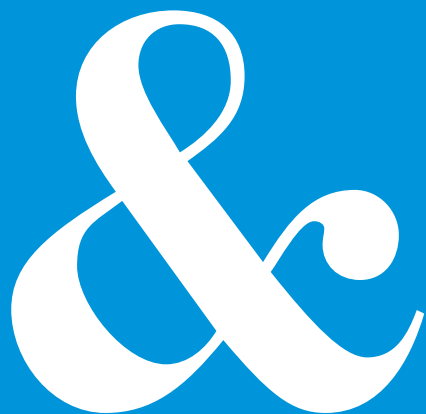




PEOPLE



PARTNER-SHIPS

2019 CORPORATE REVIEW



Insurance is a relationship business built on mutual trust, respect and a clear vision for the future. By working closely with our agent partners, we can provide the ingredients needed to grow and thrive: experience and engagement, innovation and inspiration, success and satisfaction.

From the President

To Our Customers:

We've seen significant changes at EMC recently: my becoming President and Chief Executive Officer following Bruce Kelley's retirement, our company returning to a mutual company structure, and the move to concentrate on commercial lines and discontinue writing personal lines. (You can read more details on page 23.)

I'm excited to lead EMC into the future by building on the success of our continued commitment to independent agents and serving our policyholders. With our talented and knowledgeable team in place across the country, we are ready to meet the future with our people and through our partnerships.



Scott Jean, FCAS, MAAA
President and Chief Executive Officer
March 2020



The people at EMC and the partnerships we cultivate with each other and our agents make it possible to improve lives across the country.

ABOVE, FROM LEFT TO RIGHT

MEYER LEHMAN, FCAS, MAAA, Executive Vice President of Finance and Chief Actuarial Officer

TODD STROTHER, J.D., Executive Vice President — Chief Legal Officer

SCOTT JEAN, FCAS, MAAA, President and Chief Executive Officer

BETH NIGUT, J.D., Executive Vice President — Chief People Officer

MICK LOVELL, CPCU, Executive Vice President — Chief Operating Officer

ERIC FAUST, CIOP, ACS, MCMC, CXAP, Executive Vice President — Chief Synergy Officer



THE MARKETING TEAM supports and enhances independent agency relationships with EMC.

EXPERIENCE

&

ENGAGEMENT

Our experienced team members are dedicated to building relationships and strong connections with our customers. This enables us to provide the valuable protection, customized service and financial security our customers count on.

CONNECTING WITH AGENTS

Our success is built on long-standing partnerships with experienced, professional agents who are committed to profitable growth and excellent service, just like we are. EMC has a long history of working with independent insurance agents to provide the coverage and protection our mutual customers need to help improve their lives.

Our offices are located in marketing territories close to our agents so we can continue to deliver outstanding customer experiences. Each of our 16 branch offices has underwriting, loss control, marketing and claims professionals ready to assist and work directly with agents and policyholders. Our agents know they can *Count on EMC®*.

Premium Growth

BEING CLOSE TO CUSTOMERS

We continuously evaluate and adjust our operations to better serve our customers. In 2019, we appointed a vice president of branch operations, put in place two regional vice presidents and implemented a cohesive and comprehensive strategy to work closely with key trading partners. Our enhanced branch office structure and corporate strategy position EMC for continued success in partnership with independent agents.

ACHIEVING PROFITABILITY

Our agents rely on EMC to have the right products and excellent service that our commercial policyholders expect. We concentrate on market segments that present opportunities to write profitable business, such as wholesalers and light manufacturers. And we develop new coverages, such as our updated EMC Choice® Financial Institutions and EMC Choice® Printers Programs.

Our Breweries and Wineries Program introduced in spring 2018 brought in an increase of more than 100% in new written premium. Combine that with a very low loss ratio and our Breweries and Wineries Program is proving to be our best new market success story.

