



# STRENGTH IN NUMBERS

ANNUAL REPORT



1635 West National Avenue • Milwaukee, Wisconsin 53204 • 414/383-1234 • 800/837-7833  
[badgermutual.com](http://badgermutual.com)



The Heart of Your Insurance Protection

**COMPANY OVERVIEW**  
DAVID M. KANE | PRESIDENT/CEO

How do you measure success? Is it achieving certain financial results or meeting a budget or sales goal?

It certainly can be any one of those objectives, but as a mutual insurance company, we believe success comes down to something much more basic:

*Did we meet the expectations of our policyholders?*

In 2016, we asked our customers to rate us on our claims handling. Our survey measured satisfaction levels in six different areas, including responsiveness, communication, and accuracy.

Overall, **Badger greatly exceeded or exceeded policyholder expectations 66 percent of the time.** These results demonstrate our continued commitment to providing superior service each and every day.

Throughout this year’s report, we share the details of the claims survey along with many more metrics of our company and operations. When it comes to the great debate of quantity versus quality, in our case they are one in the same. That’s because the power behind these numbers—our employees and agents—is what drives our success now and in the years to come.



**BOARD OF DIRECTORS** .....

- |   |  |
|---|--|
| <b>Santino R. Cicero</b> Chairman of the Board<br>Retired Senior VP BMO Harris Bank | <b>John R. Linscott Jr., M.D.</b><br>Board Certified Family Medicine Lakeshore Medical Clinic Ltd. |
| <b>D. Lisa Graff</b><br>Retired Corporate Counsel Dematic Corp.                     | <b>Vincent P. Lyles</b><br>President and CEO Boys & Girls Clubs of Greater Milwaukee               |
| <b>Scott A. Henkel</b><br>Partner Chortek LLP                                       | <b>Bartley L. Munson</b><br>Actuarial Consultant Munson & Associates                               |
| <b>David M. Kane</b> President and CEO<br>Badger Mutual Insurance Company           | <b>Stephen J. Streff</b><br>Vice President Streff Insurance Services Corporation                   |
| <b>Steven C. Klima</b><br>CPA Financial Consultant                                  | <b>Stuart H. Warrington</b><br>Retired Vice President Inspire Insurance Solutions                  |



**STRENGTH IN NUMBERS**



# WE'RE MORE THAN 80K POLICIES STRONG

**Julie Bender** | Claims Adjuster, 12 years

Our insured rear-ended another vehicle in this auto accident. Julie promptly investigated the accident, confirmed the facts, and accepted liability. She settled the claims for the damaged vehicle and the injuries sustained by Tom, the driver of the rear-ended car, and his passenger. Tom's company was dragging its feet and not communicating with him, so Tom was very pleased with Julie's help.

"I think that if other companies responded as promptly, accurately, truthfully, and as courteously as you have, there would be a lot less litigation going on. You have done a great job for me! Your company is lucky to have an employee as on top of things as you are. If I decide to change insurance companies for my home/auto/ATV/boat, you will be the first person I will contact for an agent in my area. As I've said before, you are the best. Again, thank you for all of your help."

**Jared Huntemann** | Claims Supervisor, 8 years

A hit-and-run accident damaged the sign outside the insured's bar. Jared confirmed the damage but did not agree with the cost to replace the sign. Instead, he located a repair firm that completed the work to the insured's satisfaction—for \$3,000 less than the first estimate. It turned out to be a win-win for all involved.

"The insured stopped in to tell us the great job Jared did and how impressed he was. He said Jared threw his assumptions about 'claims adjusters' out the window—he loved that Jared was 'a regular guy.' As much as Jared may be a 'regular guy,' the service that he provided was beyond regular. It was extraordinary, and the insured was very grateful. From underwriters to claims adjusters, whether agents in our office or with clients, one thing is true across the board with Badger Mutual—the amazing people that continue to provide great service. We continue to love working with you guys, and this is a testament as to why."

