



*Celebrating*

**125**

*Years of*

*DEDICATION,  
COMMITMENT,  
AND SERVICE*

**2021 ANNUAL REPORT**



**Preferred Mutual**

*Live Assured™*

# *Celebrating 125 Years of* Dedication, Commitment, and Service

## Message from our New President & CEO

I am humbled and honored by the opportunity afforded me by our Board of Directors to serve Preferred Mutual as its new President and CEO beginning January 1, 2022. It has been a pleasure to work with Chris and our senior team over the past several years and together we remain steadfast in our mission of helping our employees, agents, and policyholders *Live Assured*. As I look forward, I am excited for the future of Preferred Mutual, and the opportunity to help drive its success.

I was drawn to the core values of Preferred Mutual – and our commitment to agents, employees, and customer centricity. This commitment is reflected in how we engage with our agents and our policyholders, how we work with each other every day, and in our long-standing tradition of giving to the communities where we live and work.

Preferred Mutual has gone through a lot of change over the last few years – new people, new products, new technology - and we will continue to evolve and strengthen our capabilities in order to meet the ever-increasing expectations of our agents and policyholders. But even through change, you can expect the same focus on partnership stemming from the same values that have made us successful over the past 125 years.

Whether it is from our office in New Berlin, or from the homes and communities of our 300 employees, we remain committed to our mission, and our vision of helping people, businesses, and communities realize their vision.

On behalf of the Board of Directors and employees, thank you for entrusting me as your new President and CEO and I look forward to a successful 2022.



R. Benedikt Sander  
President & Chief Executive Officer

In 2021, we celebrated our 125th year in business. A milestone we would not have achieved without the support of our dedicated employees, and our valued agents and policyholders. I have spent over 25 years as a part of PMIC's 125-year history, and I know from personal experience how seriously we take our job of helping our agents, employees, and policyholders *Live Assured*.

This has been a momentous year for the history of our Company, and it has also been a special year for me, as it was my last year as Preferred Mutual's President and CEO. It has been a privilege to serve PMIC's Board of Directors, our employees, and our agents over the course of my career, and I could not be more confident in and excited for the next chapter. PMIC is in the capable hands of Benedikt Sander, who will be our new President and CEO, and Jeff Lopata, who will be assuming new responsibilities as our Chief Operating Officer. Benedikt and Jeff, along with the rest of our Senior Leadership Team have and will continue to foster the strong traditions and focus on relationships with our agents. I would like to thank our agents for the many friendships we formed together and for their unwavering support of Preferred Mutual.

The year 2021 was fiscally strong for Preferred Mutual, ending with \$287 million in direct premium and a combined ratio of 97.9%. We also saw record surplus, reaching \$265 million at year end. We continue to be proud of the financial standing in the industry and by our AM Best "A" (Excellent) rating for the 19th consecutive year.

It is through the combined efforts of our agents and employees and the guidance of our Board of Directors that we can provide peace of mind to all our policyholders.

All the best as you *Live Assured* in the year ahead.



Christopher P. Taft, CIC, CPA  
President & Chief Executive Officer (Retired)



R. Benedikt Sander  
President and  
Chief Executive Officer



Christopher P. Taft  
President and Chief  
Executive Officer (Retired)



# 125 Years of Commitment to our Policyholders

## Our Mission

Assuring our customers' ability to live confidently.

## Our Vision

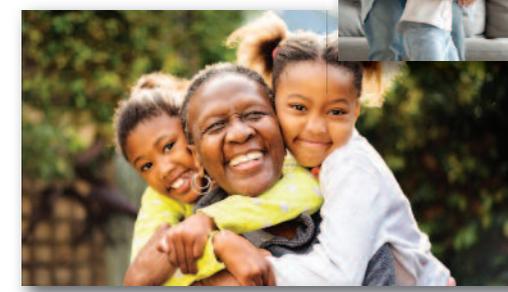
Helping people, businesses and communities realize their vision.



Deciding where to place insurance business is about more than product and price, it's also about how easy it is to do business with a carrier. We are committed to regularly and intentionally engaging our agents and customers around their experiences, interactions and needs so that we can continuously improve the ease of doing business with Preferred Mutual!

At Preferred Mutual, it's important to continue the tradition of excellent service and care for our policyholders. We are launching new products, leveraging data and analytics, significantly expanding our mobile capabilities with our new MYPreferred Mobile app, and developing technology solutions to support policyholder needs and ease of use. Also, the launch of the Massachusetts Personal Auto Accident Forgiveness and the New York State Personal Auto Paid in Full Discount was driven by agent and policyholder feedback and is part of Preferred Mutual's commitment to providing insurance solutions that empower policyholders ability to *Live Assured*.

