



# ANNUAL REPORT

2019



MUTUAL OF  
ENUMCLAW  
INSURANCE

EST. 1898

# PRESIDENT'S MESSAGE

This past year makes me think of Yogi Berra—it was déjà vu all over again. Just like last year, the first half of 2019 saw stellar results despite significant weather challenges, but the second half of the year brought increasing losses across multiple lines of business. Even so, we finished the year with a notable improvement in financial performance compared to 2018. Net income was up and growth was near 3%.

Total assets now exceed over \$800 million, and our capital adequacy, which reflects our claims paying ability, remains strong. Once again our financial ratings confirm our ability to be there for you when bad things happen. The Oregon Department of Financial Regulation completed their five-year financial exam and found no concerns with our financial reporting or operations. And our Net Promoter Scores, which rate customer satisfaction, remain significantly higher than industry average.

We are proud of our many accomplishments over the last year. Some of these include:

- We were named one of the 100 Best Companies to Work For by *Seattle Business* magazine for the eighth straight year.
- We updated our claims process with text messaging and E-Pay.
- We enhanced our personalized renewal videos for Home & Auto members.
- We added more thoughtful features for our members, including a Commercial Auto Driver Safety program and a Home Inventory record-keeping worksheet.
- We added condominium coverage to our Member's Best package product.
- We completed our work to enter Wyoming—our seventh state—in 2020.

This year we launched a home leak-detection program through Roost, and have already prevented major water damage losses. We provide our members with wildfire monitoring from Wildfire Defense Systems (WDS), which actively worked to protect hundreds of homes that were threatened in more than 73 wildfires in 2019. And our Mutual of Enumclaw Perks program gives members in most of our states access to discounts from national and local businesses.

We also continue to offer convenient digital options. The Mutual of Enumclaw Mobile App allows members to access policy information or view and pay bills on the go. Our Member Site also offers these features, as well as the ability to file claims online. And we've recently introduced paperless billing and policy documents. Please contact us to take advantage of any of these programs.

As we enter into our 123rd year of operations, we continue to improve how we serve our members with respect for our past, while embracing the future ahead of us in a rapidly changing world. We understand we are stewards, trusted to leave the company better off for our members than it was when we arrived. Our dream is to build a company that thrives well beyond our lifetimes, where our children's children work to protect and serve our members for many generations to come. Thank you for being a member.

Best wishes for a prosperous 2020.



A handwritten signature in black ink that reads "Eric Nelson".

Eric Nelson, CPCU, ARP  
President & CEO



## **INSURANCE IS ABOUT PEOPLE.**

It's about the people we take care of—the families, the farmers, the business people—and being there for them when they need us. And it's about people we do this work with, innovative, hard-working individuals who see every moment as an opportunity to do the right thing.

People are our focus as we look out at the year ahead. We're supporting our communities, gaining new neighbors in more states, and making connections at times that make the biggest difference. And through it all we're strengthening relationships with our employees, our agent partners, and our members. Because we know our people make us stronger.

## OUR MISSION

Thoughtful people protecting members' financial security.

## OUR VISION

Delivering a rare and valuable experience across America for generations to come.

## OUR PURPOSE

To build a 500-year-old company.

## Our Quality Standards

These are the principles that guide us in all we do:

### **Ethical**

We do what's right.

### **Responsive**

Speed and competency build trust.

### **Personal**

Positive and memorable customer service begins with a personal touch.

### **Efficient**

We continually improve what we do every day.



# RECOGNITION & RATINGS

## 2019



### Washington's 100 Best Companies to Work For

8 consecutive years  
*Seattle Business* magazine



### A- Excellent with a Stable Outlook

AM Best



### A' (A Prime) Unsurpassed

Demotech, Inc.

