




SHAPING OUR MUTUAL FUTURE®

2021

YEAR IN REVIEW



The National Association of Mutual Insurance Companies is the largest property/casualty insurance trade group with a diverse membership of more than 1,500 local, regional, and national member companies, including seven of the top 10 property/casualty insurers in the United States. NAMIC members lead the personal lines sector representing 67 percent of the homeowner's insurance market and 55 percent of the auto market.

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LETTER FROM THE CEO

Dear Members,

As I look back on 2021 and all that happened at NAMIC, I can't help but feel enormous gratitude and pride. I'm extremely grateful for the confidence in me shown by the NAMIC Board and the support I have received from the NAMIC membership as I assumed the role of president and CEO of your association. Together, we were able to accomplish much in the past year on Capitol Hill, in state legislatures and regulatory offices, and through our educational programming and events. Just a few brief highlights below are testament to the strength of your association:

- NAMIC advocates stopped dangerous legislation that would have prohibited the use of critical underwriting factors by auto insurers while highlighting the importance of accuracy and the need for data in underwriting during congressional hearings and in statehouses around the country.



- NAMIC held the line on business interruption challenges, succeeding in fending off not only legislative attacks through advocacy efforts but also through judicial advocacy by filing more than 70 amicus briefs in 2021. Defending insurance contracts at all angles, we are holding the legal ground with wins in multiple U.S. Circuit Courts of Appeals, California, and Ohio.
- After a 2020 filled with virtual events, NAMIC returned to in-person education in 2021, with five major events – Claims, CEO Roundtables, Commercial and Personal Lines, Management Conference, and NAMIC's 126th Annual Convention – in a modified in-person/online hybrid format. All told, in-person attendance exceeded expectations, with more than 1,800 participants on site and another 2,100 joining through virtual offerings.
- NAMICO saw its own share of success in 2021 after also selecting a new CEO to lead the company. In 2021, NAMICO had a positive net underwriting income, with surplus hovering near an all-time high of \$33.8 million

I hope you'll take some time to go through this report and familiarize yourself with all that NAMIC accomplished in 2021. And as always, please do not hesitate to let me know how we can better serve you. Thank you for a tremendous year. I can't help but be confident that our 2022 will be even better.


Neil Alldredge

LETTER FROM THE CURRENT AND PAST CHAIRS

Dear Friends,

As we reflect on the past year at NAMIC, there are two words that come to mind. The first is “successful” because, as we believe you’ll agree, NAMIC is without question one of the most impactful organizations representing the property/casualty insurance industry. The second word is “agile.” We believe that’s an important descriptor for 2021 given the many changes that could have sidetracked a lesser organization and team.

First, we saw the association, as well as our businesses, adapt to the challenges presented by the ongoing pandemic. We all learned to conduct business in new ways, and NAMIC was no different. Association staff, though still in a remote work environment, continued to deliver advocacy wins, effective educational programs, and innovative approaches to enhance the reputation and impact of the mutual property/casualty insurance industry.

Adopting a hybrid approach allowed NAMIC to bring back a number of in-person events and brought us together for the much-needed peer-to-peer connection that was sorely missed. Those events gave us the opportunity to share each other’s successes and challenges



and learn from them. We expect this trend to continue in 2022 with even greater emphasis on in-person learning as a way to reconnect, learn, and grow through our involvement with NAMIC.

The past year also saw a smooth transition in leadership as the NAMIC Board selected Neil Alldredge as only the sixth chief executive officer to lead the association in its 126-year history. In his new role, Neil already has demonstrated his deep understanding of our industry and our advocacy challenges, solidified his strong relationship with association members, and shown the kind of servant leadership that has been a hallmark of NAMIC.

As we look ahead to the challenges of 2022 and beyond, we thank you for your ongoing support. The strength of NAMIC has always been and will always be built by members personally embracing the association.

Thank you for a great year!



Steve Sliver
2021-2022 NAMIC Chair



Bob Zak
2020-2021 NAMIC Chair



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If there is one word that best describes the year 2021 at NAMIC it would have to be “transitional.” It was a year that saw changes both obvious and subtle; changes that helped move the association toward a stronger and more vibrant future.


