



*Growth, driven by People
and Partnerships*



2022
Annual
REPORT

 **Preferred
Mutual**
Live Assured™





R. Benedikt Sander
President & CEO

Our Mission

Assuring our customers' ability to live confidently.

Our Vision

Helping people, businesses and communities realize their vision.

Rated "A" Excellent

From AM Best

A Message from the President & CEO

2022 was a challenging year for our industry and our world. We saw catastrophic weather-related losses fueled by climate change, humanitarian crises deepening around the globe and turmoil in the financial markets, marked by record inflation. Although this has been a tough business environment, I am pleased to share that Preferred Mutual has remained strong and steadfast – and we have had a successful year through the efforts of our people and our partnerships. We remained focused on executing our Strategic Plan and committed to our employees, our agents, and our policyholders.

The partnerships that we have built with our agencies – some going back over a century – are at the core of our ability to deliver on the promise we make to policyholders so that they can *Live Assured*. 2022 was a year where we achieved positive growth - a key milestone and measure of progress in achieving our long-term goals. By listening to the needs of our policyholders and agents, delivering product and technology enhancements, leveraging our underwriting expertise and engaging our talented employees, we achieved profitable growth with a combined ratio of 99.6%, saw positive surplus growth, and exceeded our net income goals.

As I conclude my first year as Preferred Mutual's CEO, it makes me proud to be part of an organization that lives by our "People First" philosophy. Our accomplishments in 2022 would not have been achieved without the dedication of our agents and employees who worked tirelessly to ensure our policyholders' ability to *Live Assured*.

On behalf of our Board of Directors and employees, thank you for a successful year. I wish you a safe and prosperous 2023.

Benedikt Sander
President & CEO



Growth, Driven by People and Partnerships

Preferred Mutual's commitment to growth could not have been achieved without our dedicated employees, agents, and policyholders.

The Employees at Preferred Mutual

Our employees' unwavering dedication to keeping the Preferred Mutual tradition of building long-lasting relationships with agents, policyholders, and the communities we serve has been our foundation for over a century.

Agency Partnerships Run Deep at Preferred Mutual

Building deep and lasting relationships with our agents is key to Preferred Mutual's success. These relationships are not just about doing business together, they include a genuine caring for the agents we have the privilege of working with each day.

We remain committed to the strength of our agency-partner relationships. From donating to an agent's selected charity during Agency Appreciation Week, to reaching out during a catastrophic event offering to help, Preferred works together with agents to provide insurance solutions that empower policyholders to *Live Assured*.

In 2022, we focused on ease of doing business with our agents and delivered enhanced tools to support their success.

Our Policyholders Live Assured

At Preferred Mutual, we have a long-standing tradition of caring for our policyholders. We want to do more than just meet their needs. We strive to exceed their evolving expectations every day.

Driven by our customer relationship strategies, we continue to leverage technology to enhance ease of doing business, identify opportunities to respond to what our policyholders value, and we reach out to our policyholders to welcome them to the Preferred Family.

In keeping with our mission, we strive to protect what matters most – the ability of our policyholders to *Live Assured*.

