



MUTUAL OF  
ENUMCLAW  
INSURANCE

# Annual Report

2021

## President's Message

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A line from the movie *Forrest Gump* is one of my favorites: "Life is like a box of chocolates. You never know what you're going to get."

We've found that sentiment to be true as the global pandemic continued through 2021, introducing two new variants, Delta and Omicron, that have created even more unknowns. In addition to the pandemic's impact on operating issues and how we work, we saw another year of record natural catastrophic events, increased litigation across the US, stark political divides, and intrusive and unnecessary regulatory actions.

Despite the challenges, your insurance company continues to successfully navigate these waters and maintain financial strength. We earned a modest net income, boosted our revenues, and added to our balance sheet with greater retained earnings growth. Our capital adequacy, which reflects our claims paying ability, remains extremely strong. We earned an A- (Excellent) rating with a Positive Outlook from the financial rating agency AM Best and an A' (Unsurpassed) financial strength rating from the other predominant financial rating agency, Demotech. These ratings illustrate our balance sheet strength and our commitment to making sure we will be there for Members when bad things happen.

In the Pacific Northwest in 2021, we saw three major winter storms, a record number of wildfires, and multiple wind events. Sadly, many of our Members suffered losses, but we responded effectively to help them in their time of need. We have a mantra in our claims operations—"Deliver the Promise"—and we continue to do just that.

Of course, we'd prefer that none have to face setbacks. It's one reason we partner with Wildfire Defense Systems as it provides wildfire mitigation services specifically to our Member properties and saved many homes from wildfire losses in 2021. We also continue to provide water leak sensors to help detect potential issues before they cause significant damage.

Our aim is to bring value to our Members even if they never suffer a loss. In that spirit, we've

introduced technology options to help Members easily access policy information on a smartphone and make simple policy changes from our Member portal site.

Members who live outside of Washington also have access to Mutual of Enumclaw Perks (the Washington Insurance Commissioner did not approve the program). This useful app can be found in most app stores by searching for Mutual of Enumclaw and provides online discount coupons for purchasing almost anything, from tires to amusement park tickets to prescriptions. I encourage all of our non-Washington Members to take advantage of the free Mutual of Enumclaw Perks app.

In terms of accomplishments in 2021, I'm proud to report that your insurance company once again earned a variety of distinctions:

- *Seattle Business* named us one of the **100 Best Companies to Work For** in Washington for the 10th straight year, a record.
- We received the National Association of Mutual Insurance Companies' **Award in Innovation** for our cutting-edge cloud-native technology development.
- We maintained our customer satisfaction scores (Net Promoter Score), which remain **significantly higher than industry averages**.
- We were named a **"top 5" carrier** by ValChoice, which rates the carriers providing the best insurance value in each state.
- Deep Customer Connections named Mutual of Enumclaw one of its **"Elite carriers,"** as ranked by independent agent satisfaction surveys. Only a few other carriers achieved this status.

As we enter our 125th year of operations, we continue to improve how we serve our Member owners, blending a respect for our past with a commitment to the future in a rapidly changing world. Through it all, we remain focused on the core values that we live every day.

At Mutual of Enumclaw, we understand we are stewards whose role is to leave the company better off for our Members than when we started. Our dream is to build a 500-year-old company, a company in which our children's children still work to protect and serve our Members. Thank you for being part of the Mutual of Enumclaw family. Best wishes for a safe and prosperous 2022.