As the year got underway, NAMIC began its transition toward a new normal following months of pandemic uncertainty. While not all aspects of the association returned to pre-COVID life, NAMIC nonetheless made significant progress, despite having staff still working remotely. In the nation’s capital, NAMIC’s federal advocates held the line on pandemic-related issues, while making significant headway with lawmakers on traditional issues such as infrastructure, flood insurance, and drones. At the same time, we held the line against unprecedented challenges to underwriting freedom in multiple state legislatures. And following its most challenging year ever, the association’s education and events team found the balance between safe and effective in-person and hybrid events, allowing members to enjoy more direct interaction with their peers and with NAMIC.

Perhaps the most significant transition occurred in relation to NAMIC leadership, as the association named its successor to long-time CEO Chuck Chamness. Veteran NAMIC leader Neil Alldredge took over the reins as president and CEO on July 1, after being unanimously selected by an association-led search committee. In his new role, Alldredge has reinvigorated the association’s connection to the membership through the TurntoNAMIC campaign and launched a new strategic planning process to chart a path for the future. Throughout 2021, NAMIC continued to lead by word and by deed to enhance the visibility, reputation, and impact of the mutual property/casualty insurance industry.



FEDERAL AND POLITICAL AFFAIRS

The track record of success from NAMIC's Federal Affairs team in 2021 is impressive, reflecting multiple wins in Washington, D.C., that advanced the interests of the mutual property/casualty insurance industry. Highlights include:

- Halting the momentum of a harmful proposal to force uninsurable pandemic risk into a system based on the Terrorism Risk Insurance Program that failed to account for the differences between the two and would have forced insurers to accept monumental losses from pandemic claims.
 - Ensuring that bipartisan infrastructure legislation signed into federal law included more than a \$47 billion investment in resiliency, in particular for underserved communities, including an additional \$1 billion in funding for Building Resilient Infrastructure and Communities program grants.
 - Engaging with the Biden administration to foster the largest federal investment in pre-disaster mitigation in U.S. history, providing more than \$3 billion to states for risk-reducing mitigation projects.
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- Removing a provision from a large spending bill that would have created federal preemption over the state-regulated workers' compensation insurance industry.
- Leading a diverse coalition successfully calling on the House and Senate to reauthorize the National Flood Insurance Program in large government funding bills on two occasions to avoid a devastating lapse of the program.
- Continuing to serve as the voice of the mutual property/casualty insurance industry on the federal Drone Advisory Committee, providing thought leadership and a much-needed perspective in providing recommendations in the space of unmanned aircraft vehicles to top policymakers and regulators.
- Working with the House Financial Services Committee to provide \$600 million in the House version of the Build Back Better Act to support flood mapping programs under the Federal Emergency Management Agency, along with \$600 million for a means-tested affordability program for policyholders.
- Stopping dangerous legislation during congressional hearings that would have prohibited the use of critical underwriting factors by auto insurers while working closely with congressional allies to highlight the importance of accuracy and the need for data in underwriting.
- Raising more than \$610,000 for the NAMIC PAC in 2021, making it the most successful fundraising year on record. NAMIC PAC is on pace to invest more than \$1 million in state and federal candidates across the country in the 2022 election cycle.
- Transitioning NAMIC's Congressional Contact Program to a virtual format for 2021 due to the ongoing pandemic. Company representatives from 23 states participated and met with their federal legislative offices.



STATE AND POLICY AFFAIRS

NAMIC's State and Policy Affairs team experienced an exceptionally busy and potentially harmful year, yet prevailed in statehouses, courthouses, and in regulatory bodies around the country in defending the interests of the mutual property/casualty insurance industry. Highlights include:

- Filing several amicus briefs to educate the court on issues directly affecting insurers each year. In 2021, NAMIC filed amici curiae in more than 58 separate matters and 24 general amicus opportunities (non-COVID) matters due to COVID-19.
- Engaging actively on climate issues stemming from the National Association of Insurance Commissioners, the Federal Insurance Office, the Securities Exchange Commission, and the states. State advocates responded to a number of regulatory proposals demonstrating how insurers are managing to and evolving with changing climate-related risk.