Company Quick Facts



564
Agency
Partners



808
Independent
Agent Storefronts



126
Years
In Business



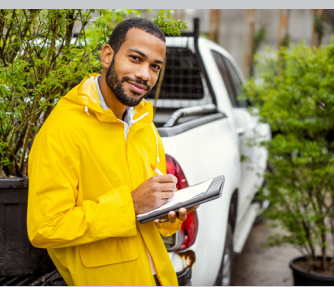
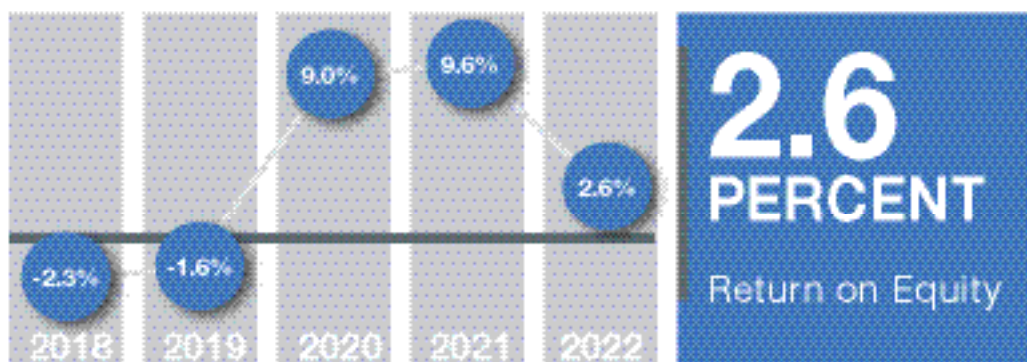
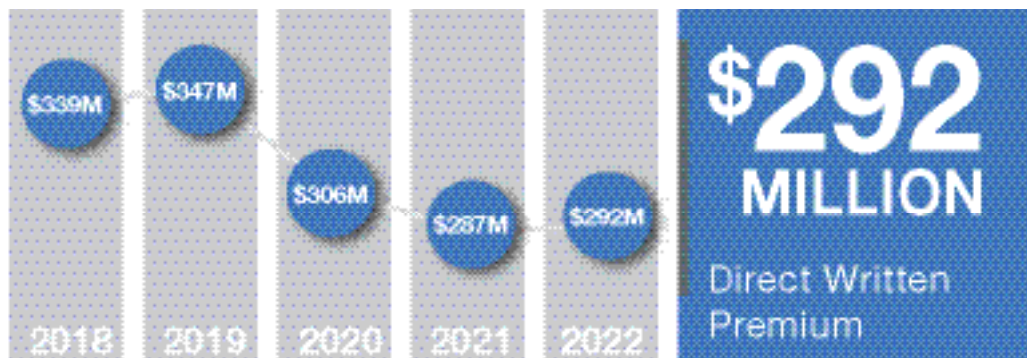
\$268
Million
Surplus