Meeting the needs of our agents and our policyholders is a priority for Preferred Mutual, and we are always striving to exceed their evolving their expectations.

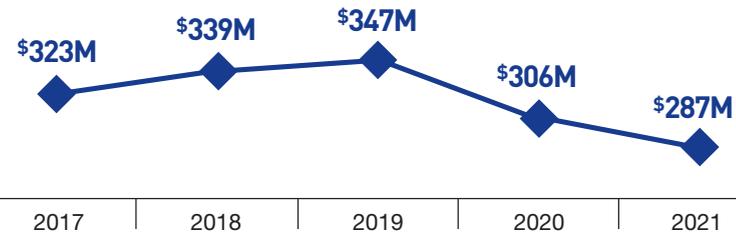


# 125 Years of Strong Financial Performance

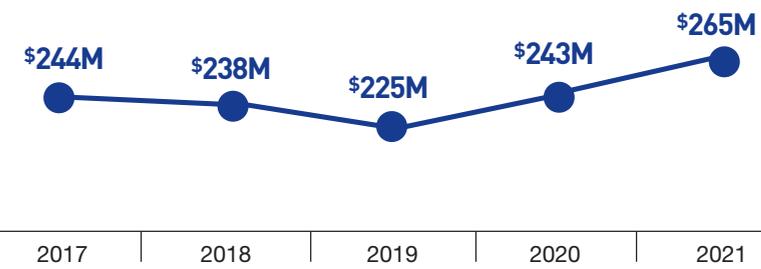
**\$287**  
MILLION

Direct Written Premium

Direct Written Premium



Policyholders' Surplus



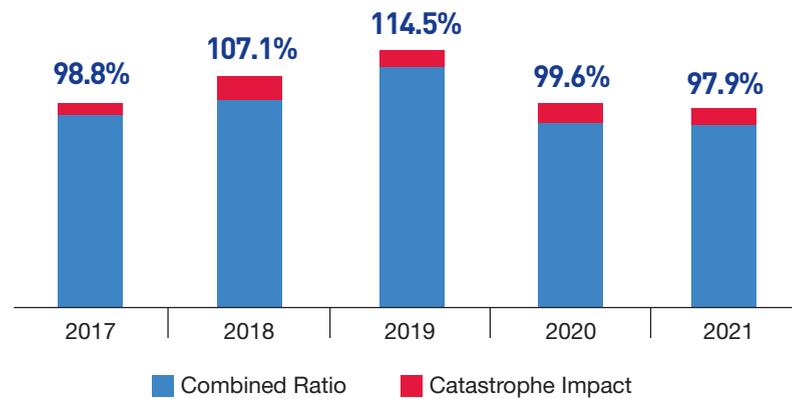
**\$265**  
MILLION

Policyholders' Surplus

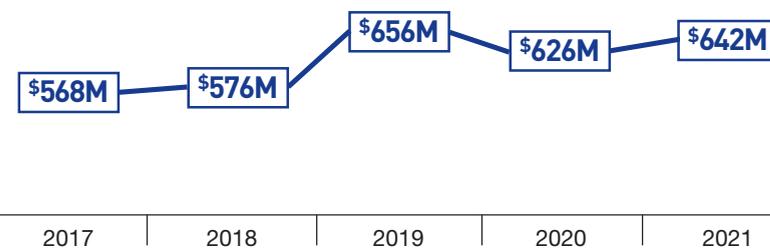
**97.9**  
PERCENT

Combined Ratio

Combined Ratio



Total Assets



**\$642**  
MILLION

Total Assets

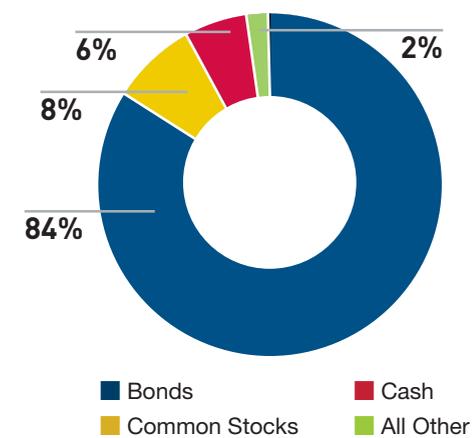
**9.6**  
PERCENT

Return on Equity

Return on Equity



Invested Assets



**\$536**  
MILLION

Invested Assets

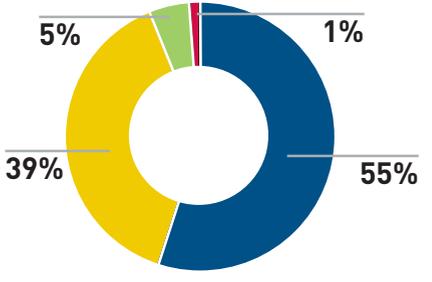


# Over the Past Ten Years

**\$194 MILLION**  
**PERSONAL LINES**  
 Direct Written Premium

### PERSONAL LINES

Personal Lines DWP decreased 10.5% from 2020, to \$194M. We have taken some rate action to stimulate better new business and stronger retention in MA and NY. We closed the year with an underwriting gain of \$6M, down from \$10M in 2020.



■ Homeowners ■ Dwelling  
 ■ Personal Auto ■ All Other

**\$3.0 BILLION**  
 Direct Written Premium

**\$1.5 BILLION**  
 In Claims Paid

**71%**  
 SURPLUS Growth

**49%**  
 ASSETS Growth

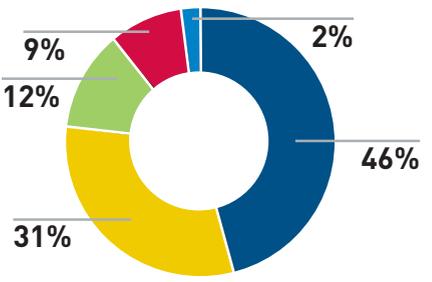
### Membership & Participation in:

- National Association of Mutual Insurance Companies
- New York Insurance Association
- Massachusetts Insurance Federation
- Insurance Council of New Jersey
- Independent Insurance Agents & Brokers of America, New Jersey & New York