EMC CHOICE PROGRAMS 2019 WRITTEN PREMIUMS

▲ **13.3%**

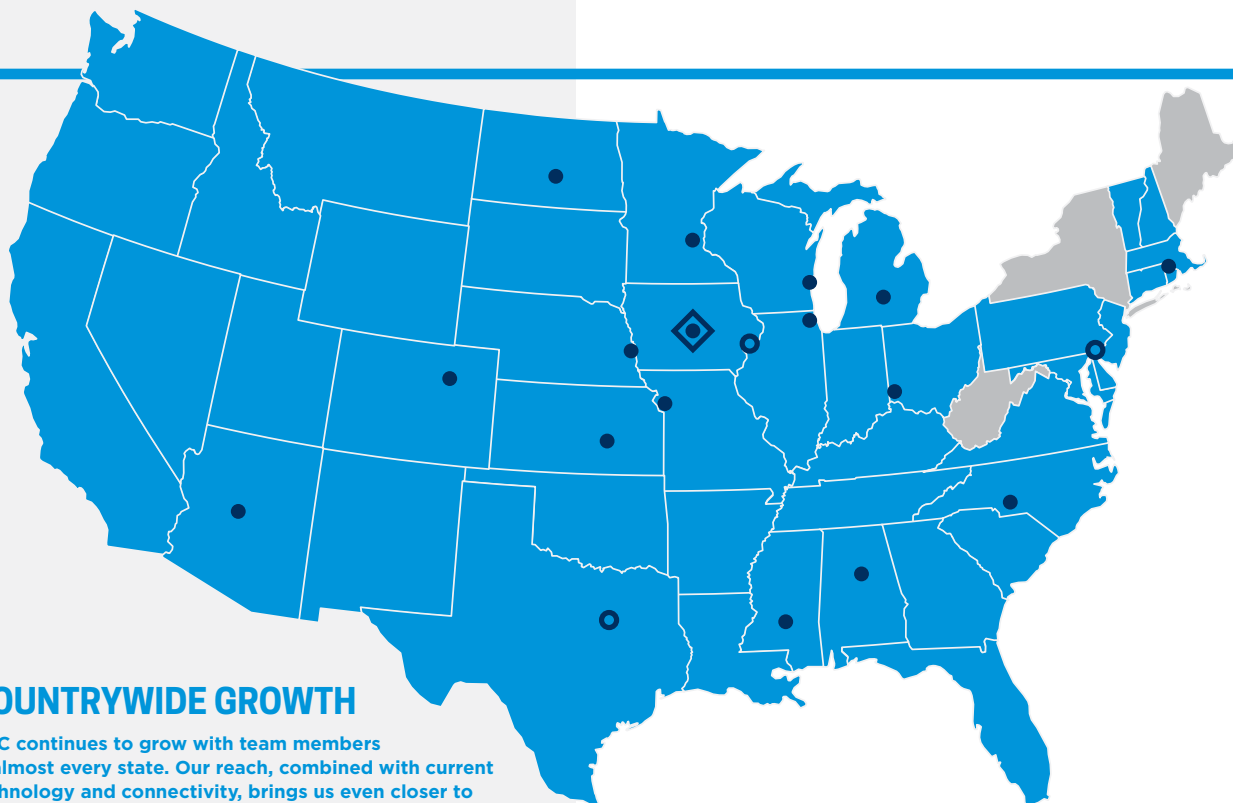
EMC CHOICE LIGHT MANUFACTURERS

▲ **20.9%**

EMC CHOICE WHOLESALERS

▲ **36.6%**

We are committed to flexibility and transformative thinking and to evolving our products and services to meet the ever-changing needs of our customers.



COUNTRYWIDE GROWTH

EMC continues to grow with team members in almost every state. Our reach, combined with current technology and connectivity, brings us even closer to our agents and policyholders.

Pacific Northwest

(Idaho, Oregon, Washington)
+ 21% Premium Growth

Southwest

(Arizona, California, Colorado, Nevada, New Mexico, Utah)
+ 20% Premium Growth

Corporate Office

◆ Des Moines

Branch Offices

- Birmingham
- Bismarck
- Charlotte
- Chicago
- Cincinnati
- Denver
- Des Moines
- Jackson

- Kansas City
- Lansing
- Milwaukee
- Minneapolis
- Omaha
- Phoenix
- Providence
- Wichita

Service Offices

- Dallas
- Davenport
- Valley Forge

EXPANDING LOSS CONTROL

Our loss control professionals work diligently to share valuable information with our policyholders and provide services to help prevent losses from occurring. We offer industry-leading engineering, environmental health, injury management and online services to EMC policyholders to help them improve safety in the workplace. Services include on-site industrial hygiene and indoor air quality surveys, chemical storage assessments, noise monitoring, hazard control assessments and ergonomic evaluations.

ONGOING PILOT TESTS TO REDUCE LOSSES

Aerial Intelligence

EMC is using drones to capture high-resolution imagery of roofs to identify ponding, displaced ballast, debris or other problems. As a result, we can provide our policyholders with actionable loss control solutions to help them plan repairs and preventive maintenance to improve roof resiliency and longevity. Last year, we completed flights over more than 300 policyholder locations.

We continued our partnership and investment in a company that provides property risk insights through applying deep learning technology to satellite and aircraft imagery sets. These analytics will be used for improved risk selection and prioritization of property activities, such as property surveys and drone flights.

Building Sensors

We continued to monitor the activity of more than 50 sensor packages installed in 17 school districts in 4 states. These systems provide alerts to schools for problems with their refrigeration equipment and instances of building water intrusion or leakage. By identifying pre-loss conditions and alerting schools of needed actions, multiple spoilage and water damage claims were prevented.

Wearable Sensors

Our partnership and investment in MākuSafe, an insurtech safety analytics company, continued in 2019 with pilot tests conducted at two large manufacturing plants in Des Moines. MākuSafe's wearable armband technology gathers real-time environmental and human motion data to identify workplace risks. Then, the MākuSmart platform uses machine learning to analyze the data, identify potentially hazardous trends and generate alerts for safety managers before an incident occurs—thus helping companies keep workers safer while reducing workplace accidents and workers' compensation claims.

ADVANCING OUR CUSTOMER EXPERIENCES

At EMC, our goal is to exceed expectations and provide our agency partners and policyholders with exceptional customer experiences.

