



The Future is Green



UNION MUTUAL

Live life well protected

2019 ANNUAL REPORT

2019 HIGHLIGHTS

- Surpassed \$100M in surplus
- AM Best affirmed rating of "A- with positive outlook"
- 7th year with a combined ratio below 100
- Celebrated 7th consecutive "Best Places to Work in Vermont" honor
- Earned Gold-level Worksite Wellness award
- Graduated 4 participants from Employee Development Program

“ Without continual growth and progress, such words as improvement, achievement, and success have no meaning. ”

- Ben Franklin



Sustainability

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 traditions of superior service and commitment to fostering strong relationships with our independent agency partners remain key guiding principles for our Companies. Our tremendously talented staff is committed to leveraging 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.

2019 was a milestone year for Union Mutual. Strategic changes over the last handful of years have positioned the Company to withstand Mother Nature's challenges and we posted our 7th consecutive profitable year. Thanks to the widespread support of our agency partners, new business was up more than 20% for the year, bringing our direct written premium to an all-time high of \$185M. Most importantly, our policyholders' surplus grew \$13M or 13% during the year, surpassing the \$100M mark for the first time in Company history.

The robust year also allowed us to continue the tremendous momentum of our Diamond Partners program that recognizes and rewards our top-performing agency partners. We earned a "Governor's Excellence in Worksite Wellness – Gold Level Award" from the Vermont Department of Health and the Governor's Council on Physical Fitness and Sports. Last but certainly not least, we recently earned our 7th 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 we place tremendous value on – 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





Penguin Plunge

PHOTO: HEATHER GLENN/SPECIAL OLYMPICS VT

GROWTH, RELATIONSHIPS & PEOPLE



Union Mutual was founded on the value of neighbors helping neighbors, and our employee events and charitable giving embody that value to this day. Our employees' engagement at work and within their communities is a large driver in earning our 7th consecutive "Best Places to Work in Vermont" award.

In 2019, we celebrated a collective 1,183 years of employee service to the Company and honored two longtime employees on their retirements: Barbara Mason, Assistant Vice President, Human Resources, and Stephany Pouliot, Personal Lines Underwriter. As a reflection of our ability to attract and retain top talent within the newest generation to hit the workforce, we welcomed another talented class of summer interns from a highly competitive applicant pool. We also celebrated four additional "graduates" from our Employee Development Program.

Employee engagement in charitable giving and event participation hit new heights in 2019 and the momentum continued into 2020, once again most notably connected to our lead sponsorship of Special Olympics Vermont's Summer Games. Setting a new event record in the Penguin Plunge, The Union Mutual Popsicles raised over \$135,000 as 64 employees, agents, vendors, friends and family participated in the annual icy jump into Lake Champlain. Union Mutual was also well represented in the Dragon Boat Festival, Corporate Cup Challenge, Green-Up Day, Strike 3 Wiffle Ball Tournament, Go Red for Women Day, No Shave November and more. Tie Tuesday and Bird Shirt Thursday continue to raise thousands for local charities and other causes, all chosen by our employees.

Through over \$150,000 in donations in 2019, Union Mutual is committed to being a good neighbor both at home in Vermont and throughout New England and New York. Supporting organizations near and dear to our agency partners and their communities has become a focal point for our charitable efforts. With the guidance of our Agency Council and Diamond Partners, over \$50,000 was donated on behalf of these key relationships.



Dragon Boat Festival



Corporate Cup Challenge



School Supply Drive





2019 FINANCIALS

UNION MUTUAL FIRE INSURANCE COMPANY

Assets:

Bonds.....	\$190,260,000
Stocks.....	20,906,000
Cash & Equivalents	23,657,000
Premiums Receivable.....	38,313,000
Other Assets	18,642,000

\$291,778,000

Liabilities:

Unearned Premiums	\$58,132,000
Loss & LAE Reserves	82,175,000
Other Liabilities.....	42,337,000
Policyholders'	
Surplus	109,134,000

\$291,778,000

COMMUNITY MUTUAL INSURANCE COMPANY

Assets:

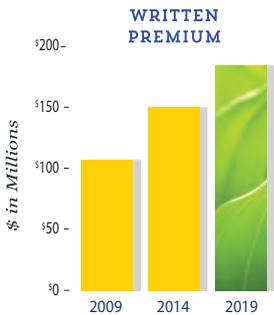
Bonds.....	\$643,000
Stocks.....	10,000
Cash & Equivalents	295,000
Premiums Receivable.....	1,224,000
Other Assets	406,000

\$2,578,000

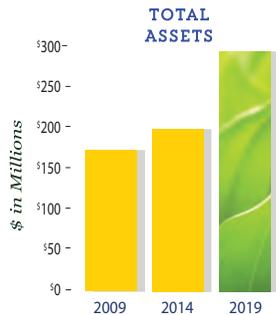
Liabilities:

Unearned Premiums	\$83,000
Loss & LAE Reserves	-
Other Liabilities.....	1,010,000
Policyholders'	
Surplus	1,485,000

