

# COMMUNITY OUTREACH AND IMPACT

**2016**  
ANNUAL REPORT

# EXECUTIVE MESSAGE

Motorists Insurance Group has never been stronger financially or better positioned strategically. All major product lines generated an underwriting profit in 2016 and A.M. Best affirmed our A (Excellent) rating. Our local service teams continue to provide a sustainable advantage. They combine flexible insurance products, best practices loss control, and local decision making in a way that distinguishes us in the market. All team members have a clear line of sight between what they do and the success of our independent agency partners.

We understand that the product we sell is essentially a promise, and our associates team with independent agents to help good people when bad things happen. We embraced Hurricane Matthew as an opportunity to exceed expectations, build relationships and contribute to something bigger than ourselves. In 2016, over 100,000 customers reached out to us in a time of need, and we restored their way of life. At Motorists, I'm proud to say that a promise made is a promise kept.

These are exciting times. In addition to achieving superior operating results, we delivered three major strategic initiatives that position us to support the long-term interests of our agents, policyholders and communities:

**1** We just closed on our affiliation with BrickStreet Mutual Insurance Company. This partnership strengthens our two companies with more than 1,600 employees, 10 offices writing in 29 states, premiums of nearly \$1.2 billion, a surplus in excess of \$1.5 billion and assets of \$4.5 billion. We are now a super-regional carrier and rank amongst the top 20 mutual companies in the United States.

It's a win-win for both organizations. BrickStreet's agents and policyholders will have access to other lines of commercial insurance outside of workers' compensation. Likewise, Motorists will be able to provide workers' compensation coverage for added classes and sizes of accounts. Combined, we will offer an expanded portfolio of products and services through one trusted relationship.

**2** In May, we will introduce a new company providing our independent agencies and commercial clients a state-of-the-art insurance experience. The customized policies, digital platform and local decision making will differentiate us in the marketplace. This innovative "high-touch, high-tech" business model will improve responsiveness and help us earn the trust of each customer.

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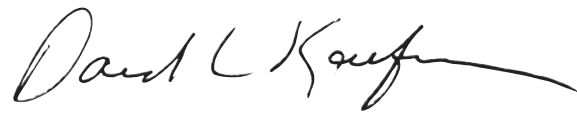


# EXECUTIVE MESSAGE (CONTINUED)

**3** We launched a real-estate development project adjacent to our building and the Topiary Park in Columbus, Ohio. Once complete, this mixed-use complex will beautify and transform the Discovery District of the downtown area. It's this commitment to being leaders at home, at work and in the community that makes Motorists such a special organization.

We are also committed to making our neighborhoods a better place. In addition to donating more than 1,000 volunteer hours, over 90 percent of associates made personal financial contributions last year to charities Motorists supports. From the Ronald McDonald House, to the Scholar Athlete Awards, to over 100 individual charities across our geographic footprint, we leave a permanent mark in all communities we serve.

We say it often: You Know Us. It stands out on associate business cards, closes our advertisements and is what we strive to make happen every day. Everything we do comes from a customer perspective with a service mentality. We realize our success comes from the trusting and caring relationships our associates have built with our agents, policyholders and communities. Living in the same communities as our agents and policyholders, we are there when you need us most. At Motorists, we know you and...You Know Us.

