

Financial Statements (\$000's)

	12/31/16	12/31/15
Balance Sheet		
Bonds	57,703	56,517
Stocks	4,472	3,540
Cash & short-term invest.	7,460	3,761
Home office building	2,578	2,486
Total Invested Assets	72,213	66,304
Premium balances	6,496	6,146
Reins. losses recoverable	2,300	2,985
Income taxes receivable	1,762	1,795
All other assets	1,001	1,288
Total Assets	83,772	78,518
Loss & LAE reserves	19,975	17,532
Unearned premiums	20,012	18,988
Drafts outstanding	1,643	1,653
Reins. balances payable	107	2,230
All other liabilities	4,665	3,091
Total Liabilities	46,402	43,494
Policyholders' Surplus	37,370	35,024
Total Liabilities & Surplus	83,772	78,518
Income Statement		
Premiums earned	46,473	45,382
Losses incurred	(22,580)	(20,405)
LAE incurred	(4,813)	(4,622)
Underwriting expenses	(18,873)	(17,200)
Underwriting Gain (Loss)	207	3,155
Net investment income	1,287	1,265
Realized capital gains	518	30
Other income	421	428
Operating Gain	2,433	4,878
Federal income tax	(700)	(250)
Net Income	1,733	4,628
Unrealized stock gains (losses)	435	(87)
Deferred tax asset change	159	(1,192)
Non-admitted assets	19	2,440
Surplus Increase	2,346	5,789

Key Financial Indicators (\$000's)

	12/31/16	12/31/15
Statutory Data		
Net loss & LAE ratio	58.9%	55.1%
Net expense ratio	39.7%	37.8%
Combined Ratio	98.6%	92.9%
Gross written premium	52,960	61,523
Net written premium	47,497	45,546
Net written to surplus	1.27	1.30
Premium by Line		
Personal automobile	21,526	20,409
Commercial multi peril	9,322	8,441
Homeowners multi peril	6,517	5,985
Personal liability	4,953	4,411
Commercial automobile	2,945	2,766
Farmowners multi peril	2,228	2,188
Workers Compensation	1,838	1,552
Other lines	2,408	2,476
Total Direct	51,737	48,228
Assumed Reinsurance	1,223	13,295
	52,960	61,523
Premium by State		
Illinois	43,890	53,478
Wisconsin	8,586	7,598
Indiana	484	447
	52,960	61,523

extracted from AM Best review and company reports



2016 Report

AM Best Rating

A- (Excellent)

527 Colman Center Drive
Rockford, IL 61108
(815) 229-1500
www.rockfordmutual.com

History

Rockford Mutual Insurance Company (RMIC) 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.

Officers:

President and Chief Executive Officer
Joseph P. DeChatelets

Secretary and Treasurer
Daniel L. Frost

Chief Operations Officer
Kent B. Shantz

Chief Information Officer
William W. Hanby

Chief Financial Officer and Comptroller
Mark A. McWethy

Vice-President – Marketing
Shane A. Heeren

Directors:

Dwight V. Shore – Chairman

Donald E. Yewell – Vice Chairman

John A. Beyer

Michael P. Dunn

Daniel L. Frost – Secretary/Treasurer

John R. Klockau

Mary K. Osborn

Rating Rationale

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

Current Rating Rationale:

The rating reflects the company's good risk-adjusted capitalization, historically strong operating performance, and local market expertise in its key operating states of Illinois and Wisconsin and experienced management team. The company's capital position is derived from historically strong operating results and modest underwriting leverage as well as low investment risk. RMIC's rating and outlook have been affirmed. A.M. Best views the rating outlook as stable (7/11/16).

Five Year Rating History

5/13/11	A-	5/30/14	A-
6/11/12	A-	5/21/15	A-
6/05/13	A-	7/11/16	A-

Regulatory

An independent audit of the Company's affairs through December 31, 2016, was conducted by CliftonLarsonAllen. An evaluation of reserves for unpaid losses and loss adjustment expenses was made as of December 31, 2016, by Towers Watson. An examination of the financial condition was made as of December 31, 2014, by the Insurance Department of Illinois.

Business Review

RMIC provides coverage for automobile, 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.

In addition, RMIC operates as a reinsurer of 14 mutual insurance companies located throughout Illinois and Wisconsin. The Company reinsures the property writings of the mutuals in Illinois and both property and casualty in Wisconsin. In Illinois, RMIC writes the liability portion of the farmowners and homeowners policies because Mutual State charters do not allow the mutual to write this coverage directly. The reinsurance contracts consist of excess of loss or quota share basis coverage and includes catastrophe protection. RMIC ceased reinsuring mutuals on May 1, 2016.

In 2016, the Company increased policyholders' surplus by \$2.3 million, mainly due to its underwriting performance and investment gains. For the five-year period 2012 – 2016, policyholders' surplus increased by \$9.4 million. A.M. Best has recognized these achievements by upgrading the Company rating to an A- in 2008 and maintaining that rating through 2016. Management is confident that the significant changes implemented to improve the results will also produce positive results in the future and we look forward to more prosperous years.