- Professional Insurance Agents
- Massachusetts Association of Independent Agents

**\$93 MILLION**  
**COMMERCIAL LINES**  
 Direct Written Premium

### COMMERCIAL LINES

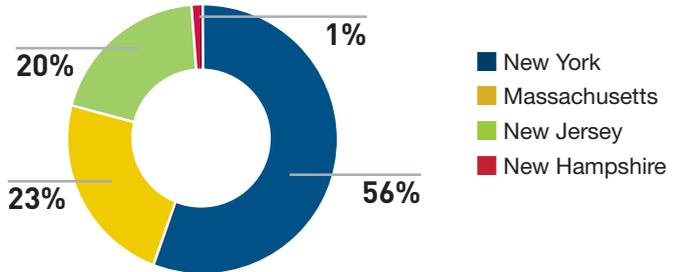
Commercial Lines DWP increased from \$89M last year to \$93M in 2021, an increase of 4%. Underwriting loss improved from last year's (\$3M) to (\$2M) in 2021.



■ Business Owners ■ Commercial Fire ■ All Other  
 ■ Commercial Auto ■ General Liability

### PREMIUM DISTRIBUTION

Preferred Mutual's DWP of \$287 million 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



■ New York  
 ■ Massachusetts  
 ■ New Jersey  
 ■ New Hampshire

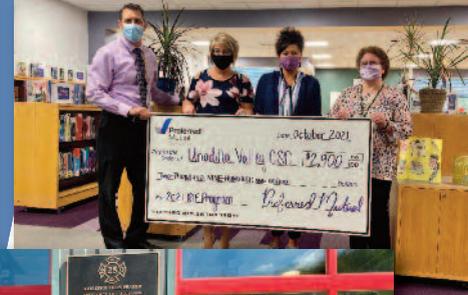
**68%**  
 PERSONAL LINES

**32%**  
 COMMERCIAL LINES



# 125 Years of Serving Our Communities

# 125 Years of Dedication to Customer Service



At Preferred Mutual, supporting and strengthening the communities where we live and work is engrained in who we are. We know that anything is possible when we work together as a team, and nothing unites us more than making a difference in peoples' lives.

We started our 125th Anniversary by raising over \$15,000 for the American Heart Association (AHA). We kept our momentum going and supported over 50 charitable organizations by volunteering our time, donating school backpacks, donating to employee selected charities, raising funds for breast cancer research, granting scholarships to high school seniors, participating and sponsoring fire prevention week at local school districts, and contributing to a brand new state-of-the-art firehouse for the New Berlin Fire Company.