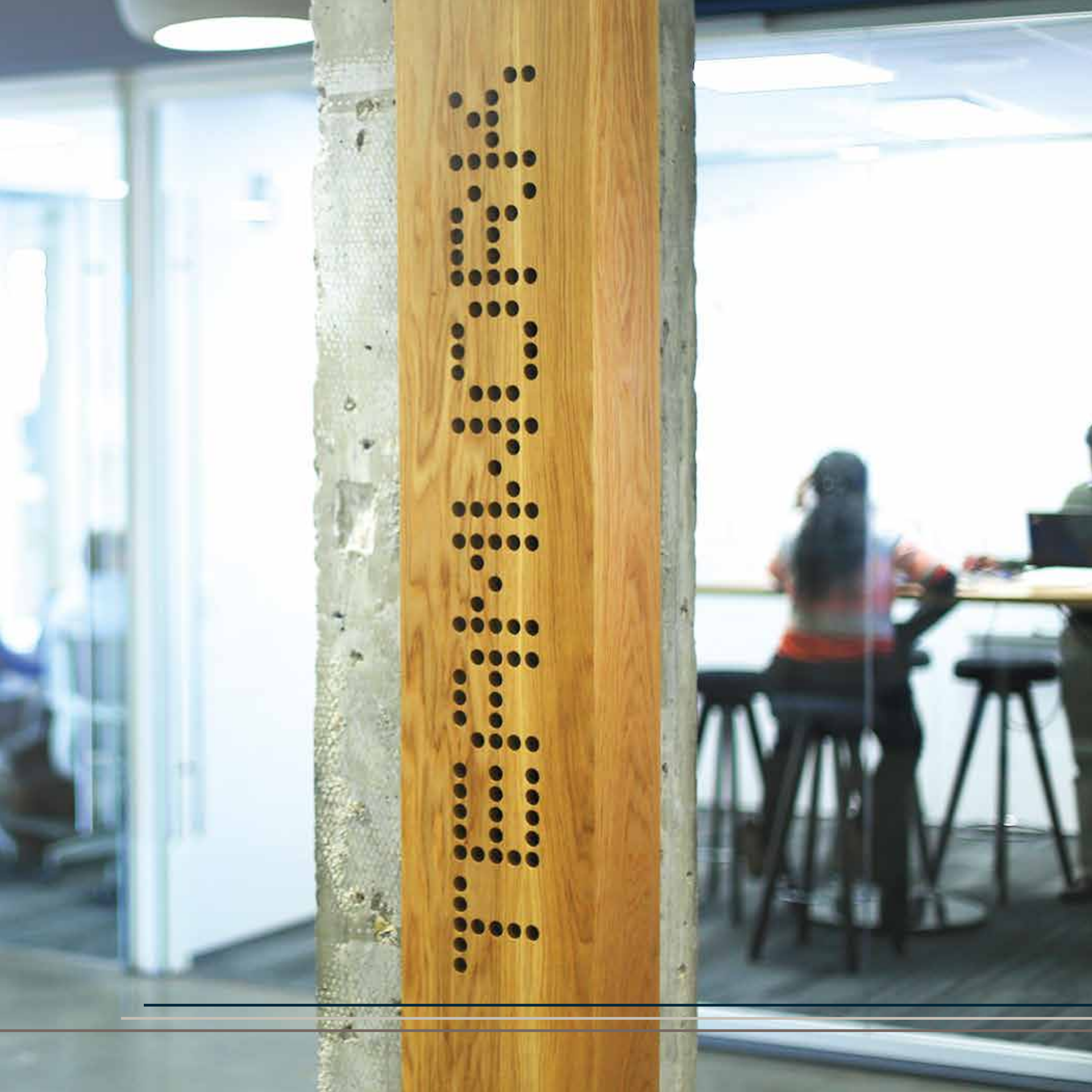


**DAVE KAUFMAN**  
CEO

**MOTORISTS  
ASSOCIATES  
VOLUNTEERED  
MORE THAN  
1,000 HOURS**



Several members of the executive team celebrated the retirement of long-time Motorists associate Cathy Braemer.



**ONE COMPANY  
ONE VISION  
ONE MISSION**

**MOTORISTS  
INSURANCE  
GROUP**



# MOTORISTS INSURANCE GROUP



ASSETS	2016	2015
BONDS	\$979,104,788	\$1,014,155,148
STOCKS	\$269,972,428	\$269,322,023
PREMIUMS RECEIVABLE	\$207,855,987	\$214,827,801
PARTNERSHIPS & JOINT VENTURES	\$131,697,665	\$126,427,775
CURRENT & NET DEFERRED TAX ASSETS	\$63,191,226	\$62,370,412
REAL ESTATE	\$37,933,157	\$36,566,525
OTHER ASSETS	\$83,848,011	\$71,764,804
<b>TOTAL ASSETS</b>	<b>\$1,773,603,261</b>	<b>\$1,795,434,489</b>

