



Annual Report

2021

President’s Message

A line from the movie *Forrest Gump* is one of my favorites: “Life is like a box of chocolates. You never know what you’re going to get.”

We’ve found that sentiment to be true as the global pandemic continued through 2021, introducing two new variants, Delta and Omicron, that have created even more unknowns. In addition to the pandemic’s impact on operating issues and how we work, we saw another year of record natural catastrophic events, increased litigation across the US, stark political divides, and intrusive and unnecessary regulatory actions.

Despite the challenges, your insurance company continues to successfully navigate these waters and maintain financial strength. We earned a modest net income, boosted our revenues, and added to our balance sheet with greater retained earnings growth. Our capital adequacy, which reflects our claims paying ability, remains extremely strong. We earned an A- (Excellent) rating with a Positive Outlook from the financial rating agency AM Best and an A' (Unsurpassed) financial strength rating from the other predominant financial rating agency, Demotech. These ratings illustrate our balance sheet strength and our commitment to making sure we will be there for Members when bad things happen.

In the Pacific Northwest in 2021, we saw three major winter storms, a record number of wildfires, and multiple wind events. Sadly, many of our Members suffered losses, but we responded effectively to help them in their time of need. We have a mantra in our claims operations—“Deliver the Promise”—and we continue to do just that.

Of course, we’d prefer that none have to face setbacks. It’s one reason we partner with Wildfire Defense Systems as it provides wildfire mitigation services specifically to our Member properties and saved many homes from wildfire losses in 2021. We also continue to provide water leak sensors to help detect potential issues before they cause significant damage.

Our aim is to bring value to our Members even if they never suffer a loss. In that spirit, we’ve

introduced technology options to help Members easily access policy information on a smartphone and make simple policy changes from our Member portal site.

Members who live outside of Washington also have access to Mutual of Enumclaw Perks (the Washington Insurance Commissioner did not approve the program). This useful app can be found in most app stores by searching for Mutual of Enumclaw and provides online discount coupons for purchasing almost anything, from tires to amusement park tickets to prescriptions. I encourage all of our non-Washington Members to take advantage of the free Mutual of Enumclaw Perks app.

In terms of accomplishments in 2021, I’m proud to report that your insurance company once again earned a variety of distinctions:

- *Seattle Business* named us one of the **100 Best Companies to Work For** in Washington for the 10th straight year, a record.
- We received the National Association of Mutual Insurance Companies’ **Award in Innovation** for our cutting-edge cloud-native technology development.
- We maintained our customer satisfaction scores (Net Promoter Score), which remain **significantly higher than industry averages**.
- We were named a **“top 5” carrier** by ValChoice, which rates the carriers providing the best insurance value in each state.
- Deep Customer Connections named Mutual of Enumclaw one of its **“Elite carriers,”** as ranked by independent agent satisfaction surveys. Only a few other carriers achieved this status.

As we enter our 125th year of operations, we continue to improve how we serve our Member owners, blending a respect for our past with a commitment to the future in a rapidly changing world. Through it all, we remain focused on the core values that we live every day.

At Mutual of Enumclaw, we understand we are stewards whose role is to leave the company better off for our Members than when we started. Our dream is to build a 500-year-old company, a company in which our children’s children still work to protect and serve our Members. Thank you for being part of the Mutual of Enumclaw family. Best wishes for a safe and prosperous 2022.

