

# You Know Us.

2015  
ANNUAL  
REPORT

 MICO Insurance Company

 IOWA MUTUAL INSURANCE COMPANY

 Wilson Mutual Insurance Company

 IOWA AMERICAN

 Motorists Life Insurance Company

 Motorists Mutual Insurance Company

 Motorists Commercial Mutual Insurance Company

 BSB BROAD STREET BROKERAGE

 Consumers Insurance USA

 MCM Insurance Agency, Inc.

 Phenix Mutual FIRE INSURANCE COMPANY

## EXECUTIVE MESSAGE

When I became president and CEO in 2013, my commitment to The Motorists Insurance Group was to always do the right thing at the right time for the right reasons. That commitment remains true today, and it's also a long-standing principle of this company. For nearly 90 years, Motorists has followed the philosophy of its founders: to do what is right for policyholders, agents and associates.

This past year, our leadership team met with many agencies face-to-face to discuss what we are working on to be the most trusted and responsive carrier in the independent agency system. We shared Motorists' financial strength; ways we are growing commercial lines; our tactics to build personal lines; and how we are better integrating life insurance into our sales model.

Fostering relationships with our agents was a heightened focus in 2015. From our highest ever profit-sharing commissions to incentive trips to being a major investor in TrustedChoice.com, we value, reward and support our agency partners. Through personalized claims service and local decision making, we strive to make each agent feel like our only customer.

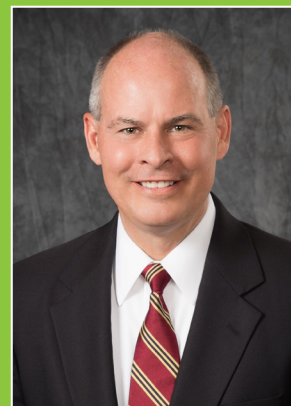
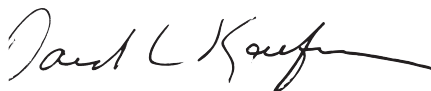
Thanks to the outstanding work of our agents and associates, 2015 was a year for the record books. We had underwriting profits across all lines – commercial, personal, life and reinsurance assumed – and our direct combined ratio of 98.4 was the best in more than a decade. A.M. Best affirmed our A (Excellent) rating, noting our outstanding field support, responsive claims service and rapidly developing technology platform. The group's superior financial strength ensures continuous comfort and security to our policyholders.

Our associates embrace our communities through hundreds of volunteer hours to local charities because they care and believe in making a difference. In addition, more than 90 percent of associates made personal financial contributions last year to charities Motorists supports. In 2015, Motorists donated more than \$1.1 million across all our operating areas.

Motorists' commitment to the independent agency system has never been stronger. Our success comes from trusting and caring relationships our associates have built with agents and policyholders. We sell only through independent agents, and we always will.

Our commitment is clear. We are an integrated group of companies that provides peace of mind to our policyholders; creates profitable growth opportunities for agents; invests in our associates; and makes a lasting contribution in all communities we serve.

We know you. You know us. Together, we make a difference.



