

FOR THE BENEFIT OF OUR
Policyholders

ANNUAL REPORT 2013



Strength

“EXACTLY WHAT
I NEEDED FOR MY
RESTAURANT”



Security

“MY
TRUSTED
ADVISOR”

Confidence

“IT WAS
SUCH AN EASY
PROCESS”



S SOCIETY
INSURANCE[®]

Small details. Big difference.SM

FOR THE BENEFIT OF OUR POLICYHOLDERS



We can't say it enough. That simple statement begins Society's Mission Statement and serves as a benchmark for all that we do. Meeting this mission requires a constant focus on the policyholder by our employees and independent agent partners, who share their customers with us. In 2013, Society and our agency force accomplished much to benefit policyholders.

For the small businesses that Society insures, predictable costs and unquestioned financial security for their insurance company are critical. Reasonable upward movement in rate levels produced gratifying results that enhanced the financial position of the company last year. After exceeding \$100 million in policyholder surplus for the first time and setting a new record-high in 2012, Society achieved an even larger surplus increase in 2013. Policyholder surplus ended at \$116,042,419, an increase of 13.7 percent and another new record. Improved net underwriting gain drove most of this increase, along with positive results from investments and a slight boost from changes in pension plan accounting that rewarded businesses that funded their plans adequately. On the income statement, the pension plan accounting changes did include one-time charges that slightly increased our combined ratio above what normal operations would produce. Still, the combined ratio of 102.4 percent was an improvement over 2012 and near the target.

Premium growth was larger than expected, even during a year when the company continued to apply focused underwriting actions to improve the book of business. Direct written premium finished at \$152,203,011, an increase of 3.7 percent. This marked the first time Society exceeded \$150 million in premium. The company also serviced another \$25,068,987 of premium for the Wisconsin Workers Compensation Pool, giving a combined premium base of more than \$177 million. Just three years ago, combined premium was only \$141 million. It's very gratifying to know that agents have the confidence to place business with us and help us welcome new policyholders to Society.

Beyond positive financial results, 2013 was a success because of the ways we were able to benefit policyholders. A multiyear project to replace our policy administration system with a more contemporary and flexible product is well on its way to becoming a reality in 2014. The new branding initiative that was introduced last year — Small details. Big difference. — was rolled out and has become a mantra for employees in regard to the level of attention and consideration we provide to policyholders, agents and claimants. Valuable content that is relevant to successfully operating the niche businesses we insure is being offered on our website and social media platforms, as well as through print advertising. Society is not only solidifying its position as a market leader in our niches, but also as a thought leader in the industries we serve.

Operating for the benefit of our policyholders and our commitment to being the very best business partner for our independent agents ultimately are displayed by making a positive difference for them. Over the next few pages of this report, you'll see a number of testimonials from policyholders that describe instances where we've focused on the small details that made a big difference in their success. These stories are just as important as positive financial results for us.

The insurance industry becomes more complex and challenging every year. Society has been stepping up to those challenges for nearly 100 years. We look forward to the opportunities that 2014 will bring for our employees, agents and policyholders.

Rick W. Parks,
President & CEO

“SOCIETY IS NOT ONLY SOLIDIFYING ITS POSITION AS A MARKET LEADER IN OUR NICHES, BUT ALSO AS A THOUGHT LEADER IN THE INDUSTRIES WE SERVE.”

UNWAVERING COMMITMENT TO PROMPT, PROFESSIONAL AND PERSONAL SERVICE.

“AFTER THE FIRE, WE WERE ABLE TO CONTINUE
TO DO BUSINESS DURING OUR BUSIEST TIME
OF THE YEAR, THANKS TO SOCIETY.”

Steve and Judy Cottrell, owners,
Bavaria Sausage



“THE BUSINESS INTERRUPTION
PART OF OUR POLICY WAS THE
SAVING GRACE THAT ALLOWED
US TO CUT OUR LOSSES
TO A MINIMUM.”

Bob Dove, general manager,
Bridgewood Resort Hotel

“IT GAVE ME PEACE OF MIND
KNOWING THE CLAIM WOULD BE
HANDLED PROPERLY AND MY
LOSSES TAKEN CARE OF.”