**Ivana Golubic** | Claims Adjuster, 8 years

Another claim where our insured rear-ended another vehicle. The claimant appreciated the professional way Ivana treated her and the attention she gave to their claim. This was a large claim that was negotiated without the need for attorneys. The process was very well done on Ivana's part and the policyholder was happy.

"I just wanted to thank Ivana Golubic for being extremely informative and helpful through this very upsetting and trying period in our lives—and for assisting me with the knowledge I needed to handle all the documentation for me and my family."

**John Conway** | Claims Adjuster, 10 years

John was able to quickly reach an agreement with the policyholder's local body shop on the price to repair a vehicle that was damaged after striking a deer. The customer appreciated the great job he did in keeping him posted every step of the way throughout the entire process.

"Good evening, John! I believe this to be a fair evaluation of the repair cost—I understand and appreciate that it's a little less because of your effort to find a more reasonable cost on a few of the parts. It's with complete satisfaction that I can say you and your company have done your job very well. I will happily remain with you always and refer you to others who may believe that the bigger insurance companies are their best option! (It's not true.) My experience working with you, John, and all of the employees at Badger Mutual speaks volumes on your commitment to your clients."

**Gary Diener** | Claims Adjuster, 1.5 years

Our policyholder had wind damage to her roof. Gary located a local contractor and negotiated an agreed upon price. Repairs were soon completed and the homeowner was happy with the seamless claim.

"It is a comfort to know Badger Mutual is such a top-notch company. I am very impressed with your help and recommendation of the roofing contractor. He has been very professional with answering any questions I had, as well as very knowledgeable with the work their company performs. Thanks again, Gary!"

**Quinton Gustavson** | Claims Adjuster, 2 years

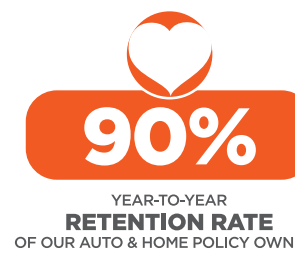
A claim for damage caused by a fallen tree was reported to Badger Mutual on Thursday, August 11. By the following Monday, the claim had been settled and payment was issued. The homeowner was happy about the streamlined process.

"Regardless of the stress and trauma I've incurred during this ordeal, you and your team did your best job to assure me that everything was going to be taken care of without any doubt. I am very grateful for you and your team, especially having talked with many roofers about just how difficult dealing with other insurance companies can be. But your empathetic approach—almost as though you took my situation as though it were your own—goes far beyond what my words can say. I would like to say thank you for all you've done."

## PERSONAL LINES

"Insuring families has always been the cornerstone of our business. Changes in the past year have resulted in better coverage for them—at an average savings of 15 percent."

– **Brian Wiza** | Vice President of Underwriting



**LEFT TO RIGHT**  
Lynn Ludke  
Colleen Wolf  
Pam Heidenreich  
Jeff Pierce  
Tyler Protz  
Matt Balkowski  
Brian Wiza  
Kevin Shepherd  
Lynda Strzykalski  
Diana Kirk  
Dawn Koralewski  
(Rhonda Parys  
not pictured)

## COMMERCIAL LINES

"Our commercial policies are uniquely tailored to meet the individual needs of our customers. Our new Cyber Liability protection is an example of how we are adapting to protect our policyholders from ever-emerging threats." – **Brian Wiza** | Vice President of Underwriting



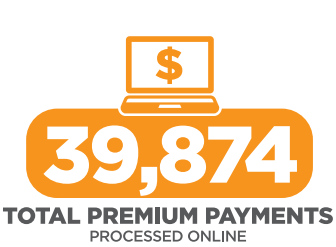
**TOP ROW**  
Sonia Perez  
Jennifer Mohney  
Brian Wiza  
Chad Bubeck  
Ben Zielinski  
Matt Larvick  
Melanie Hollstein  
**BOTTOM ROW**  
Shelly Cubias  
Some Random Guy  
Kris Wagner  
Sharon Clemens  
Mary Baranowski