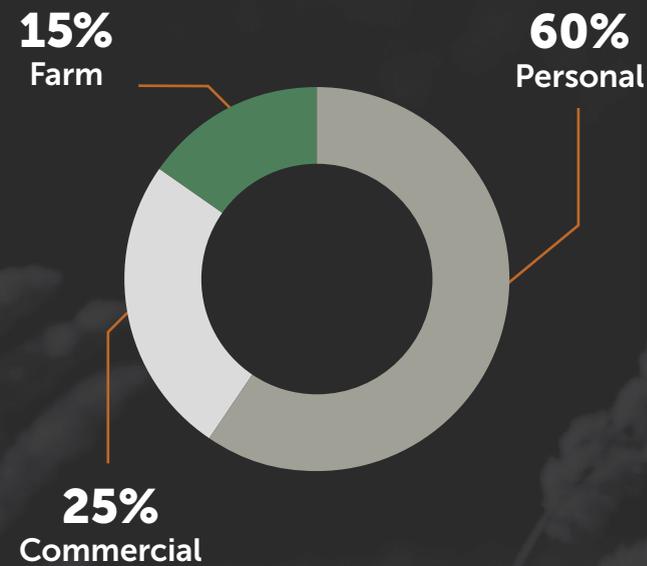


**Eric Nelson, CPCU, ARP**  
President and CEO

# 2021 Financial Summary

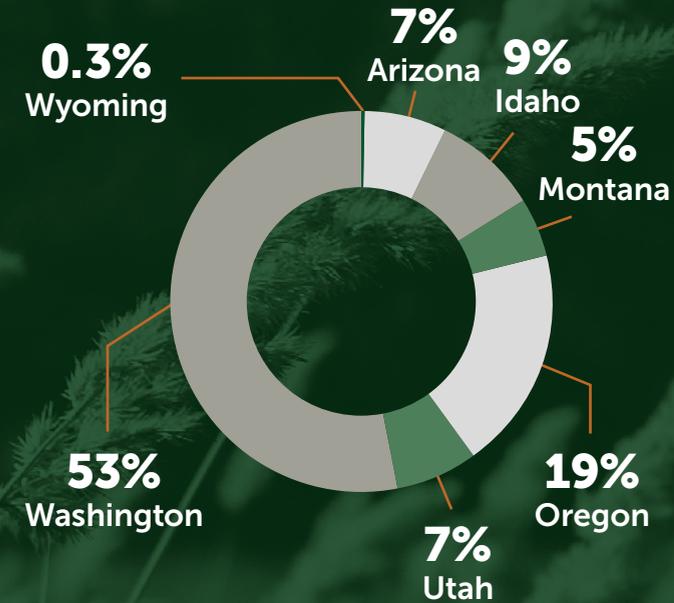
## Premiums written and policy count by line of business

Our policy count was 192,012 at the end of 2021, with premiums spread by risk type among personal (60%), commercial (25%), and farm (15%).



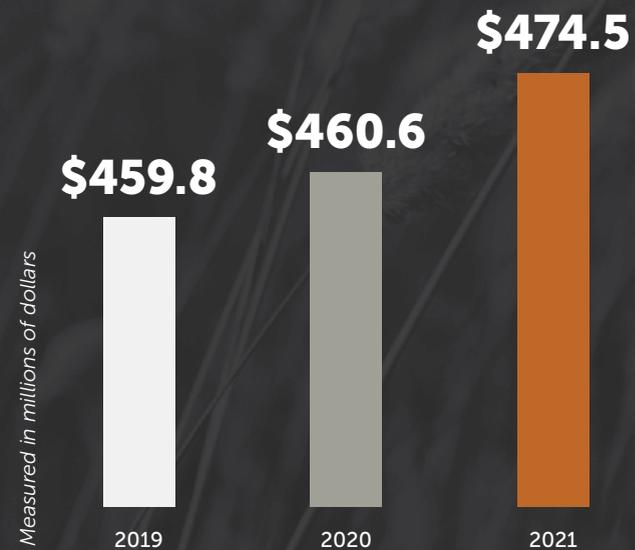
## Premiums written by state

Since our expansion into Wyoming in 2020, we now have Members in seven states (Washington, Oregon, Idaho, Utah, Arizona, Montana, and Wyoming). We are proud to expand our footprint while continuing to provide member-centric services to you.