Understanding, measuring and improving the customer experience begins with our internal team who gains more experience every day by:

- Building relationships with dozens of agencies and surveying agents to validate what's important to them
- Finding customer experience advocates throughout the company to identify, document and improve customer journeys

- Developing customer experience skills and achieving industry-recognized certifications
- Adding individuals with user experience and user interface design experience to the team
- Establishing the infrastructure to manage the customer experience through feedback, journey mapping and measurement

Propelling Our Team Members

We also are improving the experience for our internal team members so they can be more effective and efficient when providing services to our customers by using:

- Geocoding to give underwriters a better understanding of the company's saturation of risk
- Robotic process automation (RPA) to handle repetitive high-volume tasks giving our team members more time to develop relationships with our customers
- Improved metrics and monitoring capabilities to elevate our level of service and responsiveness

Partnering for Innovative Claims Solutions

EMC's claims estimatics area is partnering with a vendor to use artificial intelligence (AI) technologies for certain vehicle claims. The AI tool can analyze

KEEPING PEOPLE SAFE

More than

540,000

training modules were completed through SafeSchools, our partner in online training for school personnel

More than

16,000

surveys were conducted by EMC loss control staff

a vehicle photo, assess the damage and make repair estimates in a single step. This allows us to provide a quicker damage analysis and pay our policyholders sooner.

We are partnering with an analytics company to improve claim outcomes, prevent litigation and obtain appropriate medical providers and attorneys in workers' compensation claims.

To provide better customer service, the claims service center developed a searchable database for improved analytics.

Our special investigations unit is working with the leading provider of insurance fraud detection solutions to automatically flag suspicious claims. The system also highlights claims with no suspicious indicators, allowing streamlined processing and quick handling of valid claims. This means our customers can have a more positive, timely claims experience with EMC.

SUPPORTING OUR VIBRANT COMMUNITY

EMC HAS GROWN UP ALONGSIDE THE CITY OF DES MOINES, our home since we opened for business in 1911. We strongly support the city by contributing to its beauty and vibrancy because we want our community members to enjoy where they work and live.

Social Irrigation

For the third year, EMC sponsored Social Irrigation, the Greater Des Moines Botanical Garden's summer concert series. The event features artists across a wide variety of genres and locales, with bands from Denver, Kansas City and Nashville, along with many local favorites.



Fight for Air Climb

Fight for Air Climb was once again supported by EMC on behalf of the American Lung Association in Des Moines. This annual event raises funds for lung cancer research and local programs to help people who suffer from lung disease. Event participants race up the stairs of four downtown Des Moines buildings, two of which are owned by EMC.



EMC Overlook

In cooperation with the City of Des Moines Parks and Recreation Department, EMC was the major contributor to the development of the EMC Overlook. This triangular viewing platform extends from a bluff in MacRae Park providing stunning views of the Des Moines skyline, the Iowa State Capitol building and the Racoon River.

Music Under the Stars

EMC supports Music Under the Stars, a free summer concert series which takes place at the Iowa State Capitol. The concert series has been in the Des Moines community for 73 years and allows central Iowans to come together to enjoy performances by Iowa's own professional musicians.

Iowa High School Musical Theater Awards

EMC sponsored the Iowa High School Musical Theater Awards (IHSMTA) program for the second year in cooperation with Des Moines Performing Arts. IHSMTA celebrates the achievements of students involved in high school musicals across the state. Each year, the program makes an impact on more than 5,000 students, focusing on enhancing the talents of high school thespians and their schools' theater programs, while providing a platform for recognition.



DAM to DSM

EMC proudly sponsored the DAM to DSM event in 2019 to continue the tradition of a 20K run from the Saylorville Dam to downtown Des Moines. As the title sponsor, EMC is ensuring future athletes can take part in this one-of-a-kind event for years to come.

United Way

EMC and our team members throughout the country actively support United Way by donating both time and money. We are proud to work with United Way in their fight for health, education and financial stability of every person in our communities.



Girls on the Run

Girls on the Run is a physical activity-based program that supports girls in third through eighth grade by helping them build confidence through accomplishment and learn how to set and achieve life goals. EMC supports Girls on the Run because learning about the importance of movement and good nutrition at a young age can lead to happy, healthy futures.

“Strong community partnerships offer us a way to make a positive impact in the communities where our team members, customers and agents live and work.”

—MICK LOVELL, EVP-CHIEF OPERATING OFFICER

INNOVATION



INSPIRATION

Our culture of innovation at EMC inspires our team members to find new and better ways to collaborate and be successful. By combining technology, data and creative thinking, we can generate unique ideas and solutions for our evolving industry.

FOSTERING A CULTURE OF INNOVATION

EMC is recognized as a thought leader in insurance innovation by investing in relevant insurtech startups and supporting a culture of innovation. Monthly Innovation for Breakfast meetings are open to all team members to hear EMC executives and outside experts talk about innovation topics. In 2019, EMC team members explored the adoption of emerging technologies such as blockchain, artificial intelligence, the internet of things, autonomous vehicles, the workplace of the future and robotics process automation.

2019 INNOVATION BY THE NUMBERS

92

insurtech companies
evaluated

17

insurtech proof-of-concept
or pilots completed

5

additional investments made
in insurtech companies

While many of our innovation initiatives are driven from within, EMC emphasizes building effective and meaningful industry partnerships to inspire new ideas. EMC plays a leadership role in industry insurtech associations including the Global Insurance Accelerator, Plug and Play Technology Center and the InsurTech Alliance. EMC supported the top innovation conferences in 2019: Global Insurance Symposium, DigiIn, OnRamp and InsurTech Connect. We also continue to explore new startups and investments in insurtech companies.

