Society’s Menu for Success in 2018 came from a balanced combination of tried-and-true recipes along with some new dishes that added to the flavor of our offerings.

For the fifth year in a row the combined ratio was under 100%, finishing 2018 at 98.5%. Producing an underwriting profit every year is our goal and it’s gratifying to show this kind of consistency in results.

Despite some premium headwinds in the Workers Compensation line where significant rate reductions occurred in every state, direct written premium grew by 3.8% and ended the year at a record high of $177.6 million. Including $22.2 million in premium serviced for the Wisconsin Workers Compensation Pool, total gross premium was within dollars of exceeding $200 million for the first time.

While policyholder surplus ended 2018 at a record $158.1 million, this was impacted by a year-end downturn in financial markets that largely corrected back during January. Net income for the year was a strong $10.9 million.

Our tried-and-true recipe continues to be favorable results in our home state of Wisconsin. Policy counts grew nicely, and the premium level was maintained despite a large Workers Compensation rate reduction — a line that is over 40% of our premium in the state. The more generalist book of business in Wisconsin performed well, posting a 41% loss ratio for the year.

Two of our house specialties were given some new seasoning in 2018 as the TRIM products for restaurants and bars were rebranded to TopChoice for restaurants and TopShelf for bars. TRIM served us well for decades, but these new and improved program names highlight our expertise, and the changes were well-received.

Minnesota was also new on the menu, becoming our sixth operating state during the fourth quarter. Following our state expansion strategy, the focus here is entirely in the restaurant and bar niches, the classes we know best. Our agents wrote nearly $400,000 of premium in just a few weeks.
Cyber Liability, introduced mid-2017, continued to be a featured dish in 2018. Over 1,700 policies are now in force, offering agents an opportunity to round out with this important coverage for policyholders.

Looking forward, the tools for any successful insurance company must include modern, efficient and easy-to-use technology. It’s the broth that keeps everything else together. An in-depth study of Society’s technology platforms was conducted during the year that clearly presented the need to modernize our key operating systems. This study provided a roadmap for where we needed to go based on offering the kind of customer experience that agents, policyholders and claimants expect now and in the future. A vendor selection process was largely completed by year-end, and an internal brand for this project was established as GROW2GETHER, or G2G. This reflects not only the upcoming initiative to grow our technology capabilities, but also the continued emphasis on profitably growing our business at the same time. Expect to hear more about G2G in 2019 and beyond.

While technology, products and branding are important parts of any insurance company, what really makes Society unique in the marketplace is people. The relationships we have with agents and policyholders are treasured, much more than a set of simple business transactions. We stay grounded by keeping in mind that our work is really all about people helping people.

My thanks to our employees and agents who made 2018 such a successful year!

Rick W. Parks
President & CEO
On Mutual Ground

**MIX OF BUSINESS** (Excludes Wisconsin Workers Compensation Pool)

- **48%** Businessowners Policies
- **38%** Workers Compensation
- **9%** Commercial Auto
- **5%** Umbrella, Liquor Liability, Cyber Liability

**STATES OF OPERATION**

- **1915** Wisconsin
- **1996** Illinois
- **1996** Iowa
- **1997** Indiana
- **2016** Tennessee
- **2018** Minnesota
A Perfect Pairing

TOPCHOICE
for restaurants

TOPSHELF
for bars

In the property and casualty industry, Society is a nimble, super-regional, mutual insurance company recognized as the market leader in offering solutions for restaurant and bar owners. In 2018, new program names — TopChoice for restaurants and TopShelf for bars — were introduced to demonstrate our deep niche expertise and continued commitment to tailored coverage and customized service. This rebranding showcases our superior ‘Small Details. Big Difference.’ coverage, and highlights the knowledge and experience that continues to earn us endorsements from leading trade associations.

Long-standing industry expertise means that nobody understands the unique risks and challenges of protecting restaurants and bars better than Society Insurance. TopChoice and TopShelf are simple and clear insurance solutions for restaurant and bar owners.
### The Numbers

#### COMBINED RATIO

<table>
<thead>
<tr>
<th>Year</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ratio</td>
<td>98.3%</td>
<td>98.8%</td>
<td>98.4%</td>
<td>98.5%</td>
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</table>

#### DIRECT WRITTEN PREMIUMS

<table>
<thead>
<tr>
<th>Year</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Premiums</td>
<td>$159.3M</td>
<td>$160.4M</td>
<td>$168.1M</td>
<td>$171.1M</td>
<td>$177.6M</td>
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#### POLICYHOLDER SURPLUS

<table>
<thead>
<tr>
<th>Year</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surplus</td>
<td>$123.5M</td>
<td>$131.8M</td>
<td>$141.5M</td>
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#### ASSETS

<table>
<thead>
<tr>
<th>Category</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stocks</td>
<td>$33,254,696</td>
<td>$33,048,398</td>
<td>$37,421,781</td>
<td>$44,402,061</td>
<td>$39,859,375</td>
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<tr>
<td>Real Estate</td>
<td>$3,532,928</td>
<td>$3,785,997</td>
<td>$3,689,786</td>
<td>$3,451,692</td>
<td>$3,271,796</td>
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<tr>
<td>Cash and Short-Term Investments</td>
<td>$14,861,620</td>
<td>$8,822,266</td>
<td>$10,110,453</td>
<td>$10,592,347</td>
<td>$9,375,080</td>
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<tr>
<td>Premium Receivable</td>
<td>$66,132,693</td>
<td>$65,741,200</td>
<td>$68,031,664</td>
<td>$67,996,391</td>
<td>$70,658,535</td>
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<tr>
<td>Other Assets</td>
<td>$14,591,031</td>
<td>$16,130,631</td>
<td>$15,478,383</td>
<td>$13,689,222</td>
<td>$13,909,547</td>
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<tr>
<td>Total Assets</td>
<td>$368,183,852</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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</tbody>
</table>
**Leadership**

**SENIOR OFFICERS**

Rick W. Parks, CPCU  
*President & CEO*

Dina S. Schultz  
*Senior Vice President & COO*

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

**OFFICERS**

William I. Bunzel, CPCU, AIC  
*Vice President-Property, Auto & Liability Claims*

Amy M. Collett, SHRM-CP, SPHR, AIM  
*Vice President-Human Resources & Administration*

Thomas E. Konop  
*Vice President-Information Technology*

Ryan M. McClone, CRM, CIC  
*Vice President-Sales & Marketing*

Tim Riedl, CPCU, ARe  
*Vice President-Commercial Underwriting*

Thomas J. Schwefel, CPA  
*Controller & Assistant Treasurer*

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

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

**DIRECTORS**

John F. Duwell, JD  

Eric Englund, JD  

Susan M. Finco  

Thomas J. Gross, CPA, *Secretary*

Linda L. Newberry-Ferguson  

Rick W. Parks, CPCU  

Stephen M. Peterson, *Chairman of the Board*

Kim M. Sponem  

Jeffery M. Timler, CPA