- Furthering the understanding of the insurance business among policymakers. Notwithstanding the extreme aberration in driving patterns – less driving but higher cost accidents caused by government-mandated shutdowns in early 2020 – the cost of providing auto insurance coverage is up across the board. To help understand this, NAMIC’s policy team completed and released an analysis of extensive federal, state, and industry data related to driving patterns, behaviors, and costs of modern vehicle ownership and insurance. The analysis found that most costs involved in providing auto insurance are driven by mounting external pressures insurers are unable to control, including more drivers on the road; distracted driving; impaired driving; more expensive cars, parts, repairs, medical care; theft; and fraud spikes – all of which are contributing to rising auto insurance prices for consumers.
- Continuing to foster a relationship between industry and legislators on the national level at National Council of Insurance Legislators, “with the goal of working toward practical model legislation to rollout across the country.



MEMBER EXPERIENCE


New products, research, membership engagement, and information sharing took shape in 2021 under the direction of the newly created Member Experience Department. 2021 highlights include:

- Membership goals in 2021 were once again exceeded, with the association welcoming six new insurance companies and 16 new associates, adding more than \$212,000 to the association's dues support. Voluntary retention remained above 99 percent.
- NAMIC released the fourth installment of its ongoing Mutual Factor analysis series in September, a comprehensive research initiative developed in partnership with Aon. In addition to Aon, NAMIC also completed two other thought-leadership projects, the first on social inflation in partnership with GenRe and the other with Guy Carpenter on scenario testing of mutuals.
- The NAMIC Mutual Insurance Foundation raised more than \$150,000 as part of its annual scholarship program, with financial awards provided to 33 college students pursuing careers in property/casualty insurance.





EDUCATION AND EVENTS



After a 2020 filled with virtual events, NAMIC successfully returned to in-person education in 2021, with five major events – Claims, CEO Roundtables, Commercial and Personal Lines, Management Conference, and NAMIC’s 126th Annual Convention – in a modified in-person/online hybrid format. All combined, in-person attendance exceeded expectations, with more than 1,800 participants on site and another 2,100 joining through virtual offerings. Other highlights from the association’s high-level educational programming included:

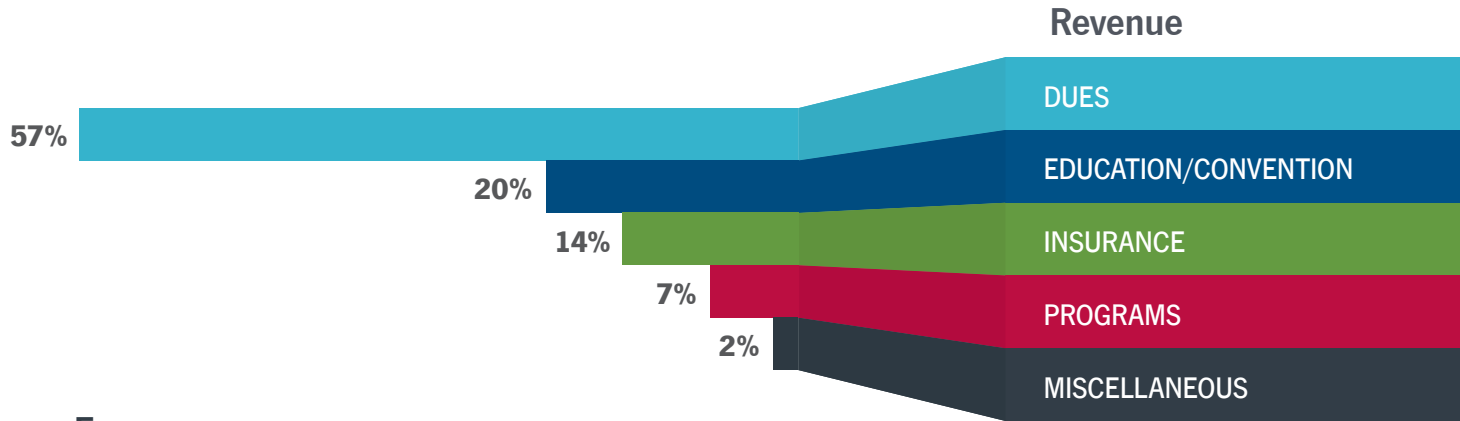
- Launching five new educational events in 2021:
 - Derecho Summit & Severe Weather Quarterly Updates
 - Leadership Development Workshop focused on managing in a remote environment
 - HR Summit
 - Executive Operations Roundtable
 - ESG Virtual Series
- Hosting nine customized governance programs
- Continuing to expand industry certifications, with 2021 certifications totaling 23 Mutual Director Certifications; 54 Farm Mutual Director Certifications; and 42 Professional Farm Mutual Manager Certifications
- In total, NAMIC saw ongoing and new enrollments in certification programs reach 38 in MDC; 1,149 in FMDC; and 382 in PFMM