Mark Dougherty, owner,
Mark's East Side Restaurant



ASSETS

2013

2012

Bonds, Amortized Value	\$222,405,475	\$216,962,031
Stocks, Market Value	\$31,384,879	\$22,257,869
Real Estate, Cost Less Depreciation	\$3,473,641	\$3,383,942
Cash and Short-Term Investments	\$11,772,748	\$7,863,925
Premiums Receivable	\$60,321,944	\$57,565,186
Reinsurance Recoverable	\$2,607,611	\$2,405,719
Accrued Interest and Dividends	\$2,053,241	\$2,049,255
Other Assets	\$7,990,024	\$7,706,655
Total Assets	\$342,009,563	\$320,194,582



LIABILITIES

2013

2012

Unpaid Losses and Expenses	\$135,110,320	\$133,796,583
Agents' Contingent Commission	\$3,546,898	\$3,360,236
Unearned Premiums	\$70,915,507	\$68,566,120
Ceded Reinsurance Payable	\$10,011,524	\$7,729,935
Dividends Declared and Unpaid	\$5,155,544	\$3,781,893
Other Liabilities	\$1,227,351	\$858,902
Total Liabilities	\$225,967,144	\$218,093,669
Policyholder Surplus	\$116,042,419	\$102,100,913
Total Liabilities and Surplus	\$342,009,563	\$320,194,582

“BEYOND POSITIVE
FINANCIAL RESULTS,
2013 WAS A SUCCESS
BECAUSE OF THE
WAYS WE WERE
ABLE TO BENEFIT
POLICYHOLDERS.”

Rick Parks,

President & CEO

Society Insurance

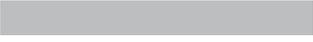
DIRECT WRITTEN PREMIUMS

2013	\$152,203,011	
2012	\$146,580,596	
2011	\$141,528,028	
2010	\$132,586,193	
2009	\$133,401,895	
2008	\$126,153,691	
2007	\$118,225,925	
2006	\$111,865,360	
2005	\$110,867,431	
2004	\$120,692,466	

POLICYHOLDER SURPLUS

2013	\$116,042,419	
2012	\$102,100,913	
2011	\$93,157,396	
2010	\$94,641,170	
2009	\$91,583,878	
2008	\$86,713,893	
2007	\$90,845,496	
2006	\$80,801,879	
2005	\$65,594,579	
2004	\$52,292,291	

TOTAL ASSETS

2013	\$342,009,563	
2012	\$320,194,582	
2011	\$302,956,607	
2010	\$295,999,357	
2009	\$285,823,829	
2008	\$271,577,067	
2007	\$277,264,105	
2006	\$265,154,253	
2005	\$247,231,865	
2004	\$230,022,715	

SENIOR OFFICERS

Rick W. Parks, CPCU
President & CEO

William F. Reeves, CPCU
Senior Vice President & COO



OFFICERS

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

Amy M. Collett, SPHR, AIM
Vice President–Human Resources

Thomas E. Konop
Vice President–Information Systems

D. Holly Lifke, MBA, CPCU, CIC, AIC, SPHR, AINS
Vice President–Commercial Underwriting

Dina S. Schultz
Vice President–Sales & Marketing

Edwin W. Storer, CPA, CGMA
Vice President–Finance & Treasurer

Dominic A. Weber, FCAS, MAAA
Vice President–Actuary

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

DIRECTORS

Eric Englund, JD

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Thomas J. Gross, CPA

Gregory C. Krohm, PHD, CPCU

Linda L. Newberry–Ferguson

Rick W. Parks, CPCU

Stephen M. Peterson
Chairman of the Board

James P. Thomas, CPCU
Secretary

Jeffrey M. Timler, CPA



“WHEN WE HAVE A CLAIM, I CAN
CALL SOCIETY...WHICH IS REALLY NICE BECAUSE
I CAN KEEP FOCUSING ON DOING BUSINESS.”

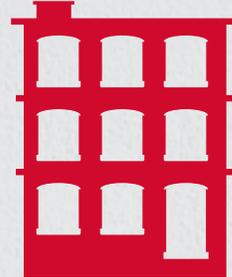
Brent Weycker, president and founder,

Titletown Brewing

FOCUSED ON UNMATCHED SERVICE AND TAILOR-MADE SOLUTIONS.

“OUR SOCIETY REPRESENTATIVE
HAS BEEN THERE THROUGH
THE ENTIRE PROCESS—ANSWERING
ALL MY QUESTIONS AND HELPING
ME FIGURE THINGS OUT!
THANK YOU!”

Policyholder with a
Workers Compensation Claim



“WE CAN’T IMAGINE
THE PROCESS WORKING ANY
BETTER. THERE’S MUCH TO BE
SAID ABOUT WORKING WITH
LOCAL AREA COMPANIES.”

Policyholder with a
Weather Damage Claim

“I RECOMMEND SOCIETY INSURANCE TO ALL
MY FRIENDS AND COLLEAGUES. THANK YOU FOR
HELPING ME THROUGH THE TOUGH TIMES!”

Policyholder with an
Auto Collision Claim





“WE ARE BACK TO
WHERE WE WERE
BEFORE THE LOSS”

Confidence

“OUTSTANDING
CUSTOMER
SERVICE”



Security



“SOMEONE WHO
UNDERSTANDS
THE ISSUES”



Small details. Big difference.SM

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Strength