**Dave Kaufman**  
**President & CEO**

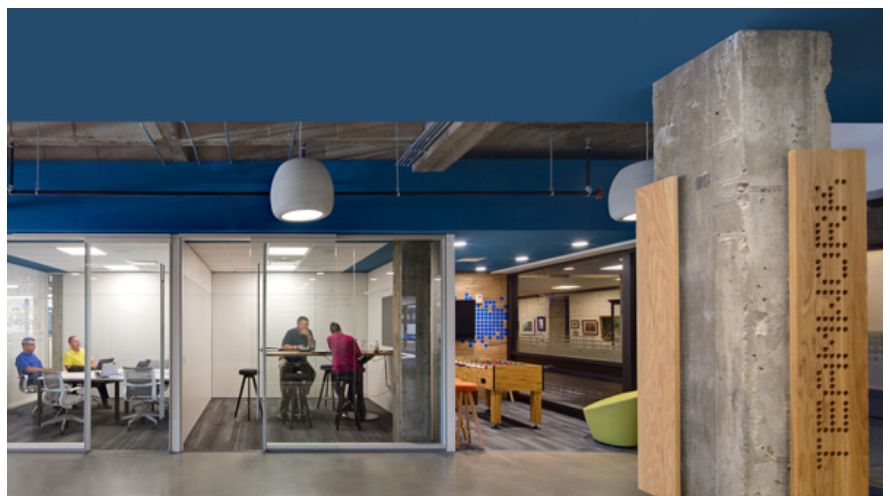
The Motorists Insurance Group

## COLLABORATION AND TEAMWORK

In addition to strong financials and community outreach, Motorists demands innovation and continual dialogue among associates.

The newest space in the Motorists Building is where great people, creative environments and technology intersect. The shared space allows associates to not only work collaboratively, but to work in a space that inspires new ideas and creativity.

It's our way of thinking and working that breeds innovation.



## MAKING A DIFFERENCE IN THE COMMUNITY, EVERY DAY.

Motorists believes in making a difference. More than 140 donations were made to local charities and civic groups in 2015, including:

- > Operation Feed
- > United Way
- > ALS Association, Central & Southern Ohio Chapter
- > American Cancer Society
- > Be the Match Foundation
- > Ohio Cancer Research
- > Ronald McDonald House Charities of Central Ohio
- > Greater Pittsburgh Community Foodbank
- > New Albany Community Foundation
- > Alzheimer's Association of Central Ohio
- > American Heart Association
- > Central Ohio Diabetes Association
- > Cristo Rey Columbus High School
- > Columbus Museum of Art
- > Columbus Metropolitan Library Foundation
- > Columbus Urban League

In addition, associates contributed hundreds of volunteer hours to local charities.



Motorists joined with Ronald McDonald House Charities of Central Ohio to help families in need. Motorists helped fund the construction of a new wing on their building.

*"Our mission and values are similar to those of Ronald McDonald House Charities of Central Ohio, which is why we partnered with them during their capital campaign."*

- Dave Kaufman, President & CEO



Motorists sponsored the Lighting of the Topiaries during the holidays in the Topiary Park, directly behind the Motorists Building. Senior Vice President, Corporate Secretary and Chief Human Resources Officer Anne King had the honor of turning on the lights for the event.

Motorists also received an award for Outstanding Aesthetic Contribution for the Topiary Park Lights from the Discovery Special Improvement District.

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Motorists donated more than  
**\$1.1 MILLION**

to charities and  
civic groups in **2015**



## RECOGNIZING OUR AGENTS, ASSOCIATES AND COMMUNITIES



Motorists associates exceeded their Operation Feed goal of \$22,800 in 2015 and raised \$26,699 to help provide more than 106,796 meals to people in need in Central Ohio.



The Motorists Insurance Group has been the presenting sponsor for The Columbus Dispatch Scholar Athlete Awards for the last eight years. In that time, 154 students from 118 high schools have been awarded \$330,000 in scholarships. The 2015 scholar athletes were honored at an all-associate meeting in the fall.



Attendees enjoyed the great food, events and camaraderie at the 2015 Leaders Conference.



The Broadmoor in Colorado Springs hosted the 2015 Leaders Conference. Dave Kaufman, along with the rest of the Motorists leadership team, welcomed attendees at the opening night event. Left to right: Motorists Life President Mike Agan with his wife Jodie; Wilson Mutual President Mike Lappin with his wife Chelsea; and Dave Kaufman.

## THE MOTORISTS INSURANCE GROUP

ASSETS	2015	2014
Bonds	\$1,014,155,148	\$1,003,064,231
Stocks	\$269,322,023	\$272,937,970
Premiums Receivable	\$214,827,801	\$205,628,792
Partnerships & Joint Ventures	\$126,427,775	\$125,577,480
Current & Net Deferred Tax Assets	\$62,370,412	\$57,403,399
Real Estate	\$36,566,525	\$36,053,132
Other Assets	\$71,685,794	\$77,194,070
<b>Total Assets</b>	<b>\$1,795,355,480</b>	<b>\$1,777,859,076</b>

