



An

Award-Winning Year



UNION MUTUAL

Live life well protected



2018 ANNUAL REPORT



*Union Mutual – providing
superior service and products
to our customers since 1874!*

2018 HIGHLIGHTS

- Named a “Ward’s Top 50” Property-Casualty Insurance Carrier
- AM Best-rated “A- (Excellent) with a Positive Outlook”
- 6th year with a combined ratio below 100
- Honored with 6th consecutive “Best Places to Work in Vermont” award
- Earned Vermont Business Magazine’s “Business Growth Award”



Michael W. Nobles

PRESIDENT’S MESSAGE

For over 140 years, Union Mutual has proven to be a stable, profitable and community-focused insurance carrier, ensuring our 140,000-plus policyholders throughout New England and New York “Live Life Well Protected.” Our proud tradition of superior service and commitment to strong relationships with our independent agency partners remain guiding principles for our Companies. Our tremendously talented staff leverage their years of industry experience with an eye toward the ever-changing technological landscape, allowing Union Mutual to not only achieve its goals, but set the bar higher each year.

In many ways, 2018 was an ‘award-worthy’ year for Union Mutual, with several industry and local honors, of which we are extremely proud: We have been recognized as one of *Ward’s Top 50 Insurance Companies*, awarded the *Vermont Business Magazine Business Growth Award* and received an affirmed AM Best rating of *A- with a positive outlook*. We successfully implemented the first year of our *Diamond Partners* program to recognize and reward top-performing agencies and last but certainly not least, recently earned our sixth straight “*Best Places to Work in Vermont*” distinction.

Thank you to our policyholders for your continued business and trust in our Companies to protect what matters most to you. Your decision to work alongside a local independent agent for your insurance needs is one on which we place tremendous value – it is the cornerstone of our business. In a digital world with ever-expanding horizons, supporting our neighbors has never been more important.

Sincerely,

Michael W. Nobles
President & Chief Executive Officer





Union Mutual raised over \$2,000 for Vermont cancer-related charities as part of the 2018 Dragon Boat Festival – and earned a silver medal in the event!



The “Union Mutual Popsicles” set a new team-best and raised over \$21,000 for Special Olympics Vermont in the 2018 Penguin Plunge.

EMPLOYEE APPRECIATION & COMMUNITY GIVING

Union Mutual was founded on the promise of neighbors helping neighbors, and our employee events and charitable giving embody that value to this day. Our collaboration towards these initiatives is a key driver in achieving our sixth consecutive **“Best Places to Work in Vermont”** award. In 2018, 18 employees celebrated over 500 milestone years of service to the Companies and two longtime employees were honored upon their retirements: Deborah Johnson, Director of Customer Support, and Thomas White, President of Community Mutual. As a reflection of our ability to attract and retain top talent from the newest generation to hit the workforce, we also welcomed our largest class of summer interns (10) and celebrated the first “graduate” of our Employee Development Program.

Our employees once again supported a number of large giving campaigns, most notably connected to our lead sponsorship of Special Olympics Vermont’s Summer Games, raising over \$21,000 for the 2018 Penguin Plunge with over 20 employees and community partners plunging. Our Dragon Boat Festival team nearly captured gold, and dozens participated in the Corporate Cup Challenge, Green-Up Day, Strike 3 Wiffle Ball Tournament, Go Red for Women Day, No Shave November and more. Tie Tuesday continues and Bird Shirt Thursday caught on quickly, raising thousands for local avian rescues and other causes near and dear to employees’ hearts.

Through our Agency Council and Diamond Partners’ gifts, Union Mutual’s charitable giving extends beyond the walls of our offices to reach organizations our agency partners support. In 2018, over \$20,000 was donated on behalf of these key relationships throughout New England and New York.



Agency Council member Kim Cabral of Stateline Insurance presents a donation from Union Mutual on behalf of the agency to the Elizabeth Buffum Chace Center in honor of #GivingTuesday.



Union Mutual has been voted **“Best Places to Work in Vermont”** for a sixth consecutive year.





Union Mutual hosted two Customer Service Representative/Producer Training programs in 2018, providing key agency partners the opportunity to learn about Union Express, our products and Company culture, alongside Union Mutual executive management and staff.

2018 FINANCIALS

UNION MUTUAL FIRE INSURANCE COMPANY

Assets:		Liabilities:	
Bonds.....	\$163,962,000	Unearned Premiums.....	\$64,906,000
Stocks.....	21,678,000	Loss & LAE Reserves.....	71,278,000
Cash & Equivalents.....	29,307,000	Other Liabilities.....	35,411,000
Premiums Receivable.....	35,144,000	Policyholders' Surplus.....	96,214,000
Other Assets.....	17,718,000		
	<hr/>		<hr/>
	\$267,809,000		\$267,809,000

COMMUNITY MUTUAL INSURANCE COMPANY

Assets:		Liabilities:	
Bonds.....	\$642,000	Unearned Premiums.....	\$92,000
Stocks.....	10,000	Loss & LAE Reserves.....	-
Cash & Equivalents.....	285,000	Other Liabilities.....	890,000
Premiums Receivable.....	1,142,000	Policyholders' Surplus.....	1,376,000
Other Assets.....	279,000		
	<hr/>		<hr/>
	\$2,358,000		\$2,358,000

EASTERN MUTUAL INSURANCE COMPANY

Assets:		Liabilities:	
Bonds.....	\$17,888,000	Unearned Premiums.....	\$4,467,000
Stocks.....	5,285,000	Loss & LAE Reserves.....	3,644,000
Cash & Equivalents.....	1,030,000	Other Liabilities.....	546,000
Premiums Receivable.....	1,430,000	Policyholders' Surplus.....	18,216,000
Other Assets.....	1,240,000		
	<hr/>		<hr/>
	\$26,873,000		\$26,873,000



Nearly four dozen employees participated in the 2018 Corporate Cup Challenge and State Agency Race in Montpelier, part of Union Mutual's award-winning wellness initiatives.

