

One Day in March

2024 President's Report



Ohio Mutual
Insurance Group



A note from Mark C. Russell *President & CEO*

To our members, agent partners, associates and friends:

After two very difficult years due to historic inflation, bad weather events (especially in the Midwest), and rising premiums, we expected 2024 to bring some relief to everyone. That certainly didn't happen in the first half of the year. While some categories of claims cost inflation moderated, other areas, such as construction labor and materials, continued to increase above normal rates. This maintained the upward pressure on insurance premiums primarily due to claims costs. And after two very bad weather catastrophe claim years, we were certainly due for a calm year. Well, that also didn't happen.

A Devastating Day

For some time to come, those of us at Ohio Mutual will have March 14, 2024, circled on our mental calendars. A severe storm system brewed throughout that day, and in the evening spawned a series of storms with high winds, hail, and tornadoes that devastated several communities in Ohio and Indiana, costing three people their lives and causing more than \$34M in damage.

Our Claims team sprang into action, called in reinforcements, and worked long hours for weeks to respond to the needs of our members in several communities impacted by the March storm. They assessed damage claims and expedited payments at a pace that was truly remarkable, working with our local independent agent partners to compassionately deliver on our promise to those members.

As encouraging as it was to witness our response to those members whose lives had been suddenly upended, the financial reality was sobering. For Ohio Mutual, the March 14 storm was particularly impactful, and the losses our members suffered totaled the largest one-day net financial loss in our organization's 123-year history.

Even with this historic loss, the financial strength and condition of Ohio Mutual was certainly never in question – Ohio Mutual, like every other well-run insurer, invests to ensure they have the means to respond to days like March 14. That's why the financial strength rating of our organization, as independently determined by rating company AM Best, remained a solid "A" for the 32nd consecutive year in 2024. This is a key indicator of an insurer's financial stability, and we're proud to be pursuing a fourth decade of excellent fiscal performance and financial strength.

Maintaining a Long-Term Perspective

One huge advantage of the mutual insurance model is that we can maintain long-term focus for our organization, and we don't have to also manage the demands and short-term expectations of stockholders and investment bankers. We can set our sights on the forest, rather than the trees, and focus on doing what's best for all of our members – when immediate needs arise, and when planning for years to come.

This long-term perspective also allows us to maintain a laser focus on earning loyalty from our members and agents.

Here is what that long-term perspective looks like at Ohio Mutual:

- We maintain a focus on growing our company responsibly – both in terms of membership and our geographic diversification. In 2023 we merged in Wisconsin-based United Mutual Insurance Company and throughout 2024 we introduced new products to this market and more fully integrated both agents and members. We now operate in 8 states in the Midwest and Northeast.
- We continue to grow our MemberPlus portfolio of safety and loss mitigation products, which ensures that our members experience real value from their membership – even without having a claim. We offer members tools to prevent fires, mitigate water losses, combat theft, and prepare for the losses we all hope never materialize.

What our customers have to say...

Don



"We recently had a homeowner claim with Ohio Mutual. It could not have been handled better.

The customer service was exceptional. Matters were handled quickly and thoroughly."

Robert



"Our home in Maine suffered damage from trees falling in a coastal storm. Ohio Mutual was prompt, professional, and very helpful."

Cindy



"I have had Ohio Mutual homeowners insurance for my home for over 40 years now. They have always been prompt and efficient. I recently had a major claim due to storms in our area, and they were right on top of it once again. I am very happy with their customer service, their claims adjuster, and my agent."

Aubrey



"I have had Ohio Mutual for some years now for my commercial tow truck insurance. Ohio Mutual has been great with responding to claims. You don't get all the run-around that you get with some insurance companies."

- We enhance the Continuous Improvement mindset that has been embedded in our company culture, and which reduces waste, improves processes, and drives a better experience for our members and independent agent partners.
- We invest in new technology to make sure we keep pace with the expectations and needs of our members and agents.
- We continue to seek and act on feedback – we regularly ask our members, our agents, and our associates for feedback, and we act upon that feedback to improve our products, service, and culture.

The Comeback

The combination of our associates' hard work and mild second-half weather built momentum that propelled Ohio Mutual over the fiscal finish line at year-end with an operating gain. The continued quality service and strategic partnerships among our associates and agent partners contributed to a Year End Combined Ratio of 97.0, which is a vast improvement when compared to the previous year's 109.3. The operating gain, plus better investment results, replenished our Policyholder Surplus after two years of losses. Once again, our overall financial performance outperformed most of our peer companies. Even more importantly, we were there for our members when they most needed us.