TRANSFORMING OUR TECHNOLOGY

EMC is integrating technology into all areas of our business. This digital transformation initiative pushes us to think differently and ask ourselves how we can provide exceptional experiences for our policyholders, agents and team members.

The first and largest piece of EMC's digital transformation is to move our policy, billing and claims systems, along with supporting functionality, to one platform. Through a single, modern platform we'll be able to:

- Improve speed to market
- Reduce enterprise risk
- Enhance customer experiences
- Improve access to data and collaboration
- Improve operational efficiency



INFORMATION TECHNOLOGY AND AGILE TEAM MEMBERS work with EMC business units to deliver the best technology solutions quickly.

INSURTECH CORPORATE INNOVATION AWARD

EMC Insurance Companies received the Insurtech Corporate Innovation Award from Plug and Play, a Silicon Valley company that connects corporations to startups through industry-focused programs—proof of our culture of innovation and validation of the industry-leading work we are doing to engage our entire organization in the journey.

“One thing we love that EMC is doing is their Pop-Up Innovation Lab. This cross-functional team of EMC employees inspires and educates employees about new technologies, explores and researches the insurance impact of emerging technologies, and helps recommend solutions for EMC and their agency partners.”

—EUGENIO GONZALES, DIRECTOR OF PLUG AND PLAY VENTURES

Digital transformation is an ongoing effort as we work to continuously add value for our agents and policyholders, while also delivering better experiences to our team members. As technological change continues to accelerate, it's essential for EMC to put the right technology in place to enable new and better ways of doing business.

EMC's business expertise and technology transformation will create an environment with endless opportunities to serve our agents and customers.

The ultimate goal is to create industry-leading processes for the entire insurance lifecycle that enhance agent and customer experiences, provide more ways to meet their needs and improve those relationships.

ENHANCING OUR CULTURE

Our corporate culture is driven by our five core values: honesty and integrity, customer focus, collaboration, innovation, and driving results. We're committed to being adaptable and flexible and to making our culture better and stronger.

We believe our company's ability to thrive is directly connected to having a diverse workforce, an inclusive culture and a strong presence in our communities. We are committed to learning about others without judgment and expanding our lens through which we see situations and make decisions. We are confident

these targeted efforts will help us achieve our goals to recruit and retain top talent, which will ultimately drive profitable growth.

We are a company of choice because we embrace diversity, inclusion and equity and are creating a culture where all team members feel valued, respected and empowered. We're fortunate to have a dedicated team of professionals who are committed to EMC. Our EMC team members are engaged, and when asked why they love their jobs they use words such as opportunity, respect and success.

Our company's ability to thrive is directly connected to having a diverse workforce, an inclusive culture and a strong presence in our communities.



THE TALENT ACQUISITION TEAM
focuses on recruiting the best team
members to EMC.

DEVELOPING TEAM MEMBERS

With an aging workforce and low unemployment rate, attracting and retaining talent is more important and competitive than ever. EMC is solidly committed to the continuous growth of our team members from day one, motivating them to continue their careers with EMC.

From Day One: Our orientation process

Inspiring our team members starts the moment they walk through our doors and into our orientation process. As soon as team members join EMC, we want them to feel they are empowered to achieve their best in their careers at EMC.

Experience EMC: Our internship program

EMC's internship program, Experience EMC, is designed to create a pipeline of top talent and motivate college students to explore a career in insurance. From a unique career fair experience to building relationships with schools, our thorough, consistent internship program creates EMC enthusiasts before graduation.

MentorMatch: Our mentoring program

MentorMatch complements our existing training and development activities. This program offers the opportunity for team members to improve skills and build their knowledge by partnering and learning from a mentor who possesses related expertise.

EMC University: For new underwriting and claims professionals

Intense work on the development of EMC University (EMC U) began in 2019 with a dedicated agile team exploring what new hires need to succeed and what they should take away from their learning journey. Modules on EMC's structure and history and the fundamentals of insurance are ready, and the first cohort of students will attend EMC U in 2020.

Bismarck State College: Certificate for Insurance

EMC Insurance Companies partnered with Bismarck State College (BSC) to build insurance coursework into the college's curriculum. Students and professionals can advance their careers by obtaining a Certificate for Insurance through the business program at BSC.

SUCCESS

&

SATISFACTION

At EMC, we know how to use feedback to drive focus and boost results. We take the time to listen and analyze what we hear—then take action to implement the best possible solutions for improved performance. When we engage in this kind of two-way communication, we bring people together to accomplish shared goals and mutual success.

ASKING OUR AGENTS

Our annual survey of EMC agents consistently delivers valuable insight into what our agents expect from EMC. We use that feedback to prioritize our companywide projects—especially those directly related to customer experience. On the 2019 survey, our overall rating outperformed the average rating of our major competitors. In addition, EMC outperformed or matched the benchmark group of insurance carriers in almost every category (9 out of 11).

Our agents took the time to write nearly 1,500 comments, including:

“EMC has exceeded our expectations and outperformed our other carriers when it comes to communication and truly partnering with us to help win business.”

“EMC has become one of our key go-to markets. They have a broad appetite, are very responsive and can provide direction quickly on a new submission. They are vital to our commercial operation.”

