



# Annual Report 2015

# President's Message

Have you heard the phrase "saving for a rainy day?" Our rainy day arrived in 2015, as we experienced the worst wildfire season in history, combined with unprecedented wind, rain and flood events. In our typical thoughtful way, we had saved up for just such a time. And we were able to take exceptional care of our members, while still maintaining our financial strength.



We have many stories of how our employees went above and beyond what was expected to take care of members who suffered losses. After one windstorm, one of our adjusters, Rolf Erickson, showed up as our member was cutting a large pine tree that had completely flattened his car. He put his briefcase down and proceeded to help cut away the tree and stack the wood. Our member wrote, "Rolf is truly an amazing guy and it is very important to us that you know what we think of

him. If you would, please tell Rolf that I said thank you." He added, "If you know anyone looking for a used Camry with some wind damage that comes with a pine-scented air freshener, please send them my way." While we would prefer that our members did not suffer any losses, we take great pride in taking care of them when they do.

From a financial perspective, we were able to grow premiums 7.3%. This was nearly twice our goal and is an indicator of great market momentum throughout the year. Unfortunately, our equity declined as we withdrew from our savings account to pay for all of the fire and wind claims that arose during the last half of the year. Despite this loss, your Company remains financially strong and maintained its A- (Excellent) rating from A.M. Best, the primary industry financial rating organization.

Your subsidiary, Nevada General Insurance Company (NGIC), spent 2015 looking to overcome an increase in loss activity. The economic recovery





in Nevada led to increased traffic and miles driven, which in turn led to an increase in frequency of losses there. Despite those challenges, performance improved and we expect that to continue. Nevada General has expanded into the Independent Agent distribution network with great success and was able to take that new model to Arizona in late 2015.

Your other subsidiary company, Enumclaw Property and Casualty Insurance Company (EP&C), continues to have great success and the enhanced personal lines products offered there now have more than \$121 million in premiums. This company continues to provide us with flexibility and lets us offer product choices to our members. Thanks to our newly formed mutual holding company, our EP&C policyholders will become mutual members as their policies renew through 2016.

As noted above, in 2015 we made a significant change to our corporate structure as well as our formal State of Domicile. We are now Mutual of Enumclaw Insurance Holding Company, domiciled in the state of Oregon. You, our policyholders, voted for this change with a 98% approval rate, so that we would be able to establish membership for all of our Enumclaw policyholders. The change in domicile also provided significant tax savings for your organization. Our home office continues to reside in Enumclaw, Washington.

In 2015 we also introduced a revolutionary program called Claw Community Awards. Throughout the year we donated a percentage of our new business premium to charity on behalf of the independent agent who submitted it to Mutual of Enumclaw. Independent agents throughout our five state area were able to select the charities they wished to support. We are proud of this new program and that we were able to donate over \$800,000 to deserving charitable organizations. We will continue this program in 2016.

Our 2016 plan is to focus on our core purpose of delivering an insurance experience that is so rare and valuable, it can't be found elsewhere.

We continue to accomplish this by living our values of being ethical, responsive, personal and efficient. We know that we are succeeding by the improvement in our member loyalty and agency satisfaction scores. We believe that having great focus on improving what we do for those we serve will help to sustain us and meet your needs for many generations to come.

As we pass the 118-year mark in our history, we continue to dream about building a 500-year-old Company. A Company that lasts well beyond our lives. A Company where our children's children are working here in the future, to protect the financial well-being of our members.

Best wishes for a prosperous 2016.

A handwritten signature in black ink that reads "Eric Nelson". The signature is written in a cursive, flowing style.

Eric Nelson, CPCU, CIC, ARP  
President and CEO  
Mutual of Enumclaw Insurance Company



# Planning For a Future Rooted Firmly in Our Past

HERE'S TO THE NEXT 118 YEARS OF THOUGHTFUL COVERAGE

In 1898, a group of Enumclaw residents joined together to help neighbors during times of trouble, establishing the Farmers' Mutual Insurance Company. We've been a source of hope, skill and undeniable strength in our communities ever since, growing as a prominent regional carrier. Together with our network of community-based independent agents, we provide coverage to families, farms and businesses, always remembering that our members are also friends and neighbors.