We are proud of our employees and their commitment to our communities.



## Achieving Outstanding Results: What's Possible with Great Customer Service

We have a saying at Preferred Mutual, *Live Assured*. We want our customers to know that they can count on us when it matters most and that we are here when they need us. That's why our focus is to provide our policyholders with a claims experience that gives peace of mind during a difficult time.

That's just what our claims team did after a New York policyholder experienced disastrous home water damage. Preferred Mutual immediately responded, assessed the water damage, and talked with the shaken homeowner. The homeowner recounted what happened: the homeowner's grandson accidentally left the water running in an upstairs bathtub. As a result, the water streamed down through the home and created extensive damage throughout the entire house - forcing the grandmother and her grandson to evacuate their home. Preferred Mutual was there for them and immediately took action to find them temporary housing while their home was being repaired. Our policyholder was thankful and impressed with Preferred Mutual's turnaround time and thrilled when they were able to move back home so quickly.

It's stories like these that solidify our purpose and motivate us to give our best. Preferred Mutual gives our policyholders more than just comfort and next steps, Preferred Mutual gives you the confidence to realize what's possible.



**125**

Backpacks donated to Unadilla Valley Central School

**27**

Raffle donations to local charities

**50**

Charitable organizations supported



**\$5,000**

Dollars donated to support our 125th Anniversary Charity Winners; American Heart Association, Chenango County SPCA, Ronald McDonald House & St. Jude Children's Research Hospital



**\$1,263**

Was raised by employees to support Breast Cancer Awareness



**\$29,500**

Scholarship dollars donated to local High School seniors



**63**

Members on the Preferred American Heart Association Heart Run & Walk Team





# Celebrating 125 Years in Business – and Countless Moments of Helping others *Live Assured!*

Celebrating over 35 years with Preferred Mutual



Deb Harris (35 years), Robin Martin (37 years), David Starkweather (38 years), Kim Mcinerney (43 years), Deb Williams (45 years)

Since our founding in 1896, Preferred Mutual has been a part of many *Live Assured* moments. Supporting our agents, policyholders, employees and communities means more to us than just providing insurance coverage - it is a promise to continue delivering exceptional service that assures our customers' ability to live confidently. Times may have changed since our founder, Frank E. Holmes, issued our first policy, but one thing has stayed the same: we will always be here for our policyholders when it matters most.

## Committed to Our Agents

Our Agency partners are the cornerstone of our success – and have been throughout our history as a Company. We started our partnership with the Holmes Agency 125 years ago, and today, that relationship is still going strong with Gates-Cole, whose founders purchased the Holmes Agency in 1974. This year we celebrate the many years of strong partnerships with Gene, Bill, and Tom and their dedicated team and look forward to another 125 years of great relationships with all our valued agents.



## Committed to Our Employees

Our employees make us who we are. We celebrated 125 years in business in 2021, a milestone we could not have achieved without the support and dedication of our employees. We are honored to have 43 employees who have been a part of Preferred's history for over 25 years! We are proud of our employees who continue to demonstrate their dedication to keeping the Preferred Mutual tradition of building long-lasting relationships with our agents, with our policyholders, within our communities, and with each other.

## Committed to our Policyholders

For 125 years, we have strived to meet and exceed the evolving needs and expectations of our policyholders. We are proud to honor our longest-standing policyholder, Patricia from New York, who has been with Preferred Mutual for over 56 years. In addition, we have our longest standing policy, spanning 71 years, which is a family policy transferred down from mother to daughter. It is through the combined efforts of our agents and employees that we excel in providing peace of mind and long-lasting relationships with our policyholders.

*"I began my career at PMIC in 1976. Over the last 45 years, I have seen a multitude of changes but the one thing that has stayed consistent is PMIC's drive to promote comradery among employees as well as family first."*