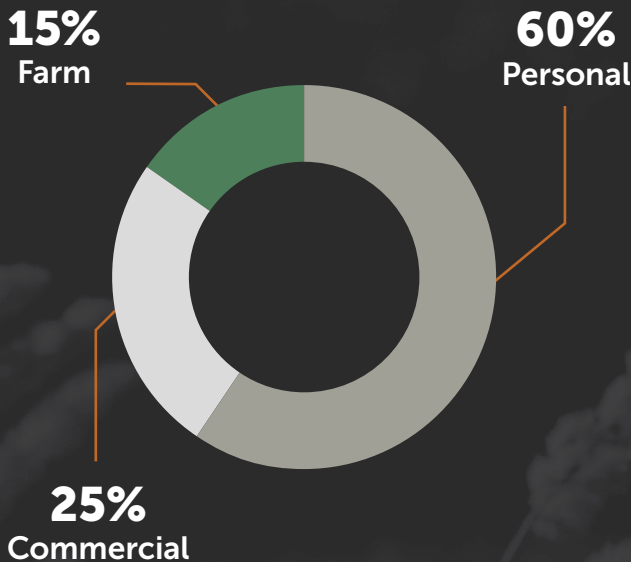


Eric Nelson, CPCU, ARP
President and CEO

2021 Financial Summary

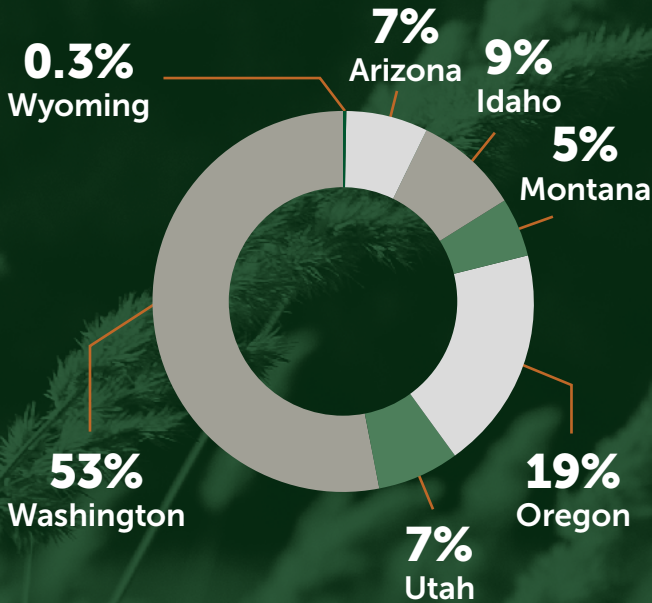
Premiums written and policy count by line of business

Our policy count was 192,012 at the end of 2021, with premiums spread by risk type among personal (60%), commercial (25%), and farm (15%).



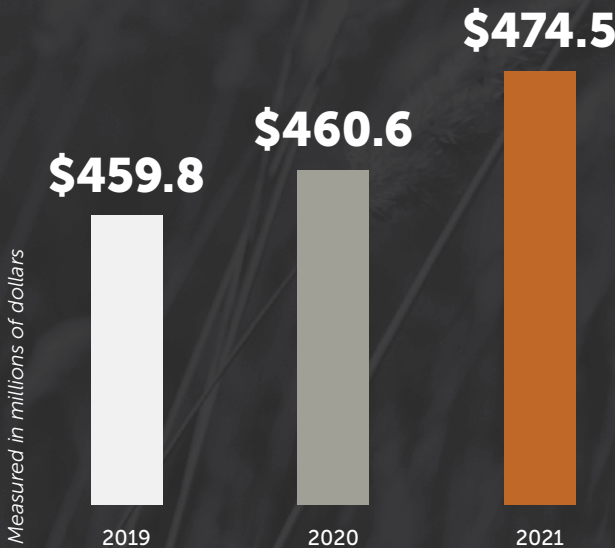
Premiums written by state

Since our expansion into Wyoming in 2020, we now have Members in seven states (Washington, Oregon, Idaho, Utah, Arizona, Montana, and Wyoming). We are proud to expand our footprint while continuing to provide member-centric services to you.



