



2019 ANNUAL REPORT

# BUILDING A BRIGHT FUTURE.

*It's an exciting time to lead such an incredible group. We're thrilled to be bringing inspiration, technology and opportunity into the future with us while still remaining caring, humble and appreciative of the past.*



A company with as rich a history as Badger Mutual makes its mark on the neighborhoods in which it's built. I, and all of our Badger employees, have great respect for the history of this company, the structures we built, the presidents who took this office before me and for every individual that made us who we are today.

Although our company organized in 1887 and incorporated in 1891, it wasn't until 1895 that Badger Mutual, formerly German Mutual Fire Insurance Society, rented our first office space right down the road from our current location. In 1912, we built a new building on 16th and West Walker and stayed there until we outgrew the

space in 1937. This brings us to 2020 where we have resided at our current historic location for 83 years.

Like the many presidents before me, I wanted to invoke a new sense of pride and culture in our Badger community – creating something that would be the cornerstone of our success. Technology is my background, but I wholeheartedly believe that it is our employees in whom we need to invest every ounce of our attention. My goal is simple: to create a healthy work-life balance, provide innovative tools and develop leadership that both challenges and motivates our employees to be the foundation on which our success is built.

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**- DAN NIGRO**

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In my first year as president I worked to lay the groundwork for this goal by creating an inspiring environment the moment you step through the door. Our new headquarters, located in the revitalized Brewery District on the west side of downtown Milwaukee, featuring the latest amenities, visibility and energy, will do just that – sure to inspire everyone from the most tenured employee to the aspiring job candidate waiting to interview.

While we prepare for the move, we continue with our system transformation and infrastructure upgrades which will grant us the flexibility needed to evolve well into the future of insurance.

Additionally, we brought on board our first Chief Operating Officer of the company who comes with 30 plus years of experience from our valued agency-partner side of the business. Dan Wolfgram will not only help lead, motivate and inspire our employees but he also brings industry knowledge that will help catapult us to that next level we have been primed to get to.

We hope you feel the same energy that's being generated from these changes and, together, we can keep riding this trajectory for years to come.





# HISTORIC COMPANY. START UP MENTALITY.

*While our rich history could let us rest on our laurels, our attitude pushes us to be a leader of insight and forward-thinking solutions while remaining focused on our customers and culture.*

By definition, a startup company is young, just getting on its feet and beginning to develop. So how would a company with over 130 years of business, rooted deeply in Milwaukee, have anything in common with a startup? It's all in the mindset. It's part of what makes our historic company unique.

Unlike standard startups, our age and history have extraordinary benefits to tout, like our edge in the marketplace

that has been cemented by the mutually authentic relationships we have built with our esteemed agency partners. Not to mention, 133 years of providing superior insurance protection - coupled with compassion and dependability - has established us as a customer-centric, yet innovative, player in the industry. And lastly, over a century of mentorship and career development has allowed us to dial in on an engaging corporate culture, symbolized by our team

of knowledgeable, empathetic associates who are eager to grow our footprint in the ten states we serve.

So, where does our startup mentality come into play? It's pretty simple. While we have always leaned into our rich history to set us apart from the rest, we find ourselves at a monumental point where it is our future, combined with that unique history, that will scale our success – and the success of all of our stakeholders – to new heights.

**New heights as a local business and philanthropic leader in Milwaukee. New heights as a dependable resource throughout all ten of our territories. New heights as a business that attracts and retains employees whose talent and integrity**

**are unparalleled. And new heights as an innovative regional carrier in the insurance industry.**

Startups cannot rest on their laurels, or on their rich history. They have to be forward thinking and innovative, competing daily in order to thrive. They need to understand the importance of being agile, responsive and customer-focused. They need urgency when it comes to cutting edge products and coverages, and patience when it comes to treating each agent and policyholder as an individual - not just a number.

At 133 years young, with our heart still at the core of all we do, Badger Mutual Insurance is a startup company.