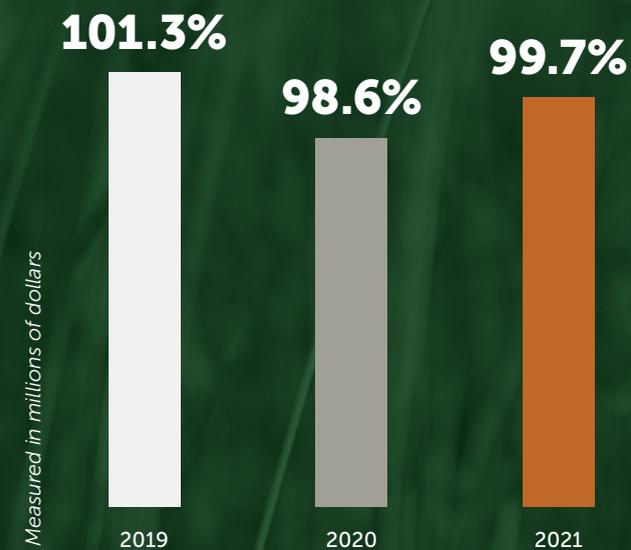
## Premiums written by year

Premiums written by us grew by 3% during 2021, totaling \$474.5 million. We continued to partner with our vast network of independent agents who are also your neighbors. Thank you for entrusting us with providing thoughtful coverage that you can count on.



## Combined ratio

The combined ratio measures an insurer's underwriting profitability, with results under 100% indicating an underwriting profit. We posted a consecutive below-100% combined ratio of 99.7% for 2021 despite pandemic uncertainties, unpredictable weather patterns, and increasing wildfire threats.

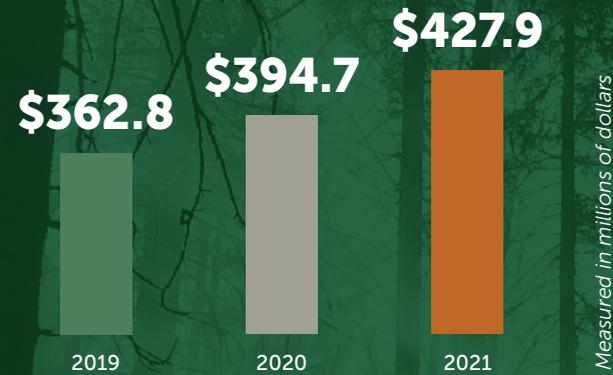


## 2021 Financial Summary (cont.)

### Equity

**8.4%**

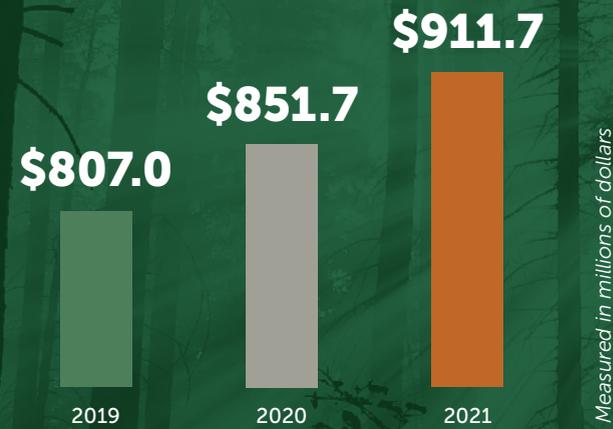
Equity represents retained earnings and measures an insurance company's financial strength and capacity to write new business. Our equity grew by 8.4% in 2021, ending at a robust \$427.9 million. AM Best upgraded our outlook to A- (Excellent) with a Positive Outlook while Demotech also affirmed our financial stability with an A' (Unsurpassed) rating. Our excellent financial strength provides solid financial security to our Members and agents.



### Total assets

**7%**

Total assets is a measure of an insurance company's resources that provide future benefits. Our total assets grew by 7%, totaling \$911.7 million by the end of 2021. Our investment portfolio weathered the year's ever-volatile market conditions thanks to our conservative and long-term investment approach.



### Net income

**\$19.4<sub>M</sub>**

Net income measures a company's overall profitability, from claims handling and day-to-day operations to investment returns and federal income taxes. Our net income topped \$19.4 million for 2021, similar to our 2020 level, as we continued to manage operating expenses while increasing process efficiencies.