LIABILITIES & SURPLUS	2015	2014
Losses & Loss Expenses	\$531,110,766	\$511,497,335
Unearned Premiums	\$328,414,747	\$332,745,800
Retiree Benefit Obligations	\$81,490,801	\$86,938,101
Other Unpaid Expenses	\$44,944,011	\$42,514,848
Unpaid Policyholder Dividends	\$5,372,032	\$6,524,601
Other Liabilities	\$32,943,552	\$28,304,787
<b>Total Liabilities</b>	<b>\$1,024,275,909</b>	<b>\$1,008,525,472</b>
Policyholder Security	\$771,079,571	\$769,333,604
<b>Total Liabilities &amp; Security</b>	<b>\$1,795,355,480</b>	<b>\$1,777,859,076</b>

SUMMARY OF OPERATIONS	2015	2014
Direct Written Premiums	\$729,423,405	\$743,406,623
Underwriting Profit/(Loss)	\$14,057,703	\$(30,774,098)
Combined Ratio	98.8%	104.5%
Net Income	\$11,770,155	\$56,382,085

Operating results do not include Motorists Life Insurance Co.

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 **Rated  
EXCELLENT**  
by **A.M. Best**

**MOTORISTS LIFE INSURANCE COMPANY**

ASSETS	2015	2014
Bonds	\$423,919,899	\$451,087,911
Cash & Short-Term Securities	\$7,130,256	\$5,059,852
Stocks	\$14,607,501	\$23,504,618
Contract Loans	\$13,810,054	\$13,368,601
Premiums Receivable	\$16,861,219	\$17,742,217
Interest & Dividends Due & Accrued	\$4,450,566	\$4,530,961
Other Assets	\$9,247,703	\$8,294,358
<b>Total Assets</b>	<b>\$490,027,198</b>	<b>\$523,588,518</b>

LIABILITIES & SURPLUS	2015	2014
Policy Reserves	\$361,117,401	\$448,638,906
Statutory Reserves	\$1,311,824	\$2,648,111
Claims Payable	\$2,997,483	\$3,235,361
Other Liabilities	\$62,828,162	\$12,707,144
<b>Total Liabilities</b>	<b>\$428,254,870</b>	<b>\$467,229,522</b>
Capital & Security	\$61,772,328	\$56,358,996
<b>Total Liabilities, Capital &amp; Security</b>	<b>\$490,027,198</b>	<b>\$523,588,518</b>

SUMMARY OF OPERATIONS	2015	2014
Premiums & Contract Considerations*	\$53,493,587	\$65,443,383
Total Income*	\$78,196,747	\$88,967,907
Benefits & Expenses*	\$73,895,030	\$85,680,790
Net Income from Operations	\$4,301,717	\$3,287,117
Net Profit/(Loss)	\$3,973,926	\$2,363,819
<b>Change in Capital &amp; Security</b>	<b>\$5,413,333</b>	<b>\$1,623,564</b>

\*Does not reflect the impact of an annuity reinsurance transaction.

More than 25 Motorists associates participated in the Susan G. Komen Columbus Race for the Cure in 2015 to help fight the battle against breast cancer.



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## MOTORISTS MUTUAL INSURANCE COMPANY

	2015	2014
Direct Written Premiums	\$441,254,336	\$436,484,109
Underwriting Profit/(Loss) After Policyholders' Dividends	\$2,212,679	\$9,890,832
Combined Ratio	99.2%	97.0%

Jeffrey D. Neverman, CIC, CPIA, of Neverman Insurance Agency in Westlake, Ohio, was named the 2015 Professional Agent of the Year by the National Association of Professional Insurance Agents (PIA).

"Jeff is an outstanding insurance agent dedicated to the industry, impeccable customer service and his community," said Senior Vice President and Chief Operating Officer Charles Stapleton.

"Jeff has represented Motorists for 35 years where he's been known for his genuine interest and passion for his customers as well as protecting his companies. It's nice to see that recognized nationally by the PIA."



Motorists Mutual Insurance Co. was awarded the 2015 IVANS Leadership Award. This award is given to those companies that have displayed leadership, had an impact in advancing IVANS/industry initiatives, shown innovative approaches to implementation and/or displayed exemplary initiatives around adoption. This award honors insurance carriers for excellence in driving connectivity and data exchange with independent insurance agencies.