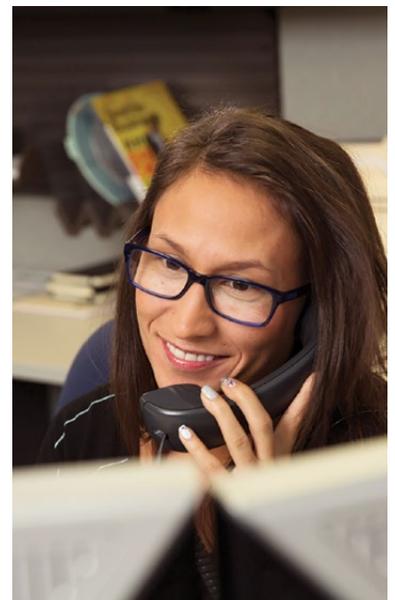
The past few years have been hard on the communities we serve. Violent windstorms and raging wildfires have devastated properties and homes. But we are proud of how, in the aftermath of

catastrophe, our members have found reassurance. Through adversity we've demonstrated just what we mean by thoughtful coverage. Our claims adjusters are on the ground quickly, handling claims diligently and with empathy for everyone involved, listening to the stories and doing our best to make things right.

In 2015 we helped our members rebuild, but we also helped them plan and prepare for whatever comes next. In fact, we are making preparedness a major focus in 2016, because planning is the thoughtful thing to do. Giving people the certainty and confidence to move forward is what we've always done and what we will continue to do long into the future.



This mural, in the lobby of our headquarters, depicts the resilience of our Enumclaw ancestors as they overcame the treacherous crossing of Naches Pass in 1853.



# Our Promise

## OUR PURPOSE

To deliver an insurance experience so rare and valuable that it can't be found elsewhere.

## OUR VISION

To build a thriving organization, trusted by its members, that stands the test of time.

## OUR MISSION

Thoughtful people protecting members' financial security.

## OUR QUALITY STANDARDS

### Ethical

Do what's right.

### Responsive

Speed and competency build trust.

### Personal

Positive and memorable customer service begins with a personal touch.

### Efficient

Continually improve what we do every day.

# 2015 Achievements and Recognition



## **AWARD IN INNOVATION SECOND YEAR IN A ROW**

National Association of Mutual Insurance Companies (NAMIC)



## **BEST INSURANCE CARRIERS TOP 3 SINCE 2009**

Northwest Auto Trade Association (NATA) in Oregon



## **100 BEST COMPANIES TO WORK FOR FOURTH YEAR IN A ROW**

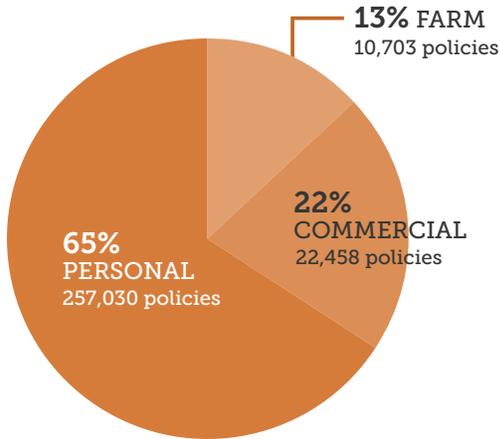
*Seattle Business* magazine



## **AWARD IN INNOVATION**

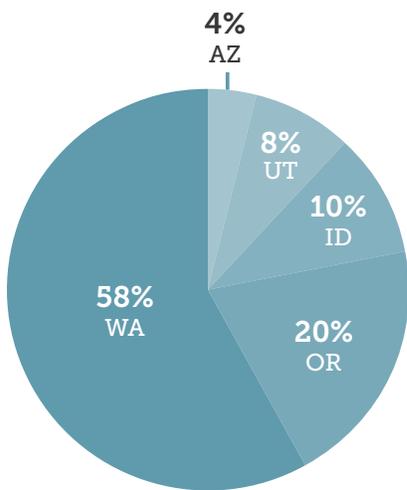
Insurance Accounting and Systems Association (IASA)

# 2015 Financial Highlights



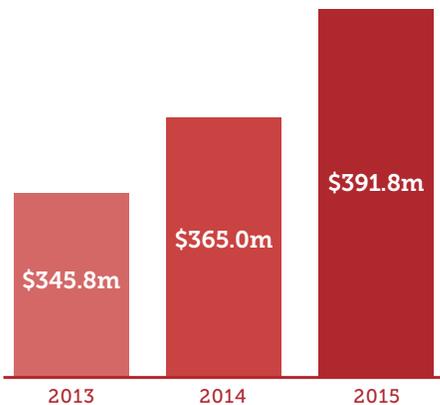
## Premiums Written and Policy Count by Line of Business

Our policy count grew to nearly 290,000 policies during 2015, with premiums spread by risk type between personal (65%), commercial (22%), and farm (13%).