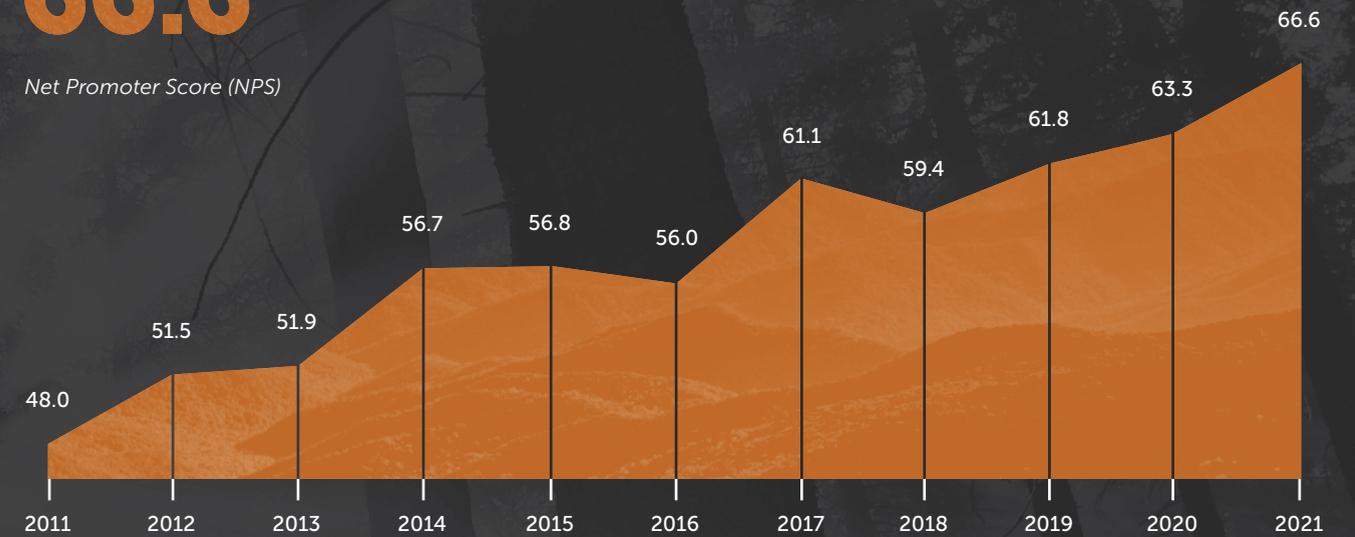


### Net Promoter Score (NPS)

Measures how likely our Members are to recommend us to friends and family.

**66.6**

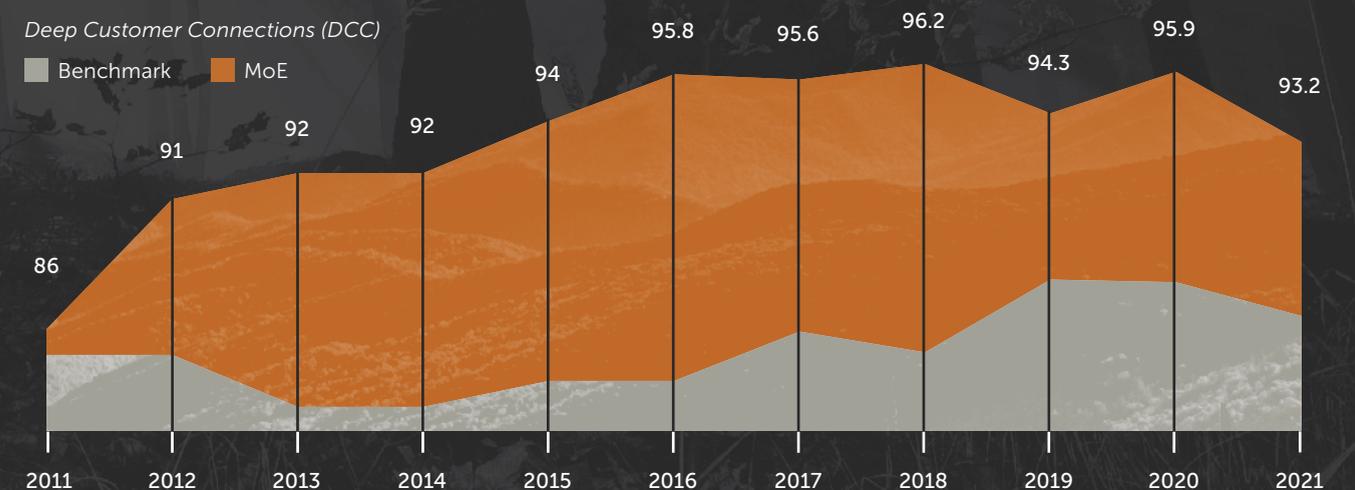
Net Promoter Score (NPS)