LIABILITIES & SURPLUS	2016	2015
LOSSES & LOSS EXPENSES	\$529,732,509	\$531,110,766
UNEARNED PREMIUMS	\$326,098,659	\$328,414,747
RETIREE BENEFIT OBLIGATIONS	\$68,137,807	\$81,490,801
OTHER UNPAID EXPENSES	\$42,735,420	\$44,944,011
UNPAID POLICYHOLDER DIVIDENDS	\$4,780,214	\$5,372,032
OTHER LIABILITIES	\$30,041,704	\$33,022,562
<b>TOTAL LIABILITIES</b>	<b>\$1,001,526,313</b>	<b>\$1,024,354,918</b>
POLICYHOLDER SECURITY	\$772,076,947	\$771,079,571
<b>TOTAL LIABILITIES &amp; SECURITY</b>	<b>\$1,773,603,261</b>	<b>\$1,795,434,489</b>

SUMMARY OF OPERATIONS	2016	2015
DIRECT WRITTEN PREMIUMS	\$726,637,385	\$729,423,405
UNDERWRITING PROFIT/(LOSS)	\$5,069,041	\$14,057,703
COMBINED RATIO	99.9%	98.8%
NET INVESTMENT GAIN/(LOSS)	\$42,071,228	\$24,897,004
<b>NET INCOME</b>	<b>\$27,833,496</b>	<b>\$11,770,155</b>



Motorists hosted 40 interns in 2016 who worked in areas from IT to workers' compensation to commercial lines to human resources. Twenty-three interns were hired full time or kept on board after the program.



Associates took part in "Holidays from Around the World" during the holiday season to celebrate the various cultures represented within Motorists.

**“IN THE WORLD OF INSURANCE,  
THE STRONGEST BUSINESSES  
ARE THE ONES BUILT ON TRUST  
AND ACCOUNTABILITY.”**

**MOTORISTS  
INSURANCE  
GROUP**

# MOTORISTS LIFE COMPANY

ASSETS	2016	2015
BONDS	\$399,633,444	\$423,919,899
CASH & SHORT-TERM SECURITIES	\$7,967,467	\$7,130,256
STOCKS	\$13,218,223	\$14,607,501
CONTRACT LOANS	\$14,880,856	\$13,810,054
PREMIUMS RECEIVABLE	\$17,149,179	\$16,861,219
INTEREST & DIVIDENDS DUE & ACCRUED	\$3,905,981	\$4,450,566
OTHER ASSETS	\$10,596,892	\$9,247,703
<b>TOTAL ASSETS</b>	<b>\$467,352,042</b>	<b>\$490,027,198</b>

LIABILITIES & SURPLUS	2016	2015
POLICY RESERVES	\$383,184,396	\$361,117,401
STATUTORY RESERVES	\$2,992,534	\$1,311,824
CLAIMS PAYABLE	\$3,461,322	\$2,997,483
OTHER LIABILITIES	\$15,513,119	\$62,828,162
<b>TOTAL LIABILITIES</b>	<b>\$405,151,371</b>	<b>\$428,254,870</b>
CAPITAL AND SECURITY	\$62,200,671	\$61,772,328
<b>TOTAL LIABILITIES, CAPITAL &amp; SECURITY</b>	<b>\$467,352,042</b>	<b>\$490,027,198</b>

SUMMARY OF OPERATIONS	2016	2015
PREMIUMS & CONTRACT CONSIDERATIONS*	\$53,514,308	\$53,493,587
TOTAL INCOME*	\$74,868,343	\$78,196,747
BENEFITS & EXPENSES*	\$75,394,454	\$73,895,030
NET INCOME FROM OPERATIONS	-\$526,111	\$4,301,717
NET PROFIT/(LOSS)	-\$1,180,449	\$3,973,926
<b>CHANGE IN CAPITAL &amp; SECURITY</b>	<b>\$428,341</b>	<b>\$5,413,333</b>

\* Does not reflect the impact of an annuity reinsurance transaction.



Motorists associates deliver Meals on Wheels through LifeCare Alliance. It's estimated that our route saves LifeCare Alliance approximately \$13,000 per year compared to using a paid driver.