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**WE FIND OURSELVES AT A MONUMENTAL POINT WHERE IT IS OUR FUTURE, COMBINED WITH THAT UNIQUE HISTORY, THAT WILL SCALE OUR SUCCESS.**

**- DAN WOLFGAM**

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# PAVING THE WAY FOR SUCCESS.

*We're building a bright future one result at a time. We're excited to continue on this trajectory after a successful 2019.*

## OPERATING RESULTS

As of December 31, 2019

Statement of Income	2019	2018	2017
Premiums Written	\$125,427,079	\$114,184,839	\$103,726,887
Change in Unearned Premiums	(3,941,358)	(3,876,557)	2,084,916
Reinsurance Ceded	(24,427,877)	(22,399,704)	(16,205,513)
<b>Premiums Earned</b>	<b>\$97,057,844</b>	<b>\$87,908,578</b>	<b>\$89,606,290</b>
Losses Incurred	\$60,730,487	\$51,759,165	\$52,710,579
Loss Adjusting Expenses Incurred	9,794,166	11,923,002	11,259,029
Underwriting Expenses Incurred	28,136,939	26,585,117	26,187,452
<b>Underwriting Gain (Loss)</b>	<b>(\$1,603,748)</b>	<b>(\$2,358,706)</b>	<b>(\$550,770)</b>
Net Investment Income	\$3,869,296	\$2,607,667	\$3,400,918
Other Income	738,854	191,224	361,409
Dividends to Policyholders	-95,311	-79,250	-78,142
Federal Income Taxes	-431,767	-655,771	453,665
<b>Net Gain</b>	<b>\$3,340,859</b>	<b>\$1,016,706</b>	<b>\$2,679,750</b>
Net Premium/Surplus Ratio	1.37	1.31	1.25
Percentage Growth in Premiums Written	9.85%	10.08%	6.51%

## STATEMENT OF FINANCIAL POSITION

As of December 31, 2019

Assets	2019	2018	2017
Cash & Short-Term Securities	\$3,763,310	\$5,659,051	\$217,455
Bonds (Amortized Cost)	142,591,481	135,379,115	135,076,945
Stocks (Market Value)	11,614,322	8,719,039	10,412,554
Mortgage Loans	1,504,272	1,551,360	2,017,320
Real Estate	5,124,562	5,672,851	6,158,334
Accrued Investment Income	724,614	750,692	815,002
Premium Balances	19,113,114	17,920,925	16,011,061
Company Owned Life Insurance	4,847,280	4,331,703	4,747,612
Deferred Taxes/Taxes Receivable	3,667,298	4,962,589	4,694,621
Loss Recoverable from Reinsurers	944,019	331,652	403,929
Computer Hardware	284,195	100,911	126,781
<b>Total Assets</b>	<b>\$194,178,467</b>	<b>\$185,379,888</b>	<b>\$180,681,614</b>

Liabilities & Surplus	2019	2018	2017
Reserves for Losses & Adjusting Expenses	\$57,996,473	\$56,963,510	\$52,204,150
Reserve for Unearned Premium	46,247,695	42,684,811	39,173,381
Reserve for General Expenses	6,023,612	5,890,770	5,619,213
Reserve for Premium Paid in Advance	1,819,369	1,276,495	1,246,127
Reinsurance Payable	882,285	1,366,835	3,868,920
Reserve for Federal Income Taxes	0	0	330,098
Reserve for Pension Benefits	7,002,150	6,668,426	7,591,088
Reserve for Other Liabilities	701,972	495,234	739,107
Policyholder Surplus	73,504,911	70,033,807	69,909,530
<b>Total Liabilities and Surplus</b>	<b>\$194,178,467</b>	<b>\$185,379,888</b>	<b>\$180,681,614</b>