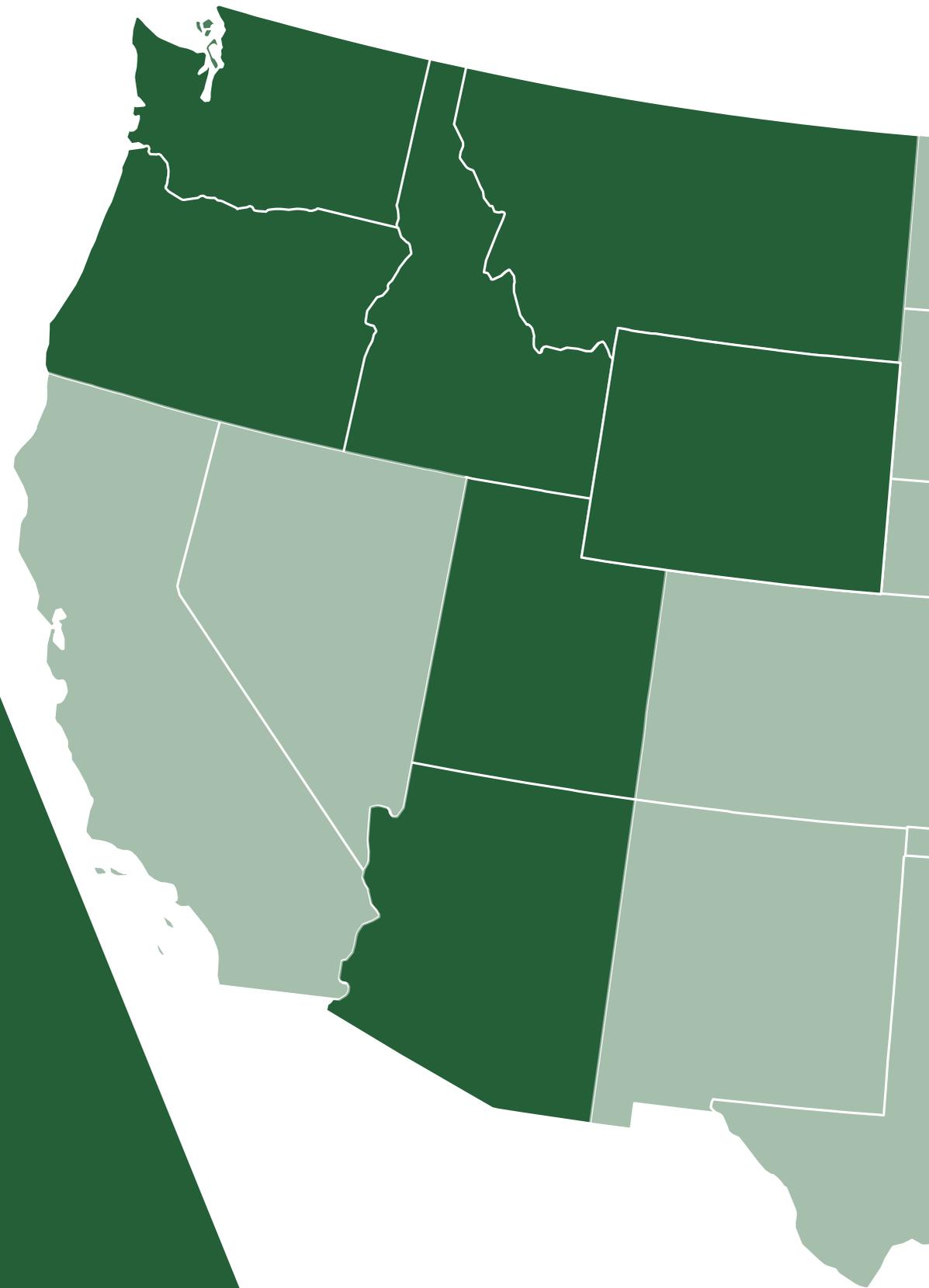
We've been able to maintain our strong ratings and financial stability from year to year because:

- We address geographic risks by writing in multiple states.
- We purchase comprehensive reinsurance.
- We maintain a robust equity.
- We diversify across personal, commercial, and farm lines.



# OUR LOCAL PRESENCE

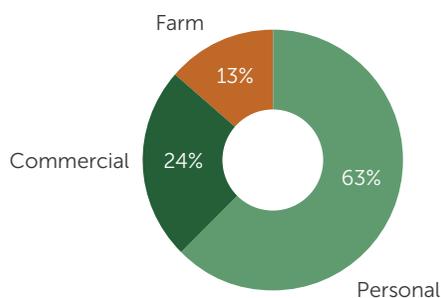
Our employees live and work alongside our members and agents, in local communities throughout Washington, Oregon, Idaho, Utah, Arizona, and Montana. We are happy to welcome new members in Wyoming, beginning in 2020.