Premiums written by year

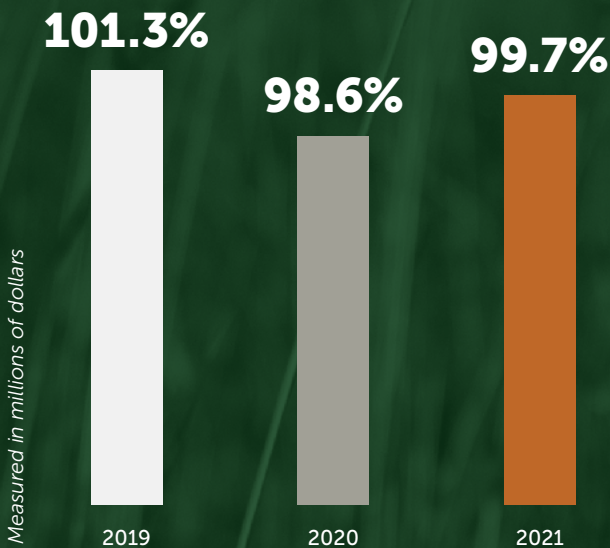
Premiums written by us grew by 3% during 2021, totaling \$474.5 million. We continued to partner with our vast network of independent agents who are also your neighbors. Thank you for entrusting us with providing thoughtful coverage that you can count on.



Combined ratio

Combined ratio

The combined ratio measures an insurer's underwriting profitability, with results under 100% indicating an underwriting profit. We posted a consecutive below-100% combined ratio of 99.7% for 2021 despite pandemic uncertainties, unpredictable weather patterns, and increasing wildfire threats.

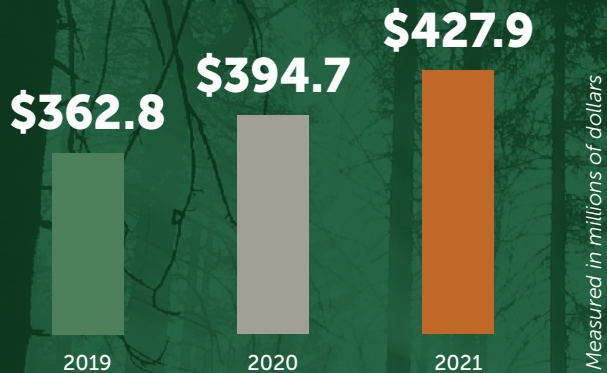


2021 Financial Summary (cont.)

Equity

8.4%

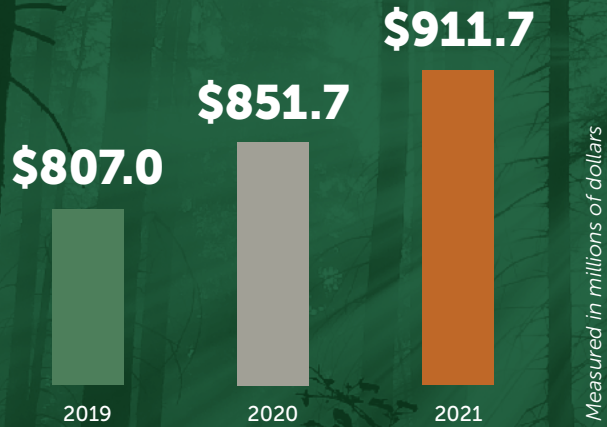
Equity represents retained earnings and measures an insurance company’s financial strength and capacity to write new business. Our equity grew by 8.4% in 2021, ending at a robust \$427.9 million. AM Best upgraded our outlook to A- (Excellent) with a Positive Outlook while Demotech also affirmed our financial stability with an ‘A’ (Unsurpassed) rating. Our excellent financial strength provides solid financial security to our Members and agents.



Total assets

7%

Total assets is a measure of an insurance company’s resources that provide future benefits. Our total assets grew by 7%, totaling \$911.7 million by the end of 2021. Our investment portfolio weathered the year’s ever-volatile market conditions thanks to our conservative and long-term investment approach.



Net income

\$19.4M

Net income measures a company’s overall profitability, from claims handling and day-to-day operations to investment returns and federal income taxes. Our net income topped \$19.4 million for 2021, similar to our 2020 level, as we continued to manage operating expenses while increasing process efficiencies.