“ The bottom line is that Motorists does what it says...it pays claims when the chips are down! They are just a **really good company** and will back their clients. I highly recommend them for all your insurance. Especially their life insurance products! ”

Jim Evans, Dressel & Evans Agency, Ohio

**DOING  
BUSINESS  
BETTER,  
EVERY DAY.**



[WATCH NOW >](#)

**FOR EVERY  
CUSTOMER.**



# COMMUNITY INVOLVEMENT



Motorists associates participated in the Go Red for Women one-day event and February's heart health month.



Motorists supports LifeCare Alliance's Meals on Wheels program by packaging and delivering meals.



Motorists associates volunteer with Faith Mission Church serving and preparing meals as well as sorting clothing.



Motorists associates volunteer and donate to the Ronald McDonald House by helping prepare meals, donating items needed and participating in 5K events.

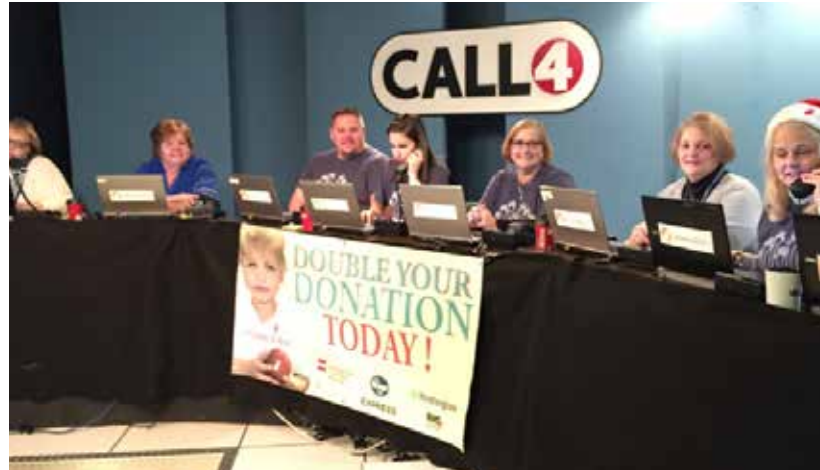
**We believe that local needs are best served by your neighbors.**

**Some of the many organizations we support include:**

- RONALD MCDONALD HOUSE CHARITIES OF CENTRAL OHIO**
- THE OHIO STATE UNIVERSITY FOUNDATION**
- UNITED WAY**
- OHIO CANCER RESEARCH**
- COLUMBUS METROPOLITAN LIBRARY**
- ARCHIE GRIFFIN SCHOLARSHIP FUND**
- ST. STEPHEN'S COMMUNITY HOUSE**
- CYSTIC FIBROSIS FOUNDATION**
- OHIO FOUNDATION OF INDEPENDENT COLLEGES**
- LAW ENFORCEMENT FOUNDATION**
- LIFECARE ALLIANCE**
- CRISTO REY COLUMBUS HIGH SCHOOL**
- PARTNERSHIP FOR OHIO'S FUTURE**
- FUTURE POSSIBILITIES, INC.**
- THE INSTITUTES**
- AMERICAN CANCER SOCIETY**
- BETTER BUSINESS BUREAU CENTER FOR ETHICS**
- AMERICAN HEART ASSOCIATION**
- IOWA COLLEGE FOUNDATION**



# COMMUNITY INVOLVEMENT



Motorists associates answered phones on live TV at NBC4 Studios for the Double Your Donation Day event with the Mid-Ohio Foodbank.



Motorists associates climbed 40 flights of stairs for the Fight for Air Climb benefiting the American Lung Association.



Associates placed flags on headstones at the Rock Island Arsenal National Cemetery for Memorial Day.



Associates made fleece tie blankets for The Ronald McDonald House. These blankets were put in 14 children's "Welcoming Baskets" when they checked in.

SUPPORT  
THAT  
MATTERS,  
where  
it matters  
most

# MOTORISTS MUTUAL



Motorists associates participated in a three-day campaign to help raise more than \$23,000 for Operation Feed, benefiting Mid-Ohio Foodbank.