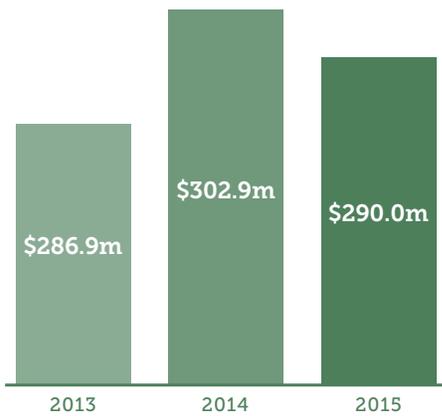
## Premiums Written by State

During 2014, we added to our western state footprint by expanding our operations into Arizona. After a full year of writing in the state during 2015, Arizona now accounts for over 4% of our premium. Expanding geographically lowers our overall risk profile from our historic concentration in Washington.



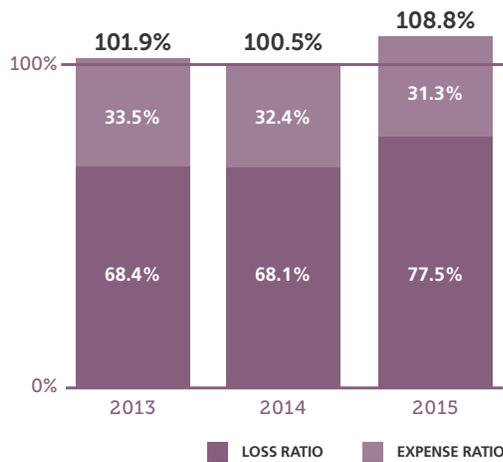
## Premiums Written by Year

Thanks to continued policy growth and a full year of our Arizona expansion, premiums increased 7.3% to \$391.8 million. We are excited by growth when more members trust us with their financial security.



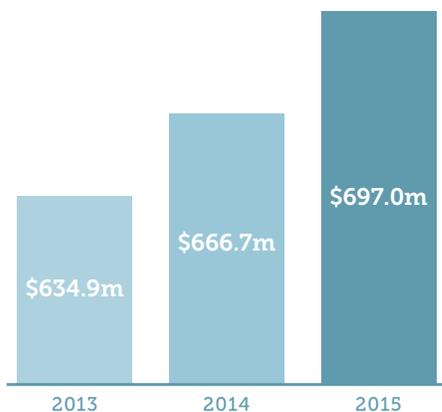
### Equity

Equity measures an insurer's financial strength and capacity to write new business. With Equity exceeding \$290 million, our excellent financial strength allows us to provide financial security to benefit our members and agents.



### Combined Ratio

The Combined Ratio measures an insurer's underwriting profitability, with results below 100% indicating an underwriting profit. With the Chelan Complex Wildfires and Spokane Windstorm, the loss ratio increased as we paid losses to our members caught in these catastrophes. We remain focused on addressing process efficiencies, resulting in an improved expense ratio each year.