COMBINED BALANCE SHEET

December 31, 2018

Assets:

Bonds.....	\$182,492,000
Stocks.....	26,973,000
Cash & Equivalents	30,623,000
Premiums Receivable.....	36,905,000
Other Assets.....	18,179,000

\$295,172,000

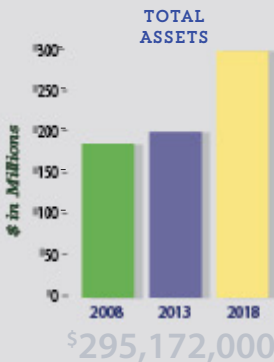
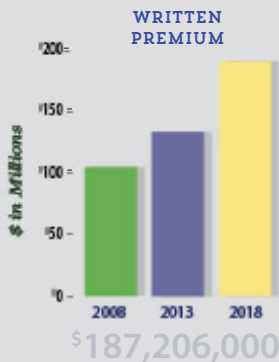
Liabilities:

Unearned Premiums	\$69,465,000
Loss & LAE Reserves	74,922,000
Other Liabilities.....	34,979,000
Policyholders' Surplus.....	115,806,000

\$295,172,000



Employees competed in an inspiring Can-Struction food drive in November to benefit the Salvation Army's Emergency Food Shelf Stuff-a-Truck campaign, donating nearly 1,000 pounds of non-perishable food items.





Union Mutual supports causes important to our independent agency partners. Jeffrey Gilman presents a donation from Union Mutual on behalf of his agency, Geo. M. Stevens & Son, to the Weathervane Theatre in Whitefield, NH as part of our annual #GivingTuesday opportunity.



Executive & Communications Coordinator Anna Coon accepts a Vermont Business Growth Award from Vermont Governor Phil Scott. Union Mutual was honored by Vermont Business Magazine as one of the 25 fastest-growing companies in the state in 2018.



Scott Bulger, left, of Northeast Insurance, presents a painting to Union Mutual President & CEO Michael Nobles in recognition of Union Mutual's 10-year commitment to support the Clear Path for Veterans New England in Devens, MA.



Employees Ben Lozier, Monica Bilodeau, Troy Springer, Alex Farrell and Nathan Magne represent Union Mutual at an internship/career fair at the University of Vermont. Lozier and Springer joined the Company as interns and were later hired as full-time employees.



10 summer interns joined Union Mutual in 2018 as our internship program continues to grow. Back row, from left: Brandon Tracy, Lauren Cole, Nick Hallowell, Grady Wimble, Landon Carpenter, Harper Wimble, Vanessa Fleury. Front row, from left: Burke Spillane, Reis Farwell. Not pictured: Sarvesh Sharma.

BUSINESS DEVELOPMENT

As we continue to expand and deepen relationships with our network of premier independent agencies, we were thrilled to introduce our **Diamond Partner** program in 2018. As a way to give back, our agency Diamond Partners are eligible for advertising dollars and charitable giving matching dollars to reinvest in our shared local communities.

Through consistent feed-back and conversations with all agency partners, we continue to enhance



our product offerings to meet the demand of the ever-evolving marketplace. Our product development team worked diligently on the implementation of several new products and coverages to meet our policyholder's needs including a new commercial auto product in New Hampshire, updated coverages like our new home-sharing endorsement and refined pricing to include several home renovation credits.

From a technology perspective, we continue to enhance policyholder facing technology to include improvements to our customer portal – www.umv4me.com – with a refreshed look and mobile-friendly design. On our agent platform, www.unionexpress.com, our industry-leading “**Straight Through Processing**” technology has been carried over from our personal lines products to our Businessowners line.

Our investment in products and relationships continues to be a consistent theme. We pride ourselves in being a company that listens and responds to agent's challenges and we value the opportunity to regularly engage our agency plant including several on-site training programs. We look forward to keeping the momentum going into 2019 and beyond.



Union Mutual proudly – and creatively! – supports No-Shave November to raise awareness for cancer by growing beards and donating the money typically spent on shaving to www.no-shave.org to educate about cancer prevention and help those battling the disease. Many of Union Mutual’s male employees participated, and female employees purchased or created their own beards to show their support.



Union Mutual employees, joined by representatives of local law enforcement and the Spaulding High School cross-country team above, hosted a water station in the Law Enforcement Torch Run leading up to the Opening Ceremonies of the Special Olympics Vermont Summer Games. Union Mutual proudly serves as the lead sponsor of the Summer Games.



UNION MUTUAL FIRE INSURANCE COMPANY AND NEW ENGLAND GUARANTY INSURANCE COMPANY

139 State Street, P.O. Box 158, Montpelier, VT 05601-0158 • (802) 223-5261 • unionmutual.com

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433 River Street, Suite 8002, Troy, NY 12180 • (518) 477-8182 • communitymutual.com

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6504 State Route 32, P.O. Box 40, Greenville, NY 12083 • (518) 966-4491 • easternmutual.com

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139 State Street, Montpelier, VT 05602 • (800) 300-5261

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