“EMC is a top-notch carrier with solid underwriters who are quick and steady in both soft and hard markets.”





CLAIMS ADJUSTERS gather and share information with the goal of providing exceptional customer service.

BEST PRACTICES AWARD FROM BIG “I”

For the fourth consecutive year, EMC earned the Best Practices Award of Excellence from the Independent Insurance Agents & Brokers of America (IIABA or the Big “I”), which validates our commitment to independent agents. EMC is one of only seven companies in the nation to receive this award, which recognizes imaginative, outstanding and unique contributions in advocating Best Practices philosophies that enhance the independent agency system.

EXCELLENT CLAIMS SERVICE

EMC’s claims service consistently receives excellent customer service scores, yet we are always looking to raise the bar on our customer experience. We investigate every claim, we clearly explain what is covered and what is not covered, and then pay the claims we owe as quickly as possible. Our success is evidenced by our companywide claims customer service score of 4.8 (1-5 scale with 5 being best) at year-end 2019. Of those surveyed, 66% gave EMC a perfect score on our claims service.

TOP WORKPLACE IN IOWA

Once again, EMC Insurance Companies was named a Top Workplace in Iowa by *The Des Moines Register*. The list is based solely on team member feedback on a survey administered by a third-party research company. Several aspects of workplace culture are measured, including alignment, execution and connection. This distinction gives EMC a competitive advantage and demonstrates that we value our team members and are committed to helping them bring their best to work each day.

Other EMC office locations also received workplace awards based on team member assessments: Minneapolis, Cincinnati and Valley Forge.

NAMED BEST P&C COMPANY BY BUSINESS RECORD

For the third year in a row, EMC Insurance Companies was named the Best Property/Casualty Insurance Company in Central Iowa by the *Business Record* in its annual “Best of Des Moines” survey. *Business Record* readers vote in an online open-ended survey with more than 70 categories to determine the best businesses, people and organizations in Des Moines.

A portrait of Bruce Kelley, a middle-aged man with glasses, wearing a dark suit, white shirt, and a red and blue striped tie. He is standing outdoors with a blurred background of trees and a brick building. The name "BRUCE KELLEY" is printed in large, bold, white capital letters across the bottom right of the image.

BRUCE KELLEY

A LEGACY OF LEADERSHIP

BRUCE KELLEY began his career at EMC Insurance Companies on April 1, 1985, and retired on March 11, 2020.

Between 1991 and 2019 while CEO, the company grew: premiums climbed from \$505 million to \$1.9 billion, surplus increased from \$278 million to \$1.7 billion, and assets rose from \$1 billion to \$4.8 billion.

Notable achievements under Kelley's leadership include: constructing a 20-story office building (1997), affiliating with Hamilton Mutual Insurance Company to establish the Cincinnati Branch Office (1998), launching the *Count on EMC*® brand (2001), forming EMC National Life Company through the merger of Employers Modern Life and National Travelers Life (2003), celebrating 100 years in business (2011), achieving an upgrade of EMC's A.M. Best rating to A (Excellent) with a stable outlook (2013), and refocusing the company on commercial insurance (2019).

During his career, Kelley served on several national insurance association boards, including the American Association of Insurance Services, the American Property and Casualty Insurance Association, the Insurance Information Institute, ISO (now Verisk), the National Council on Compensation Insurance and the Property and Liability Resource Bureau. He is a past president of the Iowa Chartered Property Casualty Underwriter (CPCU) Chapter.

"I have been honored to lead the company that was founded by my great grandfather, John Alexander Gunn. The original focus of the company was selling workman's compensation insurance to employers in Iowa. And I am proud of how we have expanded the company to offering commercial lines property and casualty insurance products in more than 40 states."

—BRUCE GUNN KELLEY

Kelley earned his bachelor's degree in history and government from Dartmouth College and his Juris Doctor degree from the University of Iowa. Kelley holds the CPCU and Chartered Life Underwriter (CLU) designations.

As Kelley is committed to building and maintaining a strong, vibrant community, he will continue to serve as a board member for both EMC (Employers Mutual Casualty Company) and the EMC Insurance Foundation.

Kelley advanced the strong traditions of EMC: financial stability, high ethical business standards, and commitment to team members, independent insurance agents, policyholders and communities. His legacy of unwavering leadership will live on, inspiring team members to work together and value relationships.

FINANCIALS

Financial highlights of 2019 included strong net income and solid premium growth:

- **Net income of \$124.9 million, up from \$43.4 million at year-end 2018.** The primary driver was a \$90.3 million increase in realized capital gains (\$85.3 million of capital gains in 2019 compared to \$5.0 million of capital losses in 2018).
- **Net written premium of \$1.9 billion, an increase of 1.5% over 2018.** Net written premiums were up due to increased rate, exposure growth, strong retention, new business growth in commercial lines and growth within EMC Reinsurance (EMC Re).
- **Surplus of \$1.58 billion, a decrease of 5.2% over 2018,** due to the impact of the EMC Insurance Group Inc. (EMCI) stock buy-back and underwriting losses.
- **Trade combined ratio of 102.7,** driven by several severe fire losses, significant non-storm large losses in EMC Re and an increase in casualty claims.

