Honoring Our Promise

Insurance is a unique product. We sell a promise, and it’s a promise that customers hope they never have to use. Yet as a mutual insurance company, honoring that promise when the need arises is the core of what we do. In 2019 the employees and agents of Society Insurance were presented with many opportunities to honor the promise, and met that challenge admirably.

Society saw a record number of losses in many lines of business this past year and a total dollar amount of direct losses that was also, unfortunately, a record. Winter weather losses resulting from last year’s polar vortex were followed by summer storms that affected thousands of policyholders. There was also an unusual frequency of large fire losses and catastrophic Workers Compensation injuries.

Our employees and agents stepped up to honor the promise with distinction. Following severe summer storms in central Wisconsin involving hundreds of policyholders, over 90% of claims were paid and settled within 12 weeks. After a large fire affecting a medical clinic, payments of over $2 million were in the policyholder’s hands in less than a week. That policyholder included Society Insurance in a full-page thank-you ad in the local newspaper for our role in helping them continue their business. The treatment plan developed for a worker who suffered a catastrophic spinal cord injury ensured he would be transported to the top facility in the country to begin his recovery. Another worker who suffered a traumatic brain injury achieved a degree of recovery few anticipated at the time of his accident.

Despite these record claims, overall financial results for 2019 were good. While the combined ratio exceeded 100% for the first time in six years, it was a relatively modest 100.3%. Our carefully designed reinsurance program made a significant positive impact on results. Net income, driven by a prudent and consistent investment policy, was strong at $8.9 million. All of this supported solid growth in policyholder surplus, which ended the year at $169 million—a new record.
Premium growth was quite good in 2019. While Workers Compensation rate reductions in all of our states ranged from the high single digits to as much as 19%, overall premium growth was 5.4%. Premium and policy retention, both well ahead of plan, combined with a strong flow of new business to drive growth. Direct written premium was a record $187.1 million. The company exceeded $200 million in total premium for the first time, including business serviced by Society through the Wisconsin Workers Compensation Insurance Pool, at $206.3 million.

While claims employees often took center stage in 2019, and those in underwriting, sales and marketing helped us achieve outstanding growth, our “employee of the year” was truly all of the employees at Society Insurance. The GROW2GETHER, or G2G, initiative that we announced in 2018 kicked off in earnest, with tens of thousands of hours being devoted to developing the operating systems that will carry us into the future. We completed significant work on preparing to do business in Colorado by year-end 2020. Progress on these important initiatives couldn’t have happened without the support of every employee. It was an eventful year and a true team effort.

We look forward to what this new decade brings and thank our employees and agents who served policyholders so well in 2019.

Rick W. Parks

President & CEO
Great customer experience doesn’t just happen. That’s why Society Insurance regularly seeks feedback from both policyholders and agents. We are truly committed to understanding how we’re doing and how we can improve—because the difference between good and great is in those details.

One of the most important metrics we track is our net promoter score (NPS). Every time we survey one of our policyholders, we simply ask, “On a scale of 0-10, how likely are you to recommend Society Insurance to your friends, family and colleagues?” We also conduct an annual NPS survey with agents to understand how likely they are to recommend Society to their customers who fit our niches.

WHERE WE STAND

The results of NPS surveys are measured on an index from -100 to 100 and are used to gauge satisfaction and loyalty.

Society’s 2019 policyholder net promoter score was 56, up from 51 in 2018.

Society’s 2019 agent net promoter score increased to 80, up from 69 in 2018.

While we are proud of these “great” and “excellent” marks, we remain focused on continuing to improve these scores through even more personalized service and enhancements to our products and services.

*https://www.retently.com/blog/good-net-promoter-score/
**https://www.retently.com/blog/companies-high-nps/
Voice of the Customer

★ ★ ★ ★ ★
They take care of you when you need them. I give Society 5 out of 5 stars!
- Orland Park, Illinois

★ ★ ★ ★ ★
We felt a great sense of relief. Thank you for making the experience a good one.
- Nashville, Tennessee

★ ★ ★ ★ ★
Society Insurance is very responsive—something that is lost in today’s business environment.
- Bloomington, Minnesota

★ ★ ★ ★ ★
I can’t say enough how helpful and efficient Society Insurance was during a power outage at my independently run restaurant. They were easy to communicate with, exceptionally understanding and eminently helpful. A small business like mine facing an unexpected and indefinite loss of power can be devastating, both financially and emotionally. Society allowed me to focus on the steps I needed to take to cope and move forward rather than dwell on the impact the event itself had on my business.
- Madison, Wisconsin

★ ★ ★ ★ ★
Thank you for helping to make an unpleasant experience less painful.
- Evansville, Indiana

★ ★ ★ ★ ★
It is a comfort to know you are there to support and protect me in my time of loss.
- Dubuque, Iowa

“When the needs of others are the greatest, our efforts are the strongest.”

- Society Insurance Customer Focus Core Value
Growing with Purpose

**ASSETS**

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
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<tr>
<td>Bonds</td>
<td>$257,556,209</td>
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<td>Stocks</td>
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<td>Real Estate</td>
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<td>Cash and Short-Term Investments</td>
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<td>Premium Receivable</td>
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<td>Other Assets</td>
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<td>Total Assets</td>
<td>$385,084,701</td>
<td>$407,919,168</td>
<td>$432,608,483</td>
<td>$446,603,562</td>
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**DIRECT WRITTEN PREMIUMS**

- 2015: $131.8M
- 2016: $160.4M
- 2017: $168.1M
- 2018: $171.1M
- 2019: $177.6M
- 2019: $187.1M

**POLICYHOLDER SURPLUS**

- 2015: $131.8M
- 2016: $141.5M
- 2017: $153.4M
- 2018: $158.1M
- 2019: $169.0M

**COMBINED RATIO**

- 2015: 95.8%
- 2016: 98.8%
- 2017: 98.4%
- 2018: 98.5%
- 2019: 100.3%
MIX OF BUSINESS (Excludes Wisconsin Workers Compensation Pool)

- Businessowners Policies: 51%
- Workers Compensation: 35%
- Commercial Auto: 9%
- Umbrella, Liquor Liability, Cyber Liability: 5%

STATES OF OPERATION

- Wisconsin: 1915
- Illinois/Iowa: 1996
- Indiana: 1997
- Tennessee: 2016
- Minnesota: 2018
- Colorado: 2020
SENIOR OFFICERS

Rick W. Parks, CPCU
President & CEO

Dina S. Schultz
Senior Vice President & COO

Heather I. Boyer, MBA
Senior Vice President, CFO & Treasurer

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Nancy Hernandez
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Stephen M. Peterson, Chairman of the Board
Kim M. Sponem

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Thomas J. Schwefel, CPA
Controller & Assistant Treasurer

Dominic A. Weber, FCAS, MAAA
Vice President-Chief Actuary

Mike G. Zajicek, AIC
Vice President-Workers Compensation Claims

Small details. Big difference.”

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