# FINANCIAL HIGHLIGHTS 2019

## Premiums Written by Line of Business

Premiums were spread by risk type between personal (63%), commercial (24%), and farm (13%). Total policy count was 219,746.



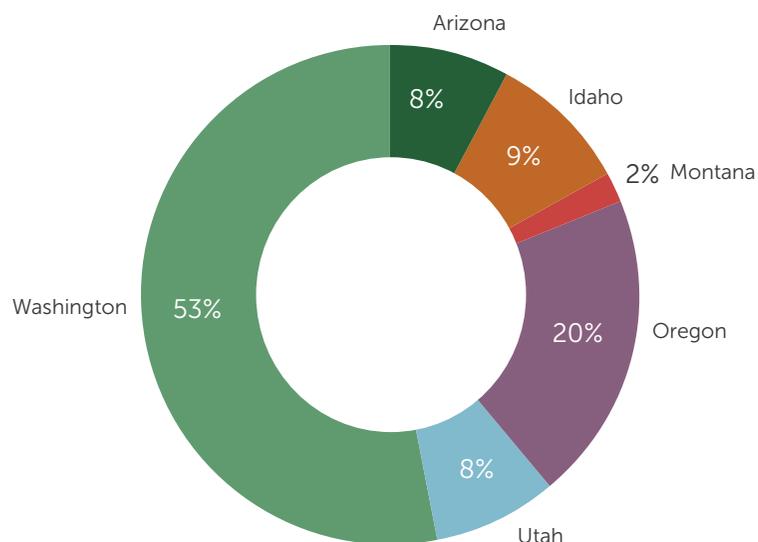
## Premiums Written by Year

We increased the amount of premiums written this year by 2.9%, reaching \$459.8 million. Commercial and farm business grew at a healthy pace thanks to our independent agent network in the six states.



## Premiums Written by State

We have members and agent partners in Washington, Oregon, Idaho, Utah, Arizona, and Montana. Our expanded geographic footprint allows us to manage concentration and weather-related risks.

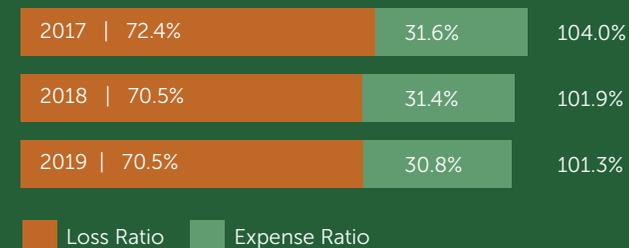


## Combined Ratio

A measure of our underwriting profitability, with results under 100% indicating an underwriting profit

We posted an improved 101.3% combined ratio for 2019 despite a major winter storm in the Pacific Northwest and hailstorms in Montana.

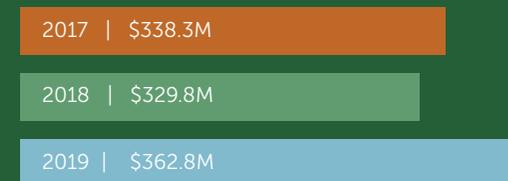
Loss Ratio + Expense Ratio = Combined Ratio



## Equity

Retained earnings that measure our financial strength and capacity to write new business

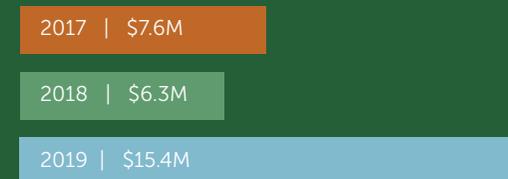
Investment market losses at the end of 2018 led to a temporary decline in equity, but by the end of 2019 our equity had grown by 10%, ending at \$362.8 million.



## Net Income

Our overall profitability after claims handling, operations, investment returns, and federal income taxes

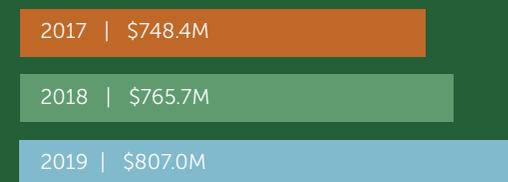
Net income rose to \$15.4 million, driven by positive investment market trends. This increase contributed to our overall equity growth.



## Total Assets

A measure of resources that provide future benefits

Our total assets surpassed the \$800 million milestone, reaching \$807.0 million. We continued to invest in technologies such as mobile app claim estimates, electronic claim payments, and paperless bills and policies.