Groceries-to-Go Food Pantry provides food and personal care items to families who are a part of LifeCare Alliance's Project OpenHand-Columbus. Motorists associates helped organize the pantry and bag requested items.



Motorists holds a health fair each year to help associates maximize their health. More than 20 vendors participate, and topics range from self-defense to nutrition.

# TRUST IS THE HEART OF WHAT WE DO

“ I have been an agent and an insured of this company since 1979. I cannot speak highly enough of the people and their products. They **hold true to the values** we as middle America stand for and try to live every day. That is why my agency has a retention rate of clients with Motorists that averages over 92.5% annually. They don't have to brag, they just show you the facts! This is how you really should judge an insurance carrier! ”

Jeff Neverman, Neverman Insurance Agency, Ohio



# WILSON MUTUAL



Associates volunteered at several locations across Sheboygan County for United Way's Day of Caring.



Associates volunteered with the American Red Cross in November to install smoke detectors. They also educated residents on home fire prevention and helped them make emergency plans.



Motorists associates hosted a booth at the PIA of Wisconsin convention in August. Motorists is proud to support agent organizations such as PIA and Big I across our footprint.

# IN YOUR CORNER

when you  
need us  
most

“ When it comes down to it, we are in the business to help clients at claim time. They stepped up to the plate, and everyone was satisfied with the end result. That's what makes a great team! ”

Renee Hill, Warren Insurance Agency, Illinois

# IOWA MUTUAL



Associates helped pack Christmas food boxes for The Referral Center in DeWitt, Iowa, to help those in need.



Associates participated in the United Way of Scott County Day of Caring in the fall. The group made outdoor improvements at the Bettendorf YMCA.



Agents were able to experience "gegants i capgrossos," at the 2016 Leaders Conference in Barcelona, Spain, which means "giants and big heads," and can be found at local festivals.

# YOU KNOW OUR SERVICE-CENTERED WAY OF DOING BUSINESS

“ Motorists **goes the extra mile** for our mutual customers and cares about their protection and insurance needs. I am a proud agent and partner with you. I recommend you highly to everyone. ”

Debbie Willy, Krull Agency, Nebraska



# CONSUMERS INSURANCE



Associates helped two families in need during the holiday season through Special Kids' Cornelius Christmas Program, a Christian therapy and nursing center for children with special needs.



Associates taught a distracted driving/insurance 101 class to Middle Tennessee Christian School in Murfreesboro, Tennessee. Associates went to several schools throughout the year to spread the message about distracted driving.



Agents who qualified and attended the 2016 Leaders Conference were able to experience the culture of Barcelona up close.

# WE ARE COMMITTED to making a difference

“ I have represented Motorists for almost 20 years, and as an independent agent, I know there are a lot of great insurance companies. But Motorists is right at the top with quality products, service and the desire to **always do right** by their policyholders and agents! From the top down the management and employees are empowered to provide the best solution policy each and every time. ”

Alan Hoffmann,  
Hoffmann & Associates Insurance Services, Ohio



# MCM INSURANCE

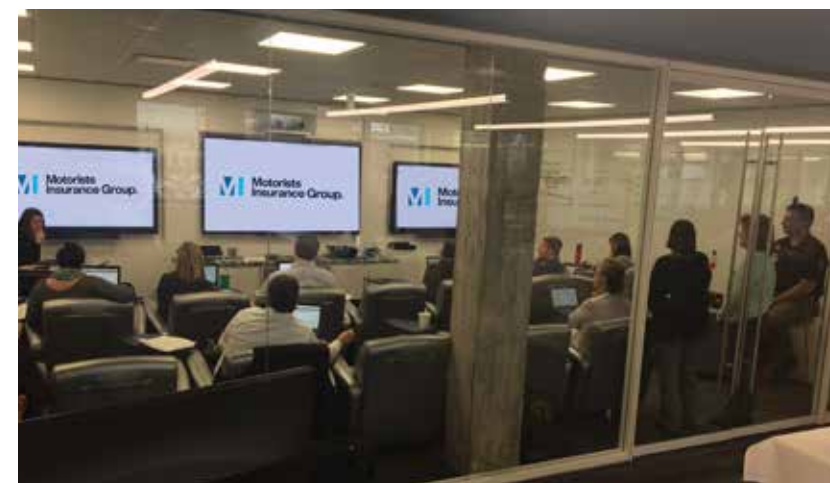


Several associates attended a Feed My Starving Children event to help provide nutritionally complete meals specifically formulated for malnourished children.