BRANCH OFFICE OPERATIONS

In total, the branch offices finished the year with a reported loss ratio of 56.6% and written premium growth of 7.4% in commercial lines. Branch operations brought in \$24 million more premium than projected. Five branch offices had loss ratios below 50%:

- **Birmingham**
(with the lowest loss ratio of 34.5%)
- **Denver**
- **Phoenix**
- **Bismarck**
- **Providence**

Two branch offices stand out with low loss ratios over several years:

- Providence Branch has had a loss ratio **under 48% for 6 years in a row**
- Milwaukee Branch has had a loss ratio **under 50% for the last 9 out of 10 years**

BOND OPERATIONS

The outstanding performance of our bond operation once again contributed significantly to EMC's bottom line. Bonds finished the year with record premium of \$37.3 million, representing 4.6% growth. The Bond Department continues to outperform the industry with a loss ratio of 15.2%.

EMC REINSURANCE

The EMC Re trade combined ratio of 104.2 was higher than projected due to significant non-storm large losses. EMC Re wrote \$20.5 million more premium than expected ending the year with a total of \$178.6 million net written premium. Policyholder surplus for EMC Re grew 6.8% to \$220.9 million.

FINANCIAL STRENGTH AND LONG-TERM ISSUER CREDIT RATINGS REAFFIRMED

A.M. Best reaffirmed the ratings for EMC Insurance Companies:

- Financial Strength Rating (FSR) of A (Excellent)
- Long-Term Issuer Credit Rating (Long-Term ICR) of "a+"

The outlook of these credit ratings is stable. The following is an excerpt from the A.M. Best news release:

The ratings reflect EMC Insurance Companies' balance sheet strength, which A.M. Best categorizes as strongest as well as its adequate operating performance, neutral business profile and appropriate enterprise risk management ... A.M. Best's assessment of the group's balance sheet strength as strongest is based on its strongest level risk adjusted capitalization at the VaR 99.6% confidence level, strong reserves, consistently positive earnings and surplus growth.

2019 Financials

UNDERWRITING OPERATIONS	2019	2018	2017	2016	2015
Net Written Premiums	\$ 1,910,680,443	\$ 1,881,985,297	\$ 1,775,016,618	\$ 1,707,990,395	\$ 1,646,080,754
Net Earned Premiums	\$ 1,908,465,942	1,830,940,895	1,738,669,078	1,687,204,644	1,620,443,074
Losses Incurred	\$ 1,087,358,812	1,069,163,073	994,972,212	951,285,042	865,949,565
Ratio to Earned Premiums	57.0%	58.4	57.2	56.4	53.4
Loss Adjustment Expenses	\$ 216,752,761	176,624,641	216,224,105	150,064,546	195,130,914
Ratio to Earned Premiums	11.4%	9.6	12.4	8.9	12.0
Other Underwriting Expenses	\$ 621,027,158	593,485,367	550,261,820	524,355,997	507,013,335
Ratio to Written Premiums	32.5%	31.5	31.0	30.7	30.8
Net Underwriting Gain (Loss)	\$ (16,672,789)	(8,332,186)	(22,789,059)	61,499,059	52,349,260
Policyholder Dividends	\$ 33,652,635	34,717,836	35,550,847	31,512,691	30,453,940
Ratio to Earned Premiums	1.8%	1.9	2.0	1.9	1.9
Combined Loss & Expense Ratio	102.7%	101.4	102.6	97.9	98.1

NET INVESTMENT GAINS	2019	2018	2017	2016	2015
Net Investment Income Earned	\$ 96,613,078	98,118,667	99,006,981	98,953,027	102,201,576
Net Realized Capital Gains (Loss)*	\$ 85,302,773	(4,971,336)	26,799,375	24,105,581	13,769,419

FINANCIAL RESULTS	2019	2018	2017	2016	2015
Net Income	\$ 124,856,728	43,353,388	73,418,181	122,189,458	110,858,203
Net Admitted Assets	\$ 4,839,878,713	4,659,112,598	4,596,644,318	4,392,197,854	4,173,650,357
Liabilities	\$ 3,264,703,649	2,996,709,128	2,883,722,717	2,758,931,663	2,668,411,209
Surplus	\$ 1,575,175,064	1,662,403,470	1,712,921,601	1,633,266,191	1,505,239,148