\$633
Million
Total Assets

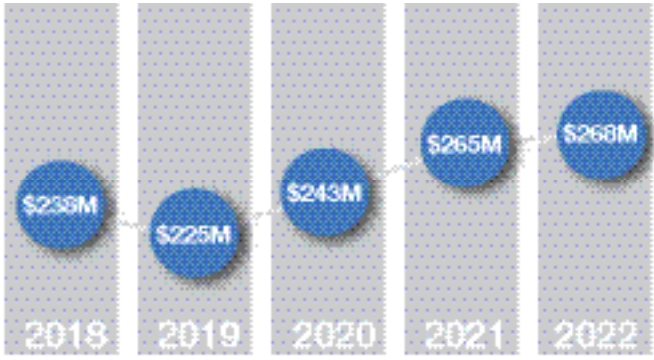


Strong Financial Performance



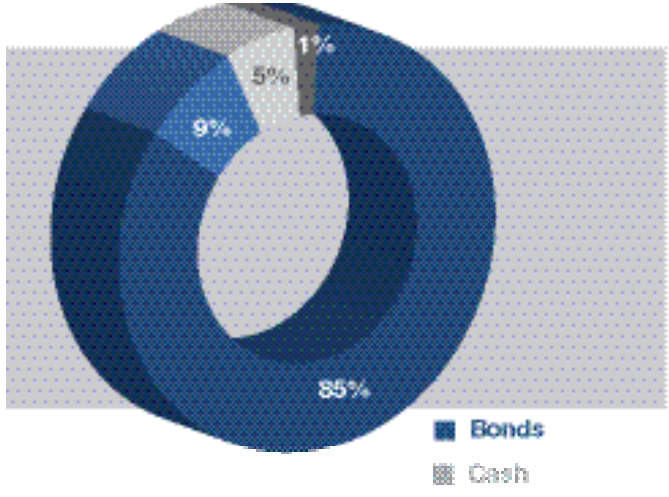
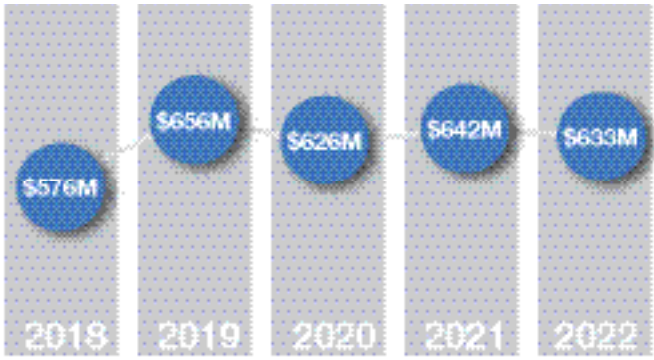
\$268
MILLION

Policyholders'
Surplus



\$633
MILLION

Total Assets

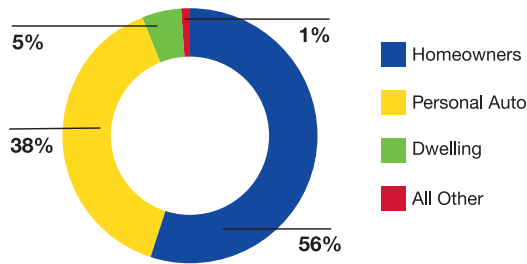


\$527
MILLION

Invested Assets

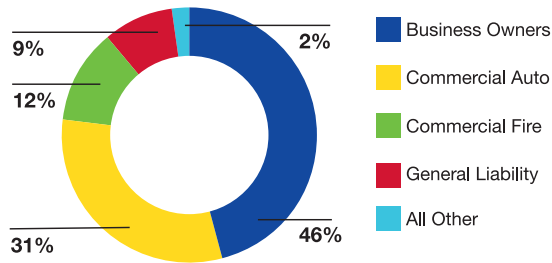
- Bonds
- Common Stocks
- Cash
- All Other





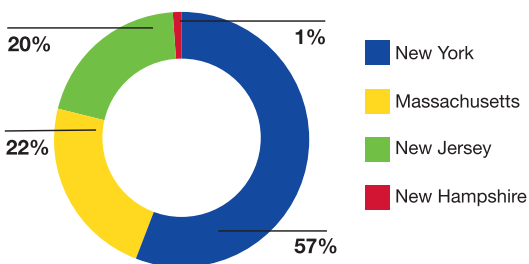
Personal Lines

Personal Lines DWP shrank by 1.2% in 2022, to \$192M. This compares to 10.5% shrinkage in 2021. We dropped rates to stimulate new business and stronger retention in MA and NY, and also took inflation guard increases in 2022. PL's Combined Ratio in 2022 was 105.7%, versus 96.8% in 2021. This was driven mainly by an increase in loss ratios in HO and PPA, consistent with severity trends in the industry.



Commercial Lines

Commercial Lines DWP increased from \$93M last year to \$100M in 2022, an increase of 8%. This compares to 3.8% premium growth in 2021. CL finished the year with a Combined Ratio of 87.3% in 2022, versus 100.4% in 2021. This improvement was driven by a sharp decrease in loss ratios in Commercial Lines.



Premium Distribution

Preferred Mutual's DWP of \$292M is distributed between Personal and Commercial Lines products across a four-state footprint in the Northeast. This diversification has remained consistent with prior years and is aligned with expectations.



COMMUNITY PARTNERSHIPS



25

backpacks filled with school supplies donated to The Place in Norwich

At Preferred Mutual, our dedication to strengthening the communities where we live and work is ingrained in who we are. We believe that by working together, we can make a difference in people's lives.