### Deep Customer Connections (DCC)

Measures how easy our independent agents believe it is to do business with us.

Deep Customer Connections (DCC)



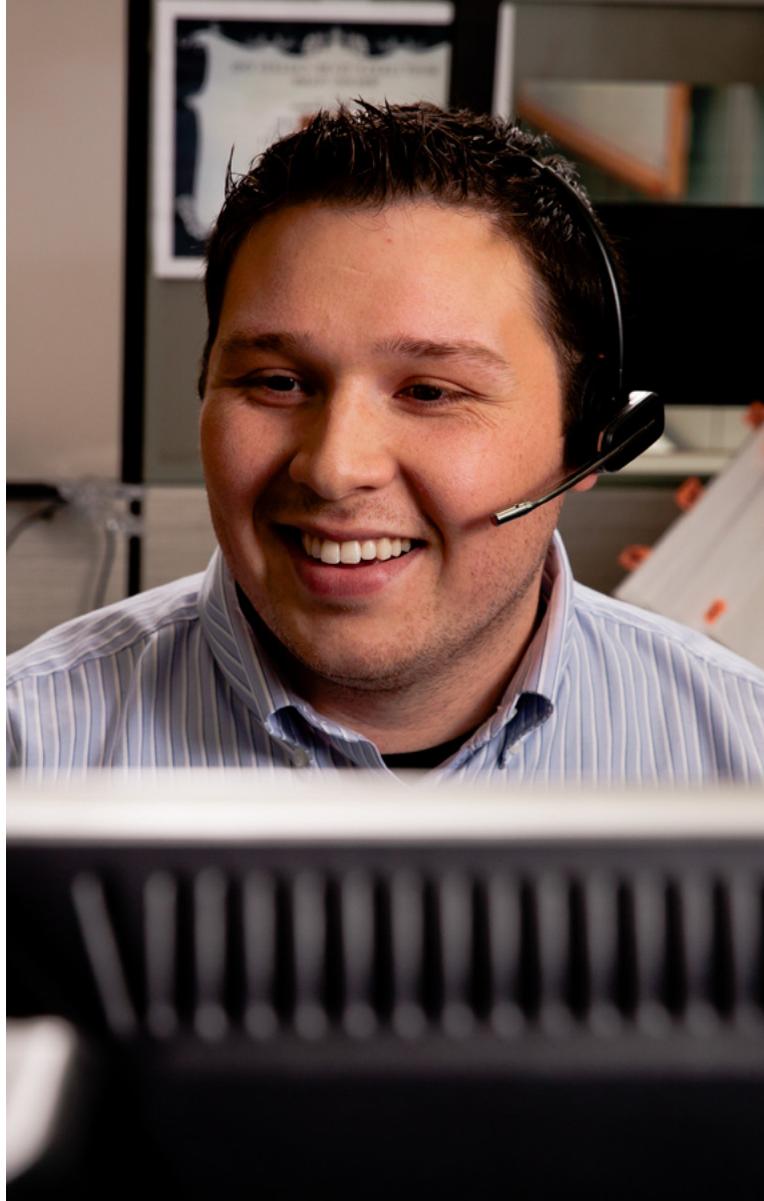
## Resilience in Action

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It's been quite a year, but once again we've weathered it together. It's when times are tough that we really look to each other for strength, encouragement, and support. We are committed to keeping our eyes on our main mission: standing strong with and for our Members, agents, and associates.