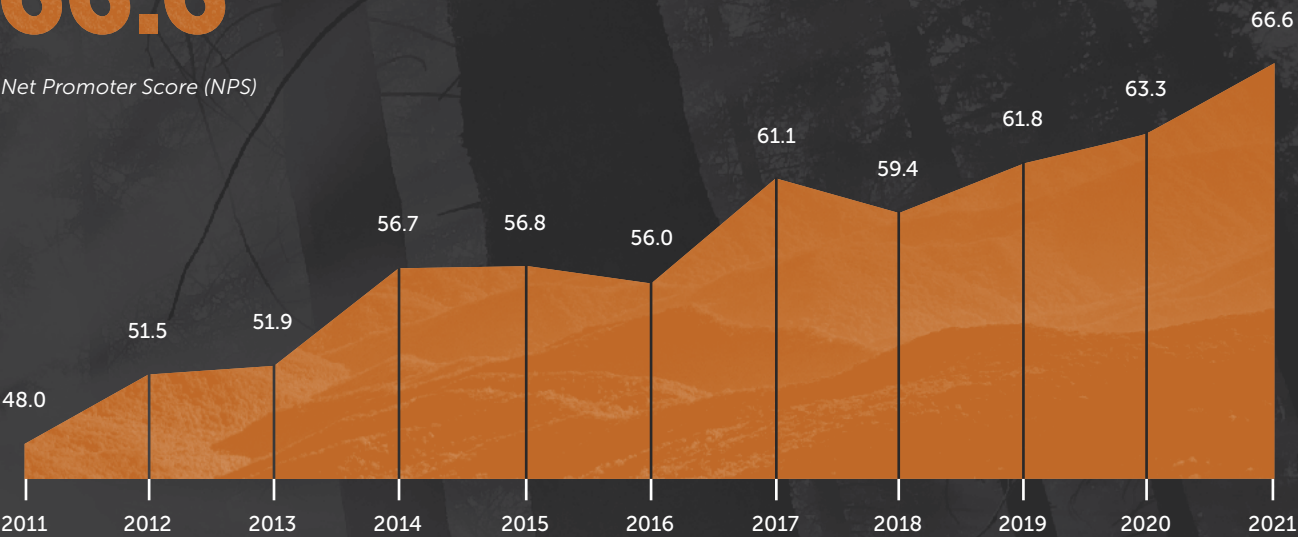


Net Promoter Score (NPS)

Measures how likely our Members are to recommend us to friends and family.

66.6

Net Promoter Score (NPS)



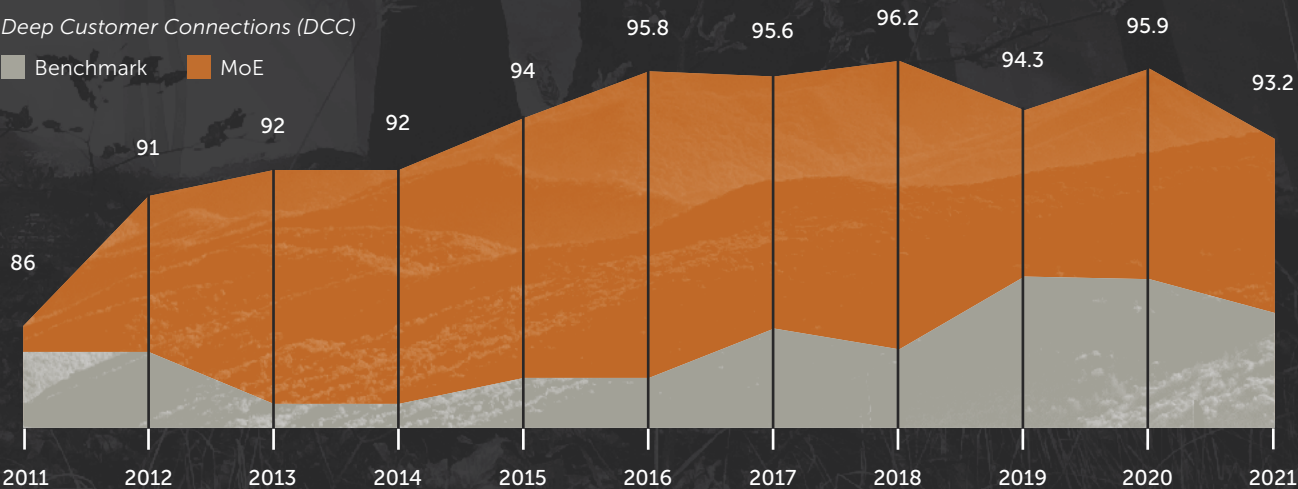
Deep Customer Connections (DCC)