Learn how our exclusive brokerage MCM Agency can help your clients find solutions for all of their insurance needs.

[WATCH VIDEO >](#)



Agents provided feedback to Motorists associates as we worked to build a better solution for our commercial lines agencies and policyholders. Our new affiliate, Motorists Insurance, rolls out in Michigan and Tennessee in May 2017.

# EMPOWERING agents and associates

“ The culture at Motorists is not easily found in other workplaces; every associate is **acknowledged, empowered, has a voice and is truly valued.** The executive team is not only invested in making sure Motorists as a company performs well, the team heavily invests in making sure associates are supported and have the tools and resources needed to succeed. ”

Shana Hahn, Motorists Insurance small business underwriter

# PHENIX MUTUAL



Associates participated in the Rock 'N Race – 5K Walk/Run to help make a difference in the lives of cancer patients at Concord Hospital Payson Center for Cancer Care.



Associates kicked off their week-long campaign with a breakfast, and 100 percent of Phenix Mutual associates donated to United Way's "The Power of One" campaign in September 2016.



Phenix Mutual had a booth at the South Carolina Big I Convention in Columbia, South Carolina.

# LEADERS at home, at work and in the community

“ Having been an independent agent representing Motorists since 1999, they have never ceased to amaze me. Outstanding insurance company, with **top-notch claims, customer and agent services**. Though hundreds of people work in their home office, they know each other by name. They have a real live switch board operator for heaven's sake! You cannot replicate this company, no matter how hard you try. A step above the rest. ”

Michelle Ferrigno, Logan Lavelle Hunt, Kentucky



# HONORS & ACHIEVEMENTS



Anne King, senior vice president and corporate secretary, accepted the 2016 Pillar Award for Community Service on behalf of Motorists. We work hard to make a difference in all communities we serve.



Photo credit – Smart Business, Photo by Jay LaPrete ©2016 Jay LaPrete

Motorists won the Smart Business Progressive Organization award for promoting women in the workplace at the 2016 Smart Women Awards. CEO Dave Kaufman was also honored with the Advocate for Advancement award.



Motorists was honored to receive the Automation Excellence Award for Super-Regional Carrier at the 2016 NetVU Conference. The award recognizes carriers that go above and beyond to make it easier for insurance agencies to do business. Tom Campana, assistant vice president of customer experience, accepted the award.



Motorists was awarded a 2016 Strategy Meets Action Innovation in Action award, which celebrates innovation in the insurance industry. John Kessler, chief strategy officer, and Ralph Smithers Jr., assistant vice president of associate and community engagement, accepted the award.

What sets us apart is far more than what we do –  
**IT'S HOW AND WHY WE DO IT**



Motorists is honored to have been named a 2017 Top Workplace Award winner.



# OUR GROUP OF COMPANIES



**Motorists  
Insurance Group**<sup>®</sup>



**Motorists  
Mutual**

Member of Motorists Insurance Group



**MCM  
Insurance**

Member of Motorists Insurance Group



**Motorists  
Life**

Member of Motorists Insurance Group



**MCM  
Agency**

Member of Motorists Insurance Group



**Iowa  
Mutual**

Member of Motorists Insurance Group



**Phenix  
Mutual**

Member of Motorists Insurance Group



**Wilson  
Mutual**

Member of Motorists Insurance Group



**Consumers  
Insurance**

Member of Motorists Insurance Group

# CELEBRATE SUCCESS

We love to celebrate and reward our agents who meet or exceed the qualifications to attend our Leaders Conference. In 2016, agents took in the sights and sounds of Barcelona, Spain.



• Each component of **Motorists Insurance Group** is an equally important piece that comes together to carry out the vision. Our vision is a journey of persistence and dedication with a clear destination. We are unified as one company with one vision, one mission and one set of shared values.