# BOARD MEMBERS

**T. Andrew Fujimoto, SHRM, SPBA**

Chair  
Retired Executive

**Anthony Baruffi, CFA**

Director  
VP, Garde Capital

**Laurinda Mackenzie**

Director  
Retired Executive

**Eric Nelson, CPCU, ARP**

Director  
President & CEO, Mutual of Enumclaw

**Don Powell**

Director  
Attorney at Law, Powell & Gunter

**Jane Repensek, CPA, MBA**

Director  
COO/CFO, Seattle Opera

**Norman Smith**

Director  
Senior Fellow, M.J. Murdock Charitable Trust

**David Waldo**

Director  
President & CEO, Field-Waldo Insurance

# EXECUTIVE MEMBERS

**Eric Nelson, CPCU, ARP**

President & CEO

**Alice Cameron, CPCU**

VP, Personal Lines

**Andrew Chen, CPA, MBA**

CFO & VP, Financial Services

**Richard Hawkins**

VP, Marketing

**Cori Medrano**

VP, Commercial & Farm

**Athan Shinas**

General Counsel & Corporate Secretary

**Tom Taylor, CIA, MBA**

Chief Risk Officer

**Sandy Williams, SPHR, SHRM-SCP**

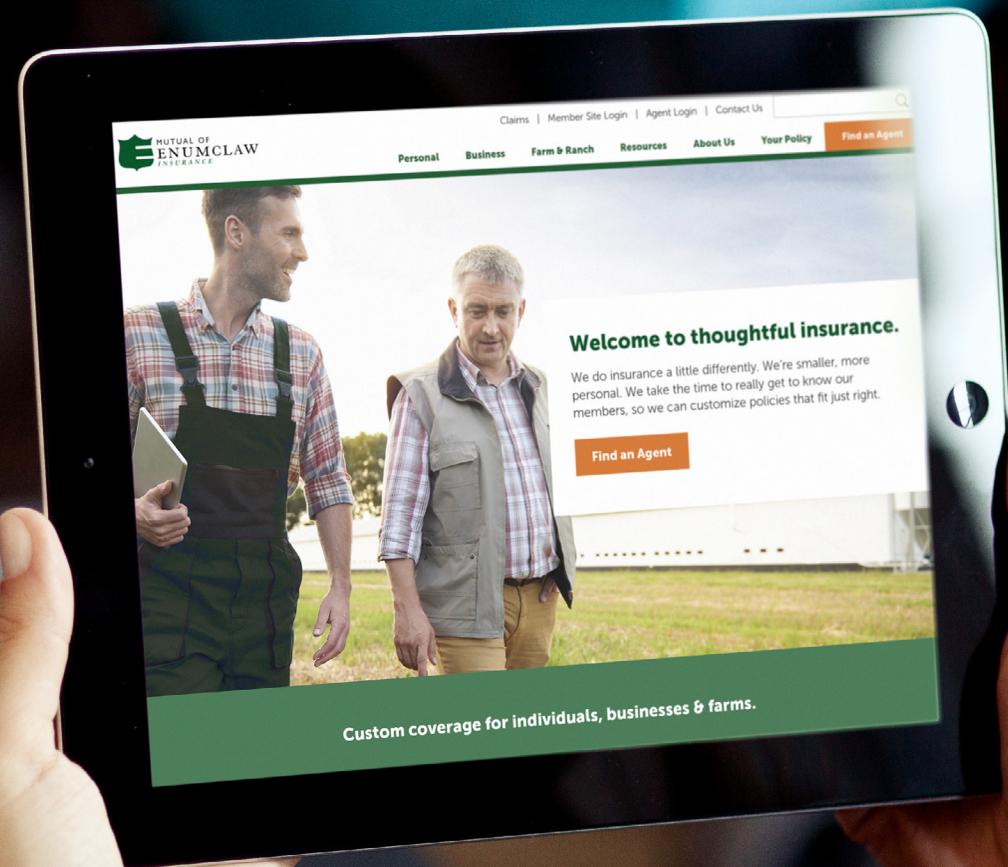
VP, Administration

**David Wilson, MBA**

CIO & VP, Information Technology

**Michele Wyatt**

COO & VP, Operations



**THOUGHTFUL IS  
HOW WE DO THINGS.**