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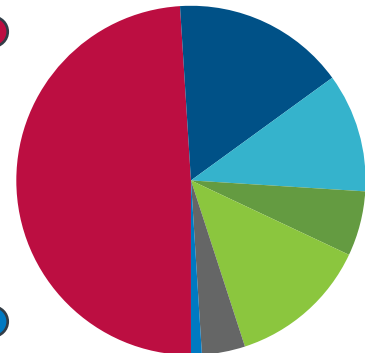
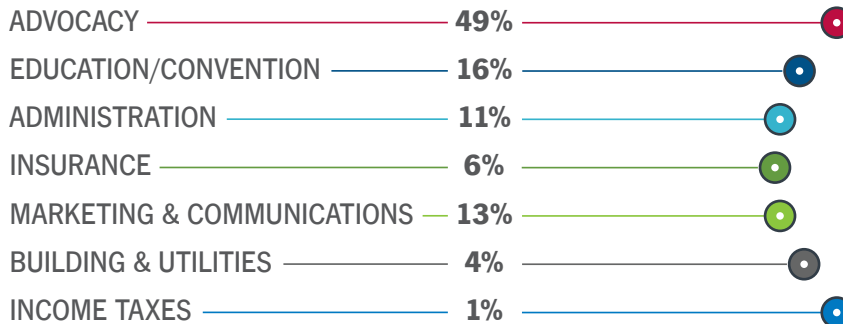
A change in leadership served as a defining moment for NAMIC Insurance Company, Inc., and the NAMIC Insurance Agency, as the board appointed a new CEO to lead the company. Under the direction of newly appointed CEO Jen Hamilton, NAMICO strengthened its position as the leading source of insurance company professional liability insurance for the NAMIC membership and their business partners.

- NAMICO had a net underwriting income of \$331,610 and a total net income of \$683,729. NAMICO's surplus hovers near an all-time high of \$33,850,000. Gross premiums written are at approximately \$20,700,000; up approximately 7 percent from 2020. New business premium is at \$1,475,000, exceeding the 2021 goal of \$875,000.
- NIA and NAMICO underwriting continued to build and grow relationships with Marsh McLennan and Gallagher in pursuing new and existing business leads.
- NIA and NAMICO underwriting upgraded marketing strategies for NAMICO renewal business by actively marketing to large accounts six months prior to renewal.
 - There continues to be positive development on COVID business interruption claims: 110 open COVID claims; 75 allegations of bad faith with 35 potential claims; 71 of the 75 lawsuits against the same insured. Favorable development continues to be seen nationwide, including a 7th Circuit Court decision upholding the dismissal of six similar BI lawsuits. This ruling is controlling for the majority of the open BI COVID claims against a single NAMICO insured.

2021 NAMIC FINANCIAL INFORMATION



Expenses



NATIONAL ASSOCIATION OF MUTUAL INSURANCE COMPANIES

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