

# SUPERIOR FINANCIAL STRENGTH

In 2021, Encova Insurance and our associates continued to work hard alongside our dedicated agents to support our insureds amid the challenges of learning and adapting to our new world. Thanks to the commitment of our agents and support of our policyholders, we were able to remain a stable provider and sustain and grow our financial strength.

In August 2021, AM Best upgraded Encova to an A- (excellent) rating with a positive outlook. In reaching its decision to upgrade, AM Best categorized our balance sheet as “strongest” and otherwise relied on “the overall strength of [Encova’s] balance sheet, reflecting management’s commitment to surplus preservation and growth.” We appreciate the support of our policyholders and agents and remain dedicated to providing our high level of service.

## STATEMENT OF OPERATIONS

(in thousands)

### Encova Insurance

	2021	2020
<b>ASSETS</b>		
<b>Bonds</b>	\$3,132,832	\$2,869,941
<b>Stocks</b>	\$617,841	\$611,472
<b>Cash and short-term securities</b>	\$260,377	\$215,256
<b>Premium receivable</b>	\$405,607	\$401,573
<b>Partnerships and joint ventures</b>	\$139,569	\$149,902
<b>Current and net deferred tax assets</b>	\$59,492	\$83,369
<b>Real estate</b>	\$60,099	\$64,529
<b>Other assets</b>	\$116,900	\$157,382
<b>Total assets</b>	<b>\$4,792,717</b>	<b>\$4,553,424</b>
<b>LIABILITIES AND SURPLUS</b>		
<b>Losses and loss expenses</b>	\$1,979,023	\$1,923,196
<b>Unearned premiums</b>	\$524,664	\$503,196
<b>Retiree benefit obligation</b>	\$33,953	\$47,769
<b>Other unpaid expenses</b>	\$167,129	\$170,151
<b>Unpaid policyholder dividends</b>	-	\$(15)
<b>Other liabilities</b>	\$129,710	\$141,502
<b>Total liabilities</b>	<b>\$2,834,479</b>	<b>\$2,785,799</b>
<b>Policyholder security</b>	\$1,958,238	\$1,767,625
<b>Total liabilities and security</b>	<b>\$4,792,717</b>	<b>\$4,553,424</b>
<b>SUMMARY OF OPERATIONS</b>		
<b>Net earned premium</b>	\$1,084,638	\$1,073,352
<b>Underwriting profit/(loss)</b>	\$35,214	\$4,156
<b>Combined ratio</b>	96.8%	99.7%
<b>Net investment gain/(loss)</b>	\$155,884	\$85,028
<b>Net income</b>	<b>\$182,446</b>	<b>\$79,607</b>

### Encova Life (formerly Motorists Life)

	2021	2020
<b>ASSETS</b>		
<b>Bonds</b>	\$504,363	\$524,811
<b>Stocks</b>	-	-
<b>Cash and short-term securities</b>	\$20,850	\$23,809
<b>Other invested assets</b>	\$32,507	\$27,868
<b>Contract loans</b>	\$16,949	\$16,958
<b>Premiums receivable</b>	\$18,568	\$17,740
<b>Interest and dividends due and accrued</b>	\$5,197	\$5,032
<b>Other assets</b>	\$9,351	\$7,873
<b>Total assets</b>	<b>\$607,785</b>	<b>\$624,091</b>
<b>LIABILITIES AND SURPLUS</b>		
<b>Policy reserves</b>	\$505,137	\$504,360
<b>Statutory reserves</b>	\$5,602	\$4,894
<b>Claims payable</b>	\$6,150	\$4,671
<b>Other liabilities</b>	\$11,819	\$33,705
<b>Total liabilities</b>	<b>\$528,708</b>	<b>\$547,630</b>
<b>Capital and security</b>	\$79,077	\$76,461
<b>Total liabilities and security</b>	<b>\$607,785</b>	<b>\$624,091</b>
<b>SUMMARY OF OPERATIONS</b>		
<b>Premiums and contract considerations</b>	\$43,155	\$44,210
<b>Total income</b>	\$70,166	\$69,627
<b>Benefits and expenses</b>	\$65,263	\$65,080
<b>Net income from operations</b>	\$4,903	\$4,547
<b>Net profit/loss</b>	\$79,077	\$76,461
<b>Change in capital and security</b>	<b>\$2,616</b>	<b>\$3,120</b>