Deb Williams, celebrating 45 years with Preferred Mutual



1896



1944



1953



1981



1998

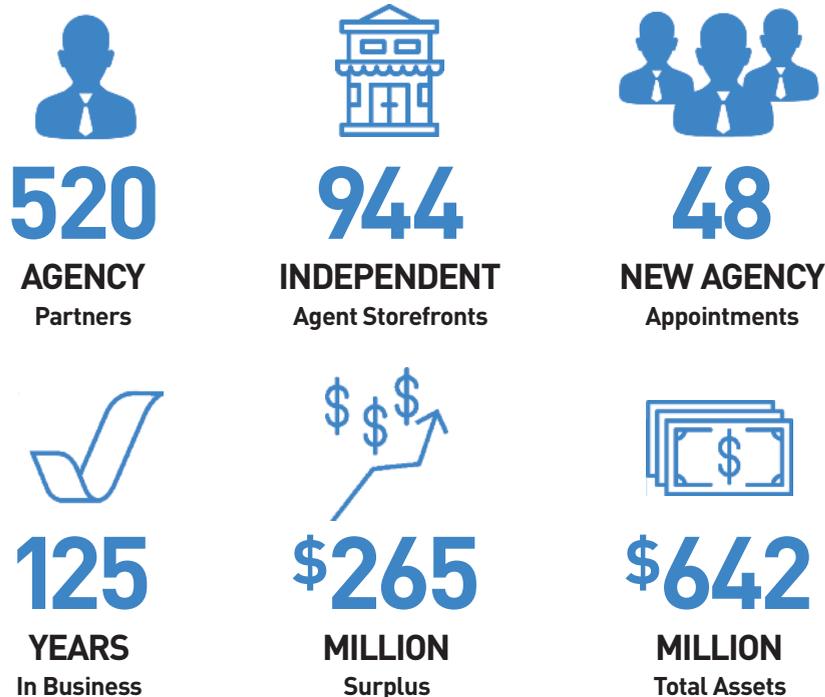


2014

*"We are proud of our 125 year partnership with Preferred Mutual. PMIC is a main power Company for Gate-Cole and is consistently there for us and our customers. Congratulations Preferred Mutual on your 125th Anniversary!"*

William T. Cole, AAI  
President  
Gates Cole Insurance





**Personal Lines Products**

Homeowner, High Value Home, Seasonal Home, Condominium, Renter/Tenant, Mobile Homeowner, Dwelling Rented to Others, Personal Auto (NY & MA), Snowmobile (NY), Motor Home, Boat Coverage, Personal Umbrella, Equipment Breakdown and Service Line Coverage

**Commercial Lines Products**

Business Owners, Commercial Package, Commercial Auto, Commercial Umbrella, Professional Liability, Cyber Liability

**Rated "A"  
Excellent**

From AM Best

**Best Practice of  
the Year Award**

From Independent Insurance  
Agents and Brokers of America

**Robert A. Wadsworth**  
Chairman of the Board; President & CEO,  
Preferred Mutual Insurance Company (Retired)

**Christopher P. Taft**  
President & CEO, Preferred Mutual Insurance  
Company

**Matthew T. Cooney, Jr.**  
President, Cooney Communications  
Corporation (Retired)

**William C. Craine**  
Chenango County Treasurer, New York

**Martin A. Dietrich**  
Chairman of the Board, NBT Bancorp

**David B. Emerson**  
Chairman of the Board, Blueox Corporation

**Patrick J. Flanagan, Esq.**  
Attorney at Law, Nelson & Flanagan

**Dr. Michael J. Hayduk**  
Deputy Director, Information Directorate,  
Air Force Research Laboratory

**Heidi M. Hoeller, CPA**  
PricewaterhouseCoopers (Retired Partner)

**Mary Ellen Luker, CPA, JD, LLM**  
Principal, Fust Charles Chambers LLP

**John C. Mitchell**  
President, I.L. Richer Co., Inc. (Retired)

**Rip Reeves**  
Chief Investment Officer & Treasurer,  
Aegis Insurance Services

2021 Strategic Leadership

**Christopher P. Taft**  
President & Chief Executive Officer

**Jeffrey M. Lopata**  
Executive Vice President,  
Chief Strategy Officer

**Jenifer L. Rinehart**  
Executive Vice President, Chief Human  
Resources Officer, and Diversity, Equity,  
and Inclusion Officer

**R. Benedikt Sander**  
Executive Vice President,  
Insurance Operations

**Michele R. Graham**  
Senior Vice President, Strategic Services

**Matthew T. Hudnall**  
Senior Vice President, Underwriting

**Timothy R. Hyle**  
Senior Vice President,  
Chief Financial Officer and Treasurer

**Ray D. Muller**  
Senior Vice President, Chief Actuary

**Michelle S. Raue**  
Senior Vice President, Claims

**David D. Smith**  
Senior Vice President, Technology

**Yogesh 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

**Arron J. Monroe**  
Director, Infrastructure and Network Services

**Vida J. Tamoshunas**  
Director, Data & Analytics



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