

Financial Strength (\$000's)

Balance Sheet

	<u>2018</u>
Bonds	55,082
Stocks	5,519
Cash & short-term invest.	3,605
Home office building	2,314
Life insurance investment	2,900
Total Invested Assets	69,420
Premium balances	9,748
Income taxes receivable	3,096
All other assets	1,623
Total Assets	<u>83,887</u>
Loss & LAE reserves	20,305
Unearned premiums	25,464
All other liabilities	3,209
Total Liabilities	48,978
Policyholders' Surplus	34,909
Total Liabilities & Surplus	<u>83,887</u>

BCAR

A.M. Best's Capital Adequacy Ratio (BCAR) represents the quantitative relationship between an insurance company's balance sheet strength and its operating risks. As the foundation of financial security, balance sheet strength is critical in determining Rockford Mutual's ability to meet its current and ongoing obligations.

Rockford Mutual's BCAR score results in a BCAR assessment that is categorized as **Strongest**.



Key Financial Indicators (\$000's)

Statutory Data

	<u>2018</u>
Gross written premium	62,242
Net written premium	57,418
Risk ratio - net written to surplus	1.6
Combined ratio - 5 year average	99.9

Premium by Line

Personal automobile	28,760
Commercial multi-peril	9,070
Homeowners multi-peril	9,730
Other liability	4,034
Commercial automobile	3,182
Farmowners multi-peril	2,513
Workers' compensation	1,894
Other lines	2,579

Total Direct

Total Direct	61,756
Assumed Reinsurance	486
	<u>62,242</u>

Premium by State

Illinois	49,744
Wisconsin	10,658
Indiana	1,354
	<u>61,756</u>



2018 REPORT

AM Best Rating
A- (Excellent)

527 Colman Center Drive
Rockford, IL 61108
(815) 229.1500

www.rockfordmutual.com

Extracted from A.M. Best's review
and company reports

Overview

Rockford Mutual Insurance Company was incorporated in 1971 under the laws of Illinois to become the successor to Rockford Farmers District Mutual Tornado Insurance Company, which was organized in 1896.

Rockford Mutual provides coverage for auto, homeowners, farmowners, and business insurance in Illinois, Wisconsin and Indiana. Products are offered exclusively through Independent Insurance Agents who reside and are involved in their communities.

Officers:

President and Chief Executive Officer
Kent B. Shantz, CIC

Chief Information Officer
William W. Hanby

Chief Financial Officer
Mark A. McWethy

Vice-President - Marketing
Shane A. Heeren, CIC

Vice-President - Claims & Internal Council
Patrick D. Kennedy

Directors:

Dwight V. Shore - Chairman

Donald E. Yewell - Vice Chairman

Daniel L. Frost - Secretary/Treasurer

Mary K. Osborn

John A. Beyer

Michael P. Dunn

John R. Klockau

A.M. Best Rating

Based on A.M. Best's opinion of the Company's financial strength, they assigned a rating of **A- (Excellent)** with a stable outlook for the future. Rockford Mutual's financial size category is Class VI.

Current Rating Rationale:

The rating reflects the company's good risk-adjusted capitalization, historically strong operating performance, local market expertise in its key operating states of Illinois, Wisconsin and Indiana as well as its experienced management team. The company's capital position is derived from historically strong operating results and modest underwriting leverage in addition to low investment risk. Rockford Mutual's rating and outlook have been affirmed. A.M. Best views the rating outlook as stable (8/15/18).

Rating History

6/05/13	A-	7/11/16	A-
5/30/14	A-	7/28/17	A-
5/21/15	A-	8/15/18	A-

Regulatory

An independent audit of the Company's affairs through December 31, 2018, was conducted by CliftonLarsonAllen. An evaluation of reserves for unpaid losses and loss adjustment expenses was made as of December 31, 2018, by Willis Towers Watson. An examination of the Company's financial condition was made as of December 31, 2014, by the Insurance Department of Illinois.

Mission

Rockford Mutual Insurance Company is helping families, individuals and businesses today and during their time of need. Our mission is to provide exceptional service, innovation, security, ease of doing business and pay claims promptly and fairly. This is accomplished by hiring the best associates, cultivating their talents, living our core values while leveraging technology.

Core Values

- ◆ Service
- ◆ Integrity
- ◆ Prudence
- ◆ Relationships
- ◆ Teamwork
- ◆ Relentless Pursuit of Excellence

Achievements

For the fifteen year period 2004 through 2018 policyholders' surplus increased by \$24.5 million. Also, for the five year period 2014 through 2018 Rockford Mutual achieved a 99.9 net combined ratio. A.M. Best recognized these achievements by upgrading the Company rating to an A- in 2008 and maintaining that rating through 2018. Management is very confident the significant changes implemented to improve operations will also produce future positive results.