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**WILSON MUTUAL INSURANCE COMPANY**

	2015	2014
Direct Written Premiums	\$106,854,596	\$122,394,870
Underwriting Profit/(Loss) After Policyholders' Dividends	\$15,604,015	\$(11,056,660)
Combined Ratio	90.4%	112.4%

Wilson Mutual held a balloon release in June 2015. Associates who had been personally touched by cancer purchased a balloon, and then the group released the balloons together in memory of loved ones or recognition of survivors.



Making Spirits Bright is a holiday light show offered in December. The free event encourages a donation to the Sheboygan Food Pantry from visitors. Wilson Mutual associates have volunteered for the past few years to help collect non-perishable food items at the entrance to the park.

## IOWA MUTUAL INSURANCE COMPANY

	2015	2014
Direct Written Premiums	\$87,202,833	\$88,501,721
Underwriting Profit/(Loss) After Policyholders' Dividends	\$2,444,115	\$(15,367,250)
Combined Ratio	98.6%	119.2%

Operating results include Iowa American Insurance Co., a wholly-owned subsidiary of Iowa Mutual Insurance Co.



Associates Denette Mills, Mary Poole, Coyla Lucas and Beth Benhart volunteered at Maggie's House, an assisted living community in DeWitt, Iowa.

Financial Logic, Inc., an agency in Mattoon, Illinois, was honored for becoming a \$2 million agency with Iowa Mutual. Left to right: Producer Travis Stanfield; Producer Chris Hall; District Sales Manager Josh Dunmire; Principal Jay Fisher; Iowa Mutual President Georgia Puls; and CSR Laura Becker.



Iowa Mutual supports agents at events such as the Big I of Nebraska Convention in Omaha, Nebraska, in 2015. Left to right: District Sales Manager Mitch Florea, Phil Winkelman of Omaha Insurance Services, District Sales Manager Bria Christensen and Regional Recruiting Manager Megan Rettig.



**CONSUMERS INSURANCE USA, INC.**

	2015	2014
Direct Written Premiums	\$30,077,406	\$38,969,464
Underwriting Profit/(Loss) After Policyholders' Dividends	\$(4,385,986)	\$(12,683,962)
Combined Ratio	117.7%	136.8%

Consumers Insurance is a supporter of Special Kids Therapy and Nursing Center, which works with children with special needs. In 2015, several associates raised money and ran a 5K to support the organization. In addition, associates contribute time and money to their fundraising banquet every year.



In 2015, Consumers Insurance received an award from United Way of Rutherford and Cannon Counties for their involvement and commitment to the program. Left to right: associates LaShonda Jackson, Information Technology, and Jenny Byers, Accounting.



## MOTORISTS COMMERCIAL MUTUAL INSURANCE COMPANY

	2015	2014
Direct Written Premiums	\$35,752,139	\$35,955,870
Underwriting Profit/(Loss) After Policyholders' Dividends	\$1,290,947	\$(1,076,136)
Combined Ratio	97.6%	102.0%

Motorists Commercial Mutual raised \$1,400 and hundreds of wish list items for Ronald McDonald House Charities, Upper Midwest, exceeding its goal by 40 percent.



Motorists Commercial Mutual was nominated for a Best in Show Award with Greater Twin Cities United Way in the small company category. A United Way representative presented the achievement to associates Jennifer Ciatti and Jean Losleben.

**PHENIX MUTUAL FIRE INSURANCE COMPANY**

	2015	2014
Direct Written Premiums	\$28,282,095	\$21,100,949
Underwriting Profit/(Loss) After Policyholders' Dividends	\$(3,195,142)	\$(529,701)
Combined Ratio	106.2%	100.4%

Phenix Mutual associates volunteer throughout the community. During the holidays they adopted local children's wishes and provided clothing, food baskets and financial donations to local families in need.



A partner of Granite United Way, Phenix Mutual associates participated in the annual Day of Caring to assist nonprofit organizations and support the local community.