



Building Relationships

Annual Report
2018

Message

To Policyholders, Agents and Co-workers:

Relationships have been the cornerstone of our company's legacy since we were founded in 1914. *Security, Appreciation* and *Respect* are the foundation for relationships, and that is why they are our defined corporate values. By bringing the promise of those values to life each day for our policyholders, agents, and co-workers, and operating with great precision to continually strengthen our position in the marketplace through our key strategies, we build and maintain these important relationships.

It was these relationships and staying true to our mutual heritage that paved the way for 2018 to be another historic year for us. Working together to provide the coverages and services that are important to individuals and businesses also enables us to continue to post strong financial results.

Highlights included:

- Net Written Premium of \$1,039 million, more than \$27 million over plan.
- Combined Ratio of 97.1, which was better than our plan of 98.0 and our best combined ratio since 1978.
- Policyholders' Security Fund grew to \$1.02 billion, exceeding the previous year by more than \$30 million.

During the past year, we grew by 7 percent, compared to industry growth of 5.4 percent, and for the first time in a decade, we had a net income before tax of over \$100 million. In addition, *Insurance Business America* magazine named Utica National a top insurance workplace. What made this honor especially gratifying was that it was based on a survey of more than 200 employees who anonymously provided their overall impressions of our organization.

Our team members make our company what it is and what it will become. We continue to invest in our people so that we have the right teams to deliver the products, service and technology our customers and policyholders need. We will continue to work to keep and – better yet – improve our position in the marketplace by differentiating ourselves from our competitors.

From year to year, we have a tremendous opportunity to reach new heights while building on our successes, all while responding to an ever-changing insurance market. Our team members take this opportunity to heart. This is a commitment that we take seriously as we continue the legacy of meeting others' needs, which began more than a century ago and positions us to keep doing so well into the future.



Richard P. Creedon, Esq.
*Chairman of the Board and
Chief Executive Officer*



Kristen H. Martin
*President and
Chief Operating Officer*

A handwritten signature in black ink that reads "Richard P. Creedon".

Richard P. Creedon, Esq.
*Chairman of the Board and
Chief Executive Officer*

A handwritten signature in black ink that reads "Kristen H. Martin".

Kristen H. Martin
*President and
Chief Operating Officer*

About Utica National

Utica Mutual, the principal company of Utica National Insurance Group (“Utica National”), was founded in 1914 as a workers compensation carrier. The billion-dollar organization consists of 14 companies, 10 insurance companies and 4 non-insurance companies.

Utica National is among the top 100 property/casualty insurance organizations in the country. The Group first began selling its insurance policies through independent agents in 1928 and now has a distribution network of over 2,600 agents and brokers.

The Group’s products include a wide range of commercial and personal coverages and it is a recognized insurer for various specialized markets including for the automobile service industry, educational institutions, religious institutions, non-standard auto, volunteer fire departments and agents’ errors and omissions.

Utica National is headquartered in New Hartford, New York, and has approximately 1,200 employees nationwide. The Group is rated A- (“Excellent”) with a stable outlook by A.M. Best Company.

Home Office

180 Genesee Street
New Hartford, New York 13413

Agents’ Errors & Omissions Insurance

180 Genesee Street
New Hartford, New York 13413

Eastern Regional Office

201 Lafayette Street
Utica, New York 13502

Founders Insurance Company

1350 East Touhy Avenue
Suite 200W
Des Plaines, Illinois 60018

Founders Insurance Company

8777 Purdue Road
Suite 107
Indianapolis, Indiana 46268

Middle Atlantic Regional Office

1100 Boulders Parkway, Suite 300
Richmond, Virginia 23225

New England Regional Office

201 Edgewater Drive, Suite 295
Wakefield, Massachusetts 01880

New York Metropolitan Regional Office

1000 Woodbury Road, Suite 400
Woodbury, New York 11797

Republic-Franklin Regional Office

2 Easton Oval, Suite 225
Columbus, Ohio 43219

Southeastern Regional Office

3237 Satellite Boulevard
Building 300, Suite 450
Duluth, Georgia 30096

Southwestern Regional Office

2435 N. Central Expressway
Suite 400
Richardson, Texas 75080

District Claims Office

130 John Muir Drive
Amherst, New York 14228

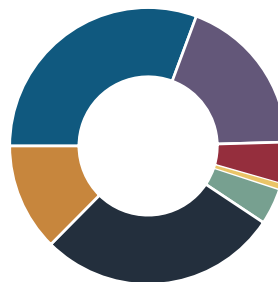
Utica National’s Year

	2018	2017
Net Premiums Written	\$1,039,266,203	\$971,284,000
Admitted Assets	2,999,889,475	2,884,699,227
Policyholders’ Security Fund	1,020,877,192	990,266,744
Net Premiums Earned	1,004,748,150	931,085,606
Ratio of Losses Incurred to Premiums Earned	50.81%	52.17%
Ratio of Loss Adjustment Expenses Incurred to Premiums Earned	11.88%	12.29%
Ratio of Underwriting Expenses Incurred to Premiums Written	33.12%	32.95%
Ratio of Dividends Incurred to Premiums Earned	1.26%	0.88%
Combined Underwriting Ratio	97.06%	98.29%
Underwriting Income	\$30,763,449	\$10,915,096
Net Investment Income (Including Realized Capital Gains or Losses)	87,975,421	80,673,454
Dividends to Policyholders	12,702,189	8,212,071
Net Income Before Federal Income Taxes	105,993,540	83,475,711
Federal Income Taxes	13,798,813	21,139,140
NET INCOME FROM OPERATIONS	92,194,727	62,336,571
Gain to Policyholders’ Security Fund	\$30,610,448	\$66,165,328

All figures in this report relating to Utica National’s property/casualty insurance operations refer to the combined results of the following companies: Utica Mutual Insurance Company, Graphic Arts Mutual Insurance Company, Republic-Franklin Insurance Company, Utica National Insurance Company of Texas, Utica Lloyd’s of Texas, Utica National Assurance Company, Utica Specialty Risk Insurance Company, Utica National Insurance Company of Ohio, Founders Insurance Company, and Founders Insurance Company of Michigan.