*Net of tax

Branch Offices

BRANCH OFFICE	BRANCH MANAGER	YEAR OPENED	TERRITORY	TEAM MEMBERS	AGENCIES REPRESENTED	2019 WRITTEN PREMIUM
Birmingham	Paulette J. Johnson, CPCU, AU, INS, AIS	1982	Alabama, Florida, Georgia, Tennessee	54	116	\$ 51,654,046
Bismarck	Marilyn R. Ternes, CPCU, AU, INS	1957 (Dakota Fire) 1973 (EMC Branch)	Idaho, Montana, North Dakota, Oregon, Washington	63	120	\$ 90,076,176
Charlotte	Craig A. Bruder, M.B.A., CPCU, ARM, ACI, CAWC	1975 (Charlotte) 1946 (Valley Forge)	Delaware, Maryland, New Jersey, North Carolina, Pennsylvania, South Carolina, Virginia, Washington, D.C.	138	147	\$ 156,029,603
Chicago	Jeff P. Jamison, ARM	1937	Illinois	49	148	\$ 64,188,691
Cincinnati	Philip A. Goedde, CPCU, CIC	1858 (Hamilton Mutual) 1997 (EMC Branch)	Indiana, Kentucky, Ohio	71	164	\$ 104,880,873
Denver	Gary D. Alford, CPCU, ARM, AU, AIM, ARe	1981	Colorado, Utah, Wyoming	60	87	\$ 96,389,854
Des Moines	John T. Schumacher, CPCU	1911	Iowa	139	420	\$ 213,754,523
Jackson	Coleman W. Cummins, CPCU, AU, AIM	1966	Louisiana, Mississippi	43	73	\$ 74,767,184
Kansas City	John W. Mitchell, CPCU	1962	Arkansas, Missouri, Kansas (NE)	64	105	\$ 70,159,556
Lansing	Derek J. Bleil, CPCU, CIC, AINS	1940	Michigan	82	79	\$ 101,102,483
Milwaukee	David R. Young, M.B.A., CPCU, CFA, ARM-P, AU, AIAF	1956	Wisconsin	88	67	\$ 106,183,820
Minneapolis	Jerry K. Harlow, CPCU, AU	1942	Minnesota	56	153	\$ 92,207,225
Omaha	Jay Sillau, CPCU	1939	Nebraska, South Dakota	70	170	\$ 116,153,659
Phoenix	Douglas P. Lincoln, CPCU, CLU, AINS, AU, ChFC	1958	Arizona, California, Nevada, New Mexico	75	116	\$ 82,535,751
Providence	William G. Arnold, M.B.A., CPCU, CIC, ARM, AIS	1863 (Union Mutual) 1968 (EMC Branch)	Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont	50	73	\$ 70,819,297
Wichita	Michael L. Akin, CPCU	1934	Kansas, Oklahoma, Texas	161	240	\$ 234,564,850

Business Units

OPERATION	MANAGEMENT	TERRITORY	BUSINESS
EMC Bond Department	James D. Clough	Available in most states	<p>Primarily contract surety bond business</p> <p>Direct written premium \$37.3 million 4.6% growth</p> <p>15.2% loss ratio</p>
EMC Risk Services, LLC	Barbara A. Sullivan	Available in most states, depending on statutory requirements	Multiline, third-party administrator offering claims administration, cost management and loss control services
EMC Reinsurance Company (EMC Re)	Mondale W. Smith	<p>88% domestic U.S. business</p> <p>12% international</p>	<p>Reinsurance business through intermediaries</p> <p>104.2 combined ratio</p> <p>Written premium \$178.6 million 18.6% increase</p>
EMC Underwriters, LLC	Marcel D. Boggs	Available in most states	Excess and surplus lines company offering specialty coverages on a direct basis, along with property and casualty coverages, as well as using available alternative market approaches
Personal Lines	Tanya R. Wentzel	Discontinued in October 2018	Written premium \$17.3 million

Leadership

CHIEF EXECUTIVE OFFICER (THROUGH MARCH 11, 2020)

Bruce G. Kelley, J.D., CPCU,
CLU

PRESIDENT AND CHIEF EXECUTIVE OFFICER (AS OF MARCH 11, 2020)

Scott R. Jean, FCAS, MAAA

EXECUTIVE VICE PRESIDENTS

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Meyer T. Lehman, FCAS,
MAAA, *Chief Actuarial Officer*

Mick A. Lovell, CPCU,
Chief Operating Officer

Beth A. Nigut, J.D.,
Chief People Officer

Todd A. Strother, J.D.,
Chief Legal Officer

SENIOR VICE PRESIDENTS

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Chief Risk Officer

Ian C. Asplund, M.S., FCAS,
MAAA, CERA, *Chief Strategy
Officer*

Daniel C. Crew, CPCU, CIC,
CRM, *Chief Underwriting
Officer*

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FLMI, *Chief Investment Officer*

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ABC, *Chief Brand Officer*

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Field Officer

Mark E. Reese, CPA, Chief
*Financial Officer and
Treasurer*

Joe R. Riesberg, Chief
Information Officer

Lisa A. Simonetta, J.D., Chief
Claims Officer

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CSP, AU

Carey R. Verschuure, CIA,
CISA, *Chief Audit Officer*

Meg M. Weist, J.D.

Matt G. Wentzel, CPCU, AIM

Tanya R. Wentzel, M.P.A.,
CPCU, CIC, AU

Deidre N. Williams, MIS,
CCMP, CSM

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AU, ARM-P, AIAF, CFA

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AR, AIM, AU

Derek J. Bleil, CPCU, CIC,
AINS

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ARM, ACI, CAWC

Coleman W. Cummins, CPCU,
AU, AIM

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Jeff P. Jamison, ARM

Paulette J. Johnson, CPCU,
AU, AIS, INS

Douglas P. Lincoln, CPCU,
CLU, AU, ChFC, AINS

John W. Mitchell, CPCU

Mark C. Neubauer

John T. Schumacher, CPCU

Marilyn R. Ternes, CPCU, AU

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Karey S. Anderson, CFA

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Lee J. Bailey

Katie A. Bleil, CPCU

Michael R. Boggs, CPCU

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CPP, ARM

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Ron E. Zoss

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Lynette S. Bent, CTP, FLMI

Marcel D. Boggs, AINS

Christine M. Brandenburg,
CPCU, AIC, AIM, AR, AIT,
SCLA-Gold

Chad D. Buresh, CLA

Jason A. Clark, FCAS, MAAA

Tammi M. Dickey, AINS

Gary J. Friess, AIC, AINS

Casey L. Harvey, CPCU, AR

Brian L. Hendrickson, CPCU,
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ACS

Jill M. Joss, CPCU, CIDM,
AIC, API

Traci A. Larsen, CRM, IGP,
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Pat A. Martin, M.B.A., CPCU,
PMP, AIT, CSPO

Thomas C. McEntee

Patty L. Miller, J.D.