Lessons Well Learned

If we've learned anything over the past few years, it's this: You can do almost everything right and still end up with under-plan financial results, because there will always be things you cannot control – but for everything that you can control, execute with a continuous improvement conviction.

“Believe in the value of the fundamentals, maintain the long view, continue to pursue the loyalty of your members and agent partners, and with some normal weather, success will likely follow.”

The Next Chapter

As with any story, there are many people and organizations to acknowledge and thank. We continue to greatly benefit from the contributions of our dedicated and skilled associates, the partnership and efforts of our 500+ independent agent partners, the steady leadership of our board of directors, and the loyalty of our members. I'm looking forward with great anticipation to see how the next chapters unfold.



Mark C. Russell

Leaders who put customers first.

Board of Directors



Mark C. Russell



Neeru Arora



Karen Haefling



Mike Heister



Dawn Kink



Susan Porter



Jack Purse



Chuck Self



Tom Wooley

Company Management



Mark C. Russell
President & CEO



Andrew Wallen
Chief Financial Officer



Marcella Smith
Chief Administrative Officer



Susan Kent
Chief Analytics Officer



Mendi Riddle
VP Sales



Chad Combs
VP Personal Lines Underwriting



Gary Johnson
VP Commercial Lines Underwriting



Dave Grove
VP Product Management



John R. DeLucia
VP Claims



Brad McCormack
VP Information Systems



Todd Boyer
VP Corporate Communications



Clare Krumlauf
AVP Claims



Ryan Ward
AVP Actuarial Analytics



Teri Miller
Corporate Controller

2024 OHIO MUTUAL

Assets	2024 in Thousands	2023 in Thousands	2022 in Thousands
Bonds	433,383	393,266	391,901
Common and Preferred Stocks	85,059	80,638	60,472
Real Estate	5,953	6,192	6,660
Cash and Short-Term Investments	55,578	43,514	53,233
Premiums and Agent's Balances	107,353	95,083	81,107
Other Assets	63,269	59,788	50,678
Total Admitted Assets	\$750,595	\$678,481	\$644,051

Total Liabilities and Policyholder Surplus

Unpaid Losses and Adjustment Expenses	163,883	163,480	155,759
Unearned Premiums	205,715	177,638	153,246
Other Liabilities	38,038	29,063	23,993
Total Liabilities	407,636	370,181	332,998
Total Policyholder Surplus	342,959	308,300	311,053
Total Liabilities and Surplus	\$750,595	\$678,481	\$644,051

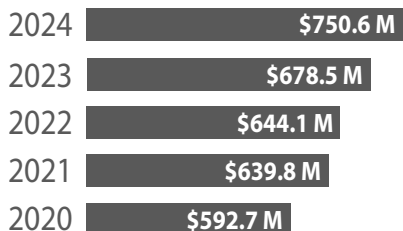
Statements of Income (for the years ended)

Net Premiums Earned	\$385,179	\$331,426	\$293,572
Losses and Loss Adjustment Expenses	255,803	265,381	235,758
Other Underwriting Expenses	125,397	104,097	89,450
Net Underwriting Gain (Loss)	3,979	-38,052	-31,636
Investment Income	21,106	20,691	12,397
Other Income (Loss)	8,282	7,336	-2,559
Income Tax Expense (Benefit)	5,960	-3,717	-3,809
Net Income	\$27,407	-\$6,308	-\$17,989

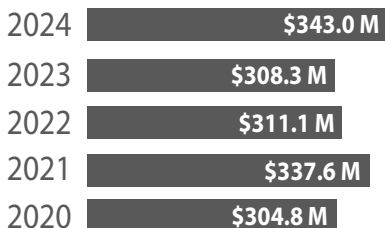
FINANCIAL REPORT

5 YEAR FINANCIAL TRENDS

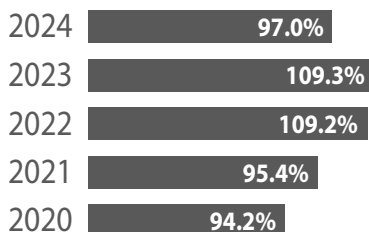
Total Assets



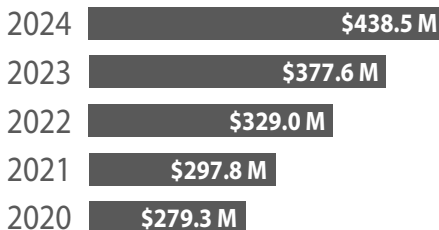
Policyholder Surplus



Combined Ratio (%)



Direct Written Premium



Please note: United Mutual results are included in the financial report beginning in 2024.



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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

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