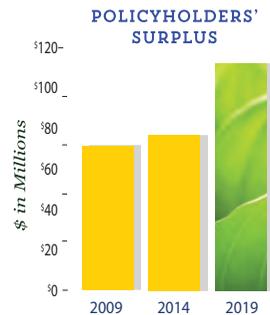
\$2,578,000



\$184,265,000



\$292,298,000



\$110,618,000

COMBINED BALANCE SHEET

December 31, 2019

Assets:

Bonds.....	\$190,903,000
Stocks.....	20,916,000
Cash & Equivalents	23,952,000
Premiums Receivable.....	38,714,000
Other Assets	17,813,000

\$292,298,000

Liabilities:

Unearned Premiums	\$58,215,000
Loss & LAE Reserves	82,175,000
Other Liabilities.....	41,289,000
Policyholders'	
Surplus	110,619,000

\$292,298,000

SOLAR POWER

Since installation in October, our impact has been the equivalent of planting 150 trees.



CLOSED LOOP RECYCLING

In 2019 our efforts saved:

308
GALLONS
OF OIL



49 POUNDS OF
AIR POLLUTANTS

5,665
GALLONS
OF WATER

A HEALTHIER COMMUTE

An electric car-charging station has been installed for employee use



A secure, indoor bike rack has also been installed for employee use.



ENERGY-EFFICIENT LED LIGHTING

Installed throughout facilities



Governor's Excellence in Worksite Wellness –
Gold Level Award



Green Up Day 2019

PROFITABILITY & INNOVATION

Together, we're making
a substantial impact!



Vermont Businesses
for Social Responsibility

PROUD MEMBER

MILESTONES



Accomplishments Over the Last Decade

■ 2016: Established Employee Development Program – a 2 year immersive training experience

■ 2015: Became lead sponsor of Vermont Special Olympics Summer Games

■ 2014: Received our first recognition as one of the “Best Places to Work” in Vermont

■ 2014: Implemented industry – leading “Straight Through Processing” technology for zero / no touch policy issuance

■ 2014: Opened a New York operations center in Troy, NY

■ 2013: Expanded operations into New York with Community Mutual Affiliation

■ 2012: Implemented policyholder online platform – www.umv4me.com

■ 2010: Implemented “Agency Councils” to better strategize and connect with agency partners



In the last decade we have remained focused on being a stable, profitable mutual Company for our policyholders and agents even while experiencing significant change. We started the decade with the conversion of our policy administration system, putting us years ahead of our competition. We were proud to close the decade with record premium volume and surplus and an elevated focus on corporate social responsibility and perpetuation of the industry.

We attribute the Company’s success to our commitment to innovation, product development, and

solid relationships. We are most proud of our 7th consecutive “Best Places to Work in Vermont” honor. Although technological advances have given us an advantage, we know that our success is more closely tied to the support of our agents and employees. Our deep community network of independent agencies throughout New England and New York has allowed us to reinvest over \$1.25M in charitable efforts. No matter what the future may hold, we remain dedicated to being a strong, financially stable, community-focused mutual insurance company in the next decade, and beyond!



■ 2020: Received our 7th consecutive recognition as a “Best Place to Work” in Vermont

■ 2019: Achieved record premium of \$185M

■ 2019: Achieved 7 consecutive years of a combined ratio below 100

■ 2019: Achieved record surplus of \$111M

■ 2018: Earned Vermont Business Magazine’s Business Growth Award

■ 2018: Named a “Ward’s Top 50” Property – Casualty Insurance Carrier

■ 2017: Implemented Agency Recognition “Diamond Partner” Program

■ 2017: Upgraded AM Best Rating of A- with a Positive outlook



GREG AMELL



We dedicate this Annual Statement to two employees who passed away in 2019 – Greg Amell and Joe Hughes.

We lost two cherished members of the Union Mutual family in July with the passing of Greg Amell and Joe Hughes, both after long and courageous battles with health issues. From President & CEO Michael Nobles:

“For too many years to count, Greg was an instrumental part of all our lives at Union Mutual. From his endless behind the scenes efforts that made our workdays go smoothly to his infectious smile when he met you at the door, Greg was always looking for ways to make each of our lives better. Greg was very proud to work for Union Mutual, proud of all

JOE HUGHES



the friends he made and proud that he managed to pick up every last crab apple every fall. Most importantly Greg was extremely proud of his family, children and all of their accomplishments. Greg will be missed by us all.”

“Joe had been successfully battling a variety of health ailments for the last several years. A number of us had visited with Joe over the last several weeks and he was working diligently to get healthy enough to ‘rejoin all his family at Union Mutual.’ It is safe to say that all of us are better off for having known Joe. His infectious enthusiasm for life and all things positive would light up any room he was in.”

DEDICATION

UNION MUTUAL FIRE INSURANCE COMPANY AND NEW ENGLAND GUARANTY INSURANCE COMPANY

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Vice President & General Counsel

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*Executive Vice President and
Corporate Secretary*

Gary H. Ouellette
Executive Vice President

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Middlebury College and
Governor of VT (2003-2011)*

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Executive, General
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*CEO, Vermont State
Employees Credit Union*

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*President and CEO,
Union Mutual*

Mark S. Young
*President, The First
National Bank of
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COMMUNITY MUTUAL INSURANCE COMPANY

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Corporate Secretary

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