 19,524	\$ 17,483	\$ 14,786



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