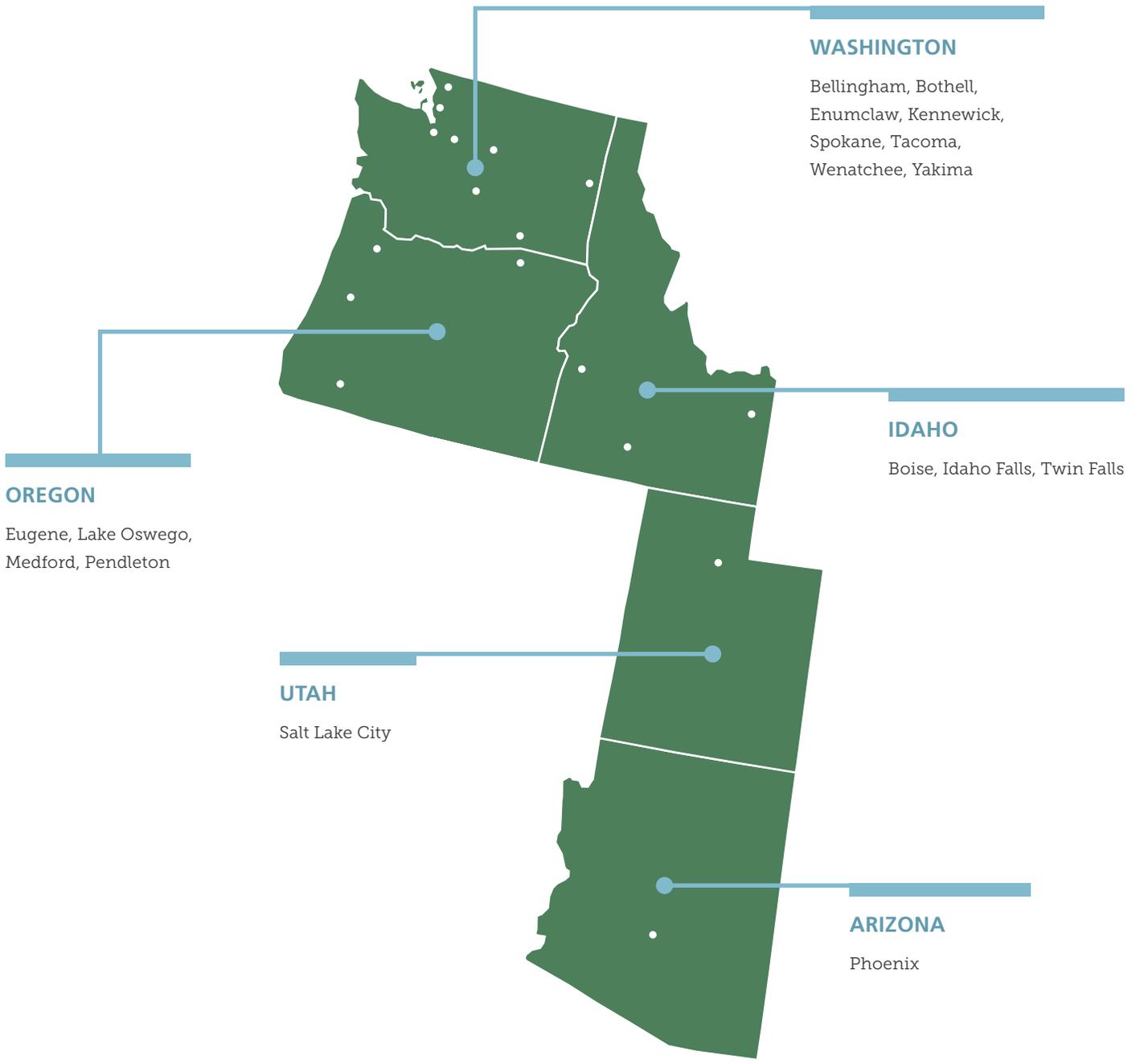
### Total Assets

Total Assets are a measure of an insurer's resources that are expected to provide a future benefit in running the business. As our Total Assets approach \$700 million we continue to provide security and peace of mind for our members.



# Our Local Presence

REGIONAL CLAIMS OFFICES





## Board Members

**Bernadene (Bernie) Dochnahl**

Chair  
Owner, Denbe LLC

**Anthony Baruffi**

Director  
VP, Garde Capital

**T. Andrew Fujimoto**

Director  
CEO, AmeriBen/IEC Group

**Thomas Garland**

Director  
Retired

**Robert Guile**

Director  
Retired Risk Management Consultant

**Laurinda Mackenzie**

Director  
CEO, Oregon Anesthesiology Group

**Eric Nelson**

Director  
President & CEO, Mutual of Enumclaw

**Cort O'Haver**

Director  
Commercial Bank President,  
Umpqua Bank

**Don Powell**

Director  
Attorney at Law, Powell & Gunter

**Jane Repensek**

Director  
Senior VP, The Seattle Foundation

**Mike Sherman**

Director  
CEO, Direct Marketing Solutions

**Frederick Schunter**

Secretary  
Retired founding President and CEO,  
Inland Northwest Bank

**Norman (Norm) Smith**

Director  
Senior Fellow, M.J. Murdock  
Charitable Trust

**David Waldo**

Director  
President & CEO,  
Field-Waldo Insurance

## Executive Members

**Eric Nelson**

President & CEO

**Andrew Chen**

CFO & VP, Financial Services

**Rena Bilodeau**

VP, Administration

**Michele Wyatt**

CCO & VP, Claims

**Richard Hawkins**

VP, Marketing

**Alice Cameron**

VP, Personal Lines

**Cori Medrano**

VP, Commercial & Farm

**David Wilson**

CIO & VP, Information Technology

**Megan Hall**

VP, Product Development

**Athan Shinas**

General Counsel

**Tom Taylor**

Chief Risk Officer



Thoughtful is how we do things.

1460 Wells Street, Enumclaw, WA 98022  
[www.MutualOfEnumclaw.com](http://www.MutualOfEnumclaw.com) | 360.825.2591 / 800.366.5551