Measures how easy our independent agents believe it is to do business with us.

Deep Customer Connections (DCC)

Benchmark

MoE



Resilience in Action

It's been quite a year, but once again we've weathered it together. It's when times are tough that we really look to each other for strength, encouragement, and support. We are committed to keeping our eyes on our main mission: standing strong with and for our Members, agents, and associates.

After nearly 125 years in business, we've seen our share of change and the uncertainty that can follow. Despite rapidly evolving technology, challenging social dynamics, political division, a recession, and a pandemic, we remain focused on protecting you, your families, and the communities we all call home.

Our long experience has also taught us to never lose sight of what's possible. The future is bright, the opportunities for growth and prosperity as boundless as ever. So we concentrate on the road ahead, driven by the same optimism and potential that inspired our founders. Powered by a shared commitment and the promise of emerging technologies, we are eager to deliver thoughtful coverage in new and exciting ways in the coming year.



Our Local Presence

Throughout 2021, we've devoted ourselves to providing coverage to families, businesses, and farms across our seven-state service area. We are proud of the relationships we've built with Members and partners and are actively planning to introduce ourselves to new markets in 2022 and beyond.



Recognition & Ratings

Washington’s 100 Best Companies
to Work For (10 consecutive years)



Top 5 Carrier



A- (Excellent) with a Positive Outlook



A' (A Prime) Unsurpassed



Award in Innovation



Board Members

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Retired executive

Kerry Barnett
Director
Retired executive

Anthony L. Baruffi, CFA
Director
Vice president, Garde Capital

Shane Kim
Director
Retired executive

Laurinda Mackenzie
Director
Retired executive

Alexandra Morehouse
Director
Chief Digital Officer and Chief
Marketing Officer, Banner
Health

Eric P. Nelson, CPCU, ARP
Director
President and CEO,
Mutual of Enumclaw

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Director
Founder, Numata Consulting
PLLC

Eileen O’Neill Odum
Director
Retired executive

Don E. Powell
Director
Attorney at Law,
Powell & Gunter

Jane L. Repensek, CPA, MBA
Director
COO/CFO, Seattle Opera

Norman J. (Norm) Smith
Director
Senior Fellow, M.J. Murdock
Charitable Trust

Executive Members

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President and CEO

Andrew Chen, CPA, MBA
Chief Financial Officer
and Treasurer

Richard Crosley
Chief Information Officer

Jeff Gardner
Vice President,
Marketing and Sales

Celeste Holmes, GCA
Vice President, Claims

Michelle Pray
Vice President, Commercial
Lines, Farm, and Ranch

Athan Shinas
General Counsel and
Corporate Secretary

Nick Sinkus
Vice President, Personal Lines

Tom Taylor, CIA, MBA
Chief Risk Officer

Sandy Williams, SPHR, SHRM-SCP
Vice President, Human
Resources and Administration

Michele Wyatt
Chief Operating Officer



MUTUAL OF
ENUMCLAW
INSURANCE

Our Mission

Thoughtful people protecting
our Members.

Our Vision

To deliver rare and valuable experiences
across America for generations to come.

Our Purpose

To build a 500-year-old company.

Everything we do reflects our Quality Service Standards

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.

mutualofenumclaw.com

The home office of Mutual of Enumclaw Insurance Company and Enumclaw Property & Casualty Insurance Company
is located at 1460 Wells Street, Enumclaw, Washington 98022.