After nearly 125 years in business, we've seen our share of change and the uncertainty that can follow. Despite rapidly evolving technology, challenging social dynamics, political division, a recession, and a pandemic, we remain focused on protecting you, your families, and the communities we all call home.

Our long experience has also taught us to never lose sight of what's possible. The future is bright, the opportunities for growth and prosperity as boundless as ever. So we concentrate on the road ahead, driven by the same optimism and potential that inspired our founders. Powered by a shared commitment and the promise of emerging technologies, we are eager to deliver thoughtful coverage in new and exciting ways in the coming year.



## Our Local Presence

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Throughout 2021, we've devoted ourselves to providing coverage to families, businesses, and farms across our seven-state service area. We are proud of the relationships we've built with Members and partners and are actively planning to introduce ourselves to new markets in 2022 and beyond.



## Recognition & Ratings

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### Washington's 100 Best Companies to Work For (10 consecutive years)



### Top 5 Carrier



### A- (Excellent) with a Positive Outlook



### A' (A Prime) Unsurpassed



### Award in Innovation



## Board Members

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**T. Andrew Fujimoto, SHRM, SPBA**  
Chair  
Retired executive

**Kerry Barnett**  
Director  
Retired executive

**Anthony L. Baruffi, CFA**  
Director  
Vice president, Garde Capital

**Shane Kim**  
Director  
Retired executive

**Laurinda Mackenzie**  
Director  
Retired executive

**Alexandra Morehouse**  
Director  
Chief Digital Officer and Chief  
Marketing Officer, Banner  
Health

**Eric P. Nelson, CPCU, ARP**  
Director  
President and CEO,  
Mutual of Enumclaw

**S. Mae Fujita Numata, CPA**  
Director  
Founder, Numata Consulting  
PLLC

**Eileen O'Neill Odum**  
Director  
Retired executive

**Don E. Powell**  
Director  
Attorney at Law,  
Powell & Gunter

**Jane L. Repensek, CPA, MBA**  
Director  
COO/CFO, Seattle Opera

**Norman J. (Norm) Smith**  
Director  
Senior Fellow, M.J. Murdock  
Charitable Trust

## Executive Members

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**Eric P. Nelson, CPCU, ARP**  
President and CEO

**Andrew Chen, CPA, MBA**  
Chief Financial Officer  
and Treasurer

**Richard Crosley**  
Chief Information Officer

**Jeff Gardner**  
Vice President,  
Marketing and Sales

**Celeste Holmes, GCA**  
Vice President, Claims

**Michelle Pray**  
Vice President, Commercial  
Lines, Farm, and Ranch

**Athan Shinas**  
General Counsel and  
Corporate Secretary

**Nick Sinkus**  
Vice President, Personal Lines

**Tom Taylor, CIA, MBA**  
Chief Risk Officer

**Sandy Williams, SPHR,  
SHRM-SCP**  
Vice President, Human  
Resources and Administration

**Michele Wyatt**  
Chief Operating Officer



MUTUAL OF  
**ENUMCLAW**  
INSURANCE

## Our Mission

Thoughtful people protecting  
our Members.

## Our Vision

To deliver rare and valuable experiences  
across America for generations to come.

## Our Purpose

To build a 500-year-old company.

## Everything we do reflects our Quality Service Standards

### Ethical

We do what's right.

### Responsive

Speed and competency  
build trust.

### Personal

Positive and memorable  
customer service begins  
with a personal touch.

### Efficient

We continually improve  
what we do every day.

[mutualofenumclaw.com](https://mutualofenumclaw.com)

The home office of Mutual of Enumclaw Insurance Company and Enumclaw Property & Casualty Insurance Company  
is located at 1460 Wells Street, Enumclaw, Washington 98022.