## INFORMATION TECHNOLOGY & MARKETING

“Our IT department offers cutting-edge technology, security, and service. Our marketing department delivers value by combining our unique products with a personal touch. Stay tuned for even greater innovations and solutions!” – **Dan Nigro** | Senior Vice President of IT and Marketing

## ACCOUNTING

“We provide a dynamic and ever-improving service based on the needs of our customers.”  
– **Darrin Groendal** | Vice President of Accounting and CFO



### TOP ROW

Sean Costello  
Brian Wochele  
Mike Haeger  
Andy Thiede  
Abe Rohde  
Tom Boser  
Jeff Limberg

### BOTTOM ROW

Greg Mrzyglod  
Melissa Prunty  
Dan Nigro  
Mary Pat Fenton  
(Jeff Kolmodin  
not pictured)

### TOP ROW

Toula Hellauer  
Daliborka Kojic  
Rose Hoban  
Dan Czernicki  
Debbie Taylor  
Guadalupe Flores  
Mark Miresse

### BOTTOM ROW

Debbie Podlesnik  
Darrin Groendal  
Lisa Samski  
(Margaret Warner  
not pictured)

## ADMINISTRATION

“Our department ensures the smooth daily operations of the company. From the switchboard to the mailroom, we provide an invaluable service to our employees and policyholders.”  
– **Laura Michna** | Assistant Vice President of Administration

## HUMAN RESOURCES

“Our department strives to attract, develop, and retain a talent pool of employees by raising awareness of the stable and rewarding careers at Badger Mutual.”  
– **Kelly Jaynes** | Director of Human Resources



### LEFT TO RIGHT

Denise Hoglund  
Patty Allender  
Javon Alston  
Anna Sladky  
Kathleen Hernandez

### LEFT TO RIGHT

Mark Zierer  
Joy Bilicki  
Jenny Zubek  
Theresa Perry

CLAIMS

“The claims department is the epicenter of the company. We fulfill the promise to protect our policyholders and their assets.” – Kathy Bubeck | Vice President of Claims

21,700  
TOTAL CLAIMS PAID

\$71M  
IN CLAIMS PAID

92%  
OF POLICYHOLDERS  
SAID THEIR CLAIMS EXPERIENCE  
MET OR EXCEEDED EXPECTATIONS

98%  
OF POLICYHOLDERS  
WERE PLEASED WITH THE WAY  
CLAIMS WERE PAID

206 YEARS  
OF COMBINED TEAM  
SERVICE WITH BMI

9 OUT OF 10  
POLICYHOLDERS WERE  
SATISFIED WITH THE ACCURACY  
OF THEIR CLAIM

- TOP ROW  
Alex Szulczewski  
Jared Huntemann  
Nikki Alston  
Kathy Bubeck  
Minu Perez  
Rosanne Kubicek  
Dan McNeely  
Cassandra Kirk
- BOTTOM ROW  
Tom Theusch  
Jared Huntemann  
Joe Macaluso  
Julie Bender  
Quinton Gustavson



- TOP ROW  
Lori Loveless  
Aga Jesmanowicz  
Ivana Golubic  
Gary Diener  
John Conway  
Dan Filo  
Chris Klemens  
Doug Pedersen  
Roxie Grabarczyk
- BOTTOM ROW  
Chelsea Sanchez  
Greg Voigtschild  
Kathy Markgraf  
Chris Centeno

MAKING A DIFFERENCE IN THE COMMUNITY

“We are proud to support local organizations that help strengthen our neighborhoods, inspire our youth, and enrich our community.” – David Kane | President and CEO