# TEAM. BUILDING.

## BOARD OF DIRECTORS

**Santino R. Cicero** Retired Senior Vice President BMO Harris Bank, **Dan Nigro** President/CEO, **Stuart H. Warrington** Retired Insurance Systems Executive, **Stephen J. Streff** President Streff Insurance Services, **John R. Linscott Jr., M.D.** Board Certified Family Medicine, **D. Lisa Graff** Retired Corporate Counsel Dematic Corp., **Vincent P. Lyles** System Vice President Community Relations Advocate Aurora Health Care, **Steven C. Klima** CPA, Financial Consultant, **Scott A. Henkel** CPA, Partner Chortek LLP, **Joseph Packee** Managing Director, Co-Head of Global Industrial Investment Banking, Robert W. Baird & Co.

## EXECUTIVE TEAM

**Dan Nigro** President/CEO, **Sean Costello** Director of Marketing, **Brian Wiza** Vice President Underwriting, **Joanna Glaser** Corporate Counsel, **Dan Wolfgram** Chief Operating Officer, **Laura Michna** Assistant Vice President Administration, **Darrin Groendal** Vice President/Chief Financial Officer, **Kelly Jaynes** Director of Human Resources, **Andy Thiede** Director of Information Technology, **Kathy Bubeck** Vice President Claims/Corporate Secretary







# A STRONG COMMUNITY STARTS WITH A SOLID FOUNDATION.

*Giving back is more than just dollars and cents. We're here to make a difference because we care. Between both employee and corporate efforts, \$190,997 was donated to our community partners and throughout the Milwaukee community in 2019.*



## United Community Center (UCC)

To celebrate our 30th year partnering with the UCC, we've signed on for another five year commitment to help provide academic scholarships to five exceptional students each year. Additionally, we celebrated our 5th Annual La Galleria Luncheon – a collaboration with Bruce Guadalupe Community School and Acosta Middle School Art Programs to celebrate student artists.



## Badger Mutual Insurance Women's Amateur

In 2019, we were the presenting sponsor of the 20th annual Badger Mutual Insurance Women's Amateur at Brown Deer Golf Course, raising over \$16,000 for Sojourner Family Peace Center & LOTUS Legal Clinic, who advocate for and support victims of domestic and sexual violence in our community.



**BOYS & GIRLS CLUBS**  
OF GREATER MILWAUKEE

## Boys & Girls Clubs of Greater Milwaukee

Our employees are proud partners and supporters of our local club location, the Don & Sallie Davis Boys & Girls Club. We are also the proud corporate sponsor and donor to the organization's Holiday Wrap Party and Giving Tree initiatives.



## COA Youth & Family Centers

We supported the COA Youth & Family Centers in its 21st annual Hollywood Gala and Parents of the Year Luncheon.



## Make-A-Wish Wisconsin

At the 2019 Walk for Wishes, a team of 137 Badger employees raised a total of \$20,146 – our largest team and pledge to date – to help grant wishes for children living with life-threatening medical conditions. We were also the proud sponsor of Wish Night, Gourmet Wishes and Golf for Wishes.



## United Way

In addition to our \$16,000 corporate donation, Badger employees donated another \$16,000 to our 2019 United Way Campaign.







## Cristo Rey Jesuit High School Milwaukee

Our Student Sponsorship brings four students into our Marketing, Claims, Accounts and Human Resources departments as part of the school's innovative Work Study Program. We also sponsored the school's Ignite. Invest. Impact. Campaign.



## United Performing Arts Fund

In addition to our \$3,000 corporate donation, Badger employees topped that number, donating another \$3,945 to the cause.



## Sixteenth Street Community Health Centers

In November 2019, we were the proud Silver Sponsor of the charity's Milwaukee Celebrity Roast.

## NATIVITY JESUIT ACADEMY

### Nativity Jesuit Academy

Nativity Jesuit Academy's mission is to replace the cycle of poverty with a cycle of hope and opportunity. Badger was honored to be a 2019 Scholarship Dinner Sponsor in our first partnership with the school.