Doug W. Nuehring, CPCU,
AR, AIAF

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CFA

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Jeffrey L. Roe

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API

Matt W. Trost, FCAS, MAAA

Douglas S. Van Zanten, J.D.,
CPCU

Scott D. Whitaker, MCM

Todd D. Witke, J.D.

ASSISTANT CONTROLLERS

Laura L. Ladd, CPA

Current as of March 2020

Officer Changes

GARY ALFORD, Resident Vice President and Denver Branch Manager, was selected to serve as manager over both the Denver and Omaha Branches. EMC will continue to have full-service offices in both locations.

PAULA FINKELMAN was appointed to the position of Providence Branch Manager in January 2020.

VICKI FREESE retired as President of EMC Reinsurance in early 2020 after heading EMC Re for three years and working in reinsurance since 1987.

BOB LINK, Senior Vice President—Chief Administrative Officer, retired in November 2019 after working for EMC since 1978.

PHIL LUCCA, assumed the newly created position of Vice President—Branch Operations in November 2019 with responsibility for management and leadership of all branch offices. At the same time, the branch offices were realigned into three geographic territories: Eastern Region, Central Region and Western Region.

MARK NEUBAUER was named Resident Vice President and Milwaukee Branch Manager to replace David R. Young who was selected as Regional Vice President—Central Region.

JAY SILLAU retired in January 2020 as the Resident Vice President and Omaha Branch Manager.

MONDALE SMITH, Vice President, was selected to head EMC Reinsurance in July 2019. He has worked in both assumed and ceded reinsurance at two different Fortune 300 insurance carriers and has an 18-year career in the property/casualty insurance industry.

DAVID R. YOUNG was chosen to fill the newly created position of Regional Vice President—Central Region in November. Prior to that, Young was the Milwaukee Branch Manager. He is responsible for the six branches in the Central Region: Chicago, Des Moines, Kansas City, Milwaukee, Minneapolis and Wichita.



WILLIAM G. ARNOLD, Providence Branch Manager, passed away on Nov. 17, 2019. Bill was an exceptional individual with a positive attitude that inspired others, and we appreciate his dedicated service to EMC.

Board of Directors

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Practicing Attorney and Shareholder
Bradshaw, Fowler, Proctor & Fairgrave, P.C.
Des Moines, Iowa

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BCC Advisers
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Retired Executive Vice President for Corporate Development
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Altoona, Iowa

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Retired President and CEO
EMC Insurance Companies
Des Moines, Iowa

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Koch Office Group
Des Moines, Iowa

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Golden Valley, Minnesota

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Retired Chief Administrative Officer
Towers Perrin Reinsurance
Media, Pennsylvania

David S. Ziegler
Owner
Ziegler's Ace Hardware
Elgin, Illinois

2019 Highlights

RETIREMENT AND APPOINTING A NEW LEADER

Following a 35-year career, Bruce Kelley retired from EMC in March 2020. On Jan. 3, 2020, Scott Jean became President of EMC and, on March 11, 2020, took over the role of President and Chief Executive Officer. Jean formed a new executive leadership team to reflect diverse leadership styles and experience, which will be vital in guiding the company in an evolving industry.

RETURNING TO A MUTUAL STRUCTURE

On Sept. 18, 2019, EMC Insurance Group Inc. (EMCI) shareholders voted in overwhelming support of Employers Mutual Casualty Company's (EMCC) acquisition of all the shares of EMCI stock that EMCC did not already own. This simplified our corporate structure and eliminated the extra costs, regulatory burdens and divergent financial and operational expectations that came with maintaining a publicly traded company. The transaction also allowed the minority shareholders of EMCI to immediately realize substantial cash value of their investments at a price that was determined to be fair by two different financial advisory firms.

STRATEGIC DECISION FOR COMMERCIAL LINES

After careful consideration, EMC decided in late 2018 to focus on commercial lines, as well as EMC Reinsurance and EMC National Life, and to discontinue writing personal lines. As a result, little impact was seen on our commercial lines business or on our relationships with our agents. Realigning our resources to concentrate on commercial lines is in the best interest of the future success of our agents and our company.



Our mission is to grow profitably through partnership with independent insurance agents and to enhance the ability of our partners to deliver quality financial protection to the people and businesses we mutually serve.

Employers Mutual Casualty Company

EMC Insurance Group Inc.

Dakota Fire Insurance Company

EMC Reinsurance Company

EMCASCOS Insurance Company

EMC Underwriters, LLC

Illinois EMCASCOS Insurance Company

EMC Property & Casualty Company

EMC Risk Services, LLC

Union Insurance Company of Providence

EMC National Life Company (Affiliate)

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