Quality of Invested Assets

Weighted Average A1/A+

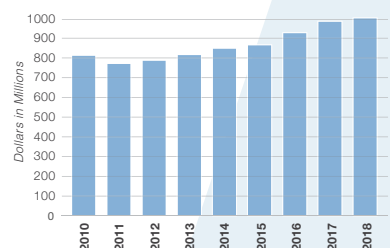


- A/A – 30.7%
- BBB/Baa – 18.9%
- Below BBB/Baa/NR – 4.9%
- Cash & Equivalents – 0.6%
- US Gov’t Agency – 4.3%
- AAA/Aaa – 28.1%
- AA/Aa – 12.6%

2018 Financial Highlights

- Assets – **\$3.0 billion**
- Direct Written Premium – **\$1.1 billion**
- Policyholders’ Security Fund – **\$1.0 billion**
- Dividends to Policyholders – **\$13 million**
- Liabilities – **\$2.0 billion**
- Ratio of Premium to Surplus – **1.01 to 1**

Policyholders’ Security Fund



Board of Directors

Utica Mutual Insurance Company

as of May 31, 2019

Richard P. Creedon, Esq. * †
Chairman of the Board and Chief Executive Officer of the Company

Kristen H. Martin
President and Chief Operating Officer of the Company

Russell A. Acevedo, M.D.,
FACP, FCCM, FCCP † ‡
Medical Director of Intensive Care;
Crouse Hospital, Syracuse, NY

C. William Bachman ** † ‡ † ‡ †
Retired; Cohber Press, Rochester, NY

Paul A. Hagstrom, Ph.D. ** †
Professor of Economics; Director of the Arthur Levitt Public Affairs Center; Hamilton College, Clinton, NY

Gregory M. Harden † † † † † † †
Retired; Harden Furniture Company, McConnellsville, NY

Zelda J. Holcomb, Ph.D. * † † † † † †
Retired; Holcomb Associates, LLC, Educational Consulting Group, Columbia, MD

Nicholas O. Matt † † † † † †
Chairman and Chief Executive Officer; Matt Brewing Company, Utica, NY

Peter J. O'Neill ** †
Retired; Agway, Inc., DeWitt, NY

Timothy R. Reed † † † † † † †
Consultant; Utica, NY

Linda E. Romano, Esq. † †
Attorney at Law; Bond, Schoeneck & King, Utica, NY

Eric K. Scholl ** †
Private Investor/Consultant; Anna Maria, FL

* Executive Committee Member

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† Personnel, Compensation and Benefits Committee Member

‡ Audit Committee Member

◇ Nominating and Corporate Governance Committee Member

≠ Enterprise Risk Oversight Committee

⊖ Strategic Planning Oversight Committee

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Utica National CEO, 1987-2000;
Chairman of the Board, 1988-2006

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Roy A. Cardia

Jerry J. Hartman

J. Douglas Robinson

John R. Zapisek

Republic-Franklin Insurance Company

C. William Bachman

Richard P. Creedon, Esq.

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Gregory M. Harden

Zelda J. Holcomb, Ph.D.

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Linda E. Romano, Esq.

Eric K. Scholl

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Chairman of the Board and Chief Executive Officer of the Company

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President and Chief Operating Officer of the Company

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C. William Bachman

Gregory M. Harden

Zelda J. Holcomb, Ph.D.

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Catherine Guilfoyle, CPCU

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Shannon M. Harjer, MA,
CPCU, AIC, ARM

Kristen H. Martin

Armando Martinez

Cory J. Rasmussen

Other Member Companies and Subsidiaries

Founders Insurance Company of Michigan

Pillar Premium Finance Company

UNI-Service Life Agency, Inc.

UNI-Service Operations Corp.

Utica National Assurance Company

Utica National Insurance Company of Ohio

Utica National Insurance Company of Texas

Utica Lloyd's, Inc.

Utica Lloyd's of Texas

Utica Specialty Risk Insurance Company

Officers

Utica Mutual Insurance Company

as of May 31, 2019

Richard P. Creedon, Esq. * ◇
Chairman of the Board and Chief Executive Officer of the Company

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President and Chief Operating Officer of the Company

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President and Chief Operating Officer, Founders Insurance Company

Executive Vice President

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CIC, CRM, AU ◇

Franklin E. Zurschmit ◇

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Assistant Secretary

Elizabeth A. Morrissette

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CPCU, AIC, ARM

Armando Martinez

Cindy M. Mathes

Cory J. Rasmussen

* Management Committee Member

◇ Operating Committee Member



Utica National Insurance Group
Insurance that starts with you.®

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