69  
WISHES GRANTED  
OVER 12 YEARS FOR  
MAKE-A-WISH WISCONSIN

5 STUDENTS  
FROM BRUCE GUADALUPE SELECTED  
FOR THE BADGER MUTUAL WALL OF  
FAME SCHOLARSHIP PROGRAM

28 YEARS  
OF OUTSTANDING PERFORMANCE  
BY BRUCE GUADALUPE STUDENTS  
RECOGNIZED BY BMI



- AMBASSADORS  
Nikki Alston  
Julie Bender  
Chris Centeno  
Sharon Clemens  
Cassandra Kirk  
Diana Kirk  
Chris Klemens  
Laura Michna  
Kathy Markgraf  
Minu Perez  
Melissa Prunty  
Anna Sladky  
Jenny Zubek

## STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31

ASSETS	2016	2015	2014
Cash & Short-Term Securities .....	\$1,912,654	\$11,577,246	\$18,170,745
Bonds (Amortized Cost) .....	130,445,262	117,423,563	109,183,445
Stocks (Market Value) .....	10,760,594	9,594,158	6,326,586
Mortgage Loans .....	2,065,380	2,110,395	2,867,506
Real Estate .....	6,653,399	7,151,449	7,636,174
Accrued Investment Income .....	714,525	701,010	876,985
Premium Balances .....	14,534,715	14,806,743	14,953,387
Company Owned Life Insurance .....	4,390,385	4,353,541	4,198,564
Deferred Taxes/ Federal Taxes Receivable .....	5,633,647	6,064,526	3,777,544
Loss Recoverable from Reinsurers .....	345,318	48,482	103,409
Computer Hardware .....	145,778	233,536	57,355
<b>Total Assets .....</b>	<b>\$177,601,657</b>	<b>\$174,064,648</b>	<b>\$168,151,700</b>

## OPERATING RESULTS AS OF DECEMBER 31

STATEMENT OF INCOME	2016	2015	2014
Premiums Written .....	\$97,387,257	\$98,626,959	\$100,737,883
Change in Unearned Premiums .....	648,231	270,968	(398,066)
Reinsurance Ceded .....	(9,909,020)	(7,671,944)	(7,740,968)
<b>Premiums Earned .....</b>	<b>\$88,126,468</b>	<b>\$91,225,983</b>	<b>\$92,598,849</b>
Losses Incurred .....	\$52,329,235	\$54,407,750	\$58,343,768
Loss Adjusting Expenses Incurred .....	9,419,590	9,042,888	10,355,136
Underwriting Expenses Incurred .....	25,806,701	26,059,628	26,262,332
<b>Underwriting Gain (Loss) .....</b>	<b>\$570,942</b>	<b>\$1,715,717</b>	<b>(\$2,362,387)</b>
Net Investment Income .....	\$3,323,037	\$1,976,123	\$4,356,074
Other Income .....	456,702	502,628	545,664
Dividends to Policyholders .....	(92,029)	(99,127)	(53,925)
Federal Income Taxes .....	-405,734	54,535	54,014
<b>Net Gain (Loss) .....</b>	<b>\$4,664,386</b>	<b>\$4,040,808</b>	<b>\$2,431,412</b>
Net Premium/Surplus Ratio .....	1.31	1.42	1.50
Percentage Growth in Premiums Written .....	-1.26%	-2.25%	1.15%

LIABILITIES & SURPLUS	2016	2015	2014
Reserves for Losses & Adjusting Expenses .....	\$53,877,445	\$54,673,878	\$53,667,513
Reserve for Unearned Premiums .....	41,258,297	41,906,528	42,177,496
Reserve for General Expenses .....	4,876,009	4,609,600	5,058,892
Reserve for Premiums Paid in Advance .....	1,181,685	1,316,207	1,280,199
Reinsurance Payable .....	1,211,972	845,919	1,080,876
Reserve for Federal Income Taxes .....	0	0	53,984
Reserve for Pension Benefits .....	7,210,154	5,910,722	2,236,651
Reserve for Other Liabilities .....	988,574	646,669	690,247
Policyholder Surplus .....	66,997,521	64,155,125	61,905,842
<b>Total Liabilities &amp; Surplus .....</b>	<b>\$177,601,657</b>	<b>\$174,064,648</b>	<b>\$168,151,700</b>