Responding to the needs of our communities, Preferred Mutual supported over 60 charitable organizations. We granted scholarships to college-bound high school seniors, supported wellness programs for veterans, sponsored literacy programs and youth activities in our local school districts and supported community organizations.

We have a long-standing partnership with the American Heart Association. Our executives serve on the Mohawk Valley Board and we have active employee participation in both heart health awareness programs and fundraising events. Through the America's Greatest Heart Run and Walk, telethon, CycleNation and other events, both large and small, we raised over \$11,000 for the American Heart Association in 2022.

We are proud of the relationships our company has formed and the commitment our employees show for helping others.



\$3,100

donated to Unadilla Valley Elementary School's Reading is Fundamental Program



\$11,450

raised for the American Heart Association's Heart Run & Walk



\$2,905

raised for the American Heart Association's CycleNation event



Preferred Foundation Scholarship Winner



Sponsors of the 10th Annual Ride for Clear Path for Veterans



36

raffle donations to local charities



American Heart Association's Go Red For Women Luncheon



Board of Directors

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Chairman of the Board; President & CEO
Preferred Mutual Insurance Company
(Retired)

R. Benedikt Sander

President & CEO
Preferred Mutual Insurance Company

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Attorney at Law, Nelson & Flanagan

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Air Force Research Laboratory

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Principal, Fust Charles Chambers LLP

John C. Mitchell

President, I.L. Richer Co., Inc. (Retired)

Rip Reeves

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AEGIS Insurance Services (Retired)

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President & CEO Preferred Mutual
Insurance Company (Retired)

Strategic Leadership

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Executive Vice President,
Chief Operating Officer

Jenifer L. Rinehart

Executive Vice President,
Chief Human Resources Officer
& Diversity, Equity and Inclusion Officer

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Senior Vice President,
Underwriting and Product

Michele R. Graham

Senior Vice President,
Strategic Services

Timothy R. Hyle

Senior Vice President,
Chief Financial Officer & Treasurer

Raymond D. Muller

Senior Vice President,
Chief Actuary and Data Analytics

Michelle S. Raue

Senior Vice President, Claims

David D. Smith

Senior Vice President, Technology

Yogesh S. Deshmukh

Vice President, Finance

Andrew P. Forstenzer

Vice President, General Counsel
& Corporate Secretary

Ronald R. Martin

Vice President, Business Compliance
& Research

Lori D. Sharpe

Vice President, Sales and Distribution

Thomas B. Donahue

Director, Product & Underwriting Strategy

Sheena L. Moshetti

Director, Strategy Execution

Jessie M. Remillard

Director, Human Resources

Vida J. Tamoshunas

Director, Data & Analytics



WE ARE PROUD OF OUR AFFILIATIONS

National Association of Mutual Insurance Companies
New York Insurance Association
Massachusetts Insurance Federation
Insurance Council of New Jersey
Independent Insurance Agents & Brokers of America
Independent Insurance Agents & Brokers Affiliate
Big I NJ/NY
Professional Insurance Agents
Massachusetts Association of Independent Agents
Insurance Institute for Business & Home Safety



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Matthew Cooney LONG-STANDING BOARD MEMBER RETIRES

After 38 years of dedicated service on Preferred Mutual's Board of Directors, Matthew Cooney announced his retirement in February 2022. Matt joined the Board in 1984. Throughout his tenure he served on most Board Committees - some more than once.

When Matt first joined the Board of Directors, Preferred Mutual had 165 employees and \$51M in Direct Written Premium. During his time on the Board, Preferred grew to a team of 294 employees, and a Direct Written Premium of \$287M.

Matt's keen oversight helped Preferred Mutual achieve its financial goals. He helped establish investment management strategies and championed a commitment to developing strong agency partnerships in all of our marketing categories. We are so thankful for Matt's 38 years of service, tutelage and contributions to Preferred's success.

We wish Matt many happy years in his retirement.

