

2020

A N N U A L R E P O R T



GREATER HEIGHTS.

For all of us here at Badger, 2020 will be remembered as a year that was both challenging and inspiring, reminding us of the mindset that our company was founded on over 130 years ago. A mindset shaped by resolve, fortitude, and heart. One that—even during a global pandemic—continues to deepen our relationships with agency partners and policyholders alike.

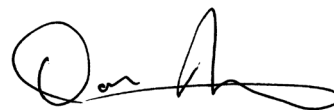
Working together, our team thoughtfully reacted and quickly

"If this year has proven anything, it's that when we invest and believe in our team, the sky is the limit."

responded to whatever company decision, regulatory update, CDC guideline, agent concern, and insured's plea that we faced. We continued to break the status quo in order to stick to our core beliefs of compassion and reliability, resulting in a more personalized approach than ever before. With an unwavering focus on consumer-first solutions, we provided customized financial relief to our insureds through sensible underwriting, payment flexibility and waiving of installment fees, and an incredibly successful *Shared Deductible Program* that saved eligible policyholders an average of \$187. And even in the midst of an ever-changing climate around us, we were able to ramp up employee development, support our

agency partners and policyholders, and innovate our products and systems.

I know this year was a test to many of us, myself included. But I have no doubt that together we can push forward, make great strides, and continue learning along the way. If this year has proven anything, it's that when we invest and believe in our team, the sky is the limit.



DANIEL W. NIGRO

President/CEO, Badger Mutual Insurance Company



EXECUTIVE TEAM

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

BOARD OF DIRECTORS

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

STRONG LEADERSHIP

O N T H E R O A D A H E A D.

UPWARD NUMBERS.

With the wheels we set in motion during 2019 – new headquarters, new talented faces, and new tactics – 2020 was slated to be a record-breaking year for Badger. And even with the unscripted pivots we had to make, our team was able to turn challenges into triumphs and produce a top-five year in terms of profitability, growth, and service.

OPERATING RESULTS

As of December 31, 2020

Statement of Income	2020	2019	2018
Premiums Written	\$131,699,926	\$125,427,079	\$114,184,839
Change in Unearned Premiums	(3,222,240)	(3,941,358)	(3,876,557)
Reinsurance Ceded	(26,200,997)	(24,427,877)	(22,399,704)
Premiums Earned	\$102,276,689	\$97,057,844	\$87,908,578
Losses Incurred	\$59,230,452	\$60,730,487	\$51,759,165
Loss Adjusting Expenses Incurred	10,669,232	9,794,166	11,923,002
Underwriting Expenses Incurred	29,914,374	28,136,939	26,585,117
Underwriting Gain (Loss)	\$2,462,631	(\$1,603,748)	(\$2,358,706)
Net Investment Income	\$5,705,157	\$3,869,296	\$2,607,667
Other Income	663,480	738,854	191,224
Dividends to Policyholders	(120,972)	(95,311)	(79,250)
Federal Income Taxes	729,083	(431,767)	(655,771)
Net Gain	\$7,981,213	\$3,340,859	\$1,016,706
Net Premium/Surplus Ratio	1.33	1.37	1.31
Percentage Growth in Premiums Written	5.00%	9.85%	10.08%

STATEMENT OF FINANCIAL POSITION

As of December 31, 2020

Assets	2020	2019	2018
Cash & Short-Term Securities	\$6,630,552	\$3,763,310	\$5,659,051
Bonds (Amortized Cost)	148,792,809	142,591,481	135,379,115
Stocks (Market Value)	17,436,974	11,614,322	8,719,039
Mortgage Loans	0	1,504,272	1,551,360
Real Estate	3,889,940	5,124,562	5,672,851
Accrued Investment Income	740,693	724,614	750,692
Premium Balances	19,423,470	19,113,114	17,920,925
Company Owned Life Insurance	5,978,037	4,847,280	4,331,703
Deferred Taxes/Taxes Receivable	4,102,938	3,667,298	4,962,589
Loss Recoverable from Reinsurers	1,856,085	944,019	331,652
Computer Hardware	396,130	284,195	100,911
Total Assets	\$209,247,628	\$194,178,467	\$185,379,888

Liabilities & Surplus	2020	2019	2018
Reserves for Losses & Adjusting Expenses	\$61,071,347	\$57,996,473	\$56,963,510
Reserve for Unearned Premium	49,469,934	46,247,695	42,684,811
Reserve for General Expenses	7,222,801	6,023,612	5,890,770
Reserve for Premium Paid in Advance	1,883,477	1,819,369	1,276,495
Reinsurance Payable	1,873,566	882,285	1,366,835
Reserve for Federal Income Taxes	0	0	0
Reserve for Pension Benefits	7,742,507	7,002,150	6,668,426
Reserve for Other Liabilities	842,139	701,972	495,234
Policyholder Surplus	79,141,857	73,504,911	70,033,807
Total Liabilities and Surplus	\$209,247,628	\$194,178,467	\$185,379,888

HELPING OUR COMMUNITY MOVE FOR

*Between both employee and corporate efforts, over **\$200,000** was donated to our community partners and throughout the Milwaukee community during 2020.*



21st Annual Badger Mutual Insurance Women's Amateur

Presenting Sponsor | **\$18,500** raised to benefit Sojourner Family Peace Center & LOTUS Legal Clinic and their efforts in supporting domestic abuse and human trafficking victims in Milwaukee



Boys & Girls Clubs of Greater Milwaukee

Corporate Sponsor of the Holiday Toy Drive | Distributed more than **1,500 toys** to youth Club members



Community Insurance Information Center (CIIC)

Sponsored Housing Resources Inc. to support homebuyers in underserved Milwaukee communities



African American Chamber of Commerce of Wisconsin

Established Silver Corporate Membership | Contributed to the 14-week entrepreneurial training program, RISE MKE, which provides business development education to entrepreneurs in Milwaukee



COA Youth & Family Centers

Corporate Sponsor of 21st Annual Gala to support the educational, recreational, and social work programs offered to Milwaukee children, teens, and families



Cristo Rey Jesuit High School - Milwaukee

Corporate Sponsor of Ignite. Invest. Impact Campaign | Continued our Corporate Work Study Program commitment, which included a rotation of four students working throughout various departments (September – March)

WARD.



Make-A-Wish Wisconsin

86 wishes granted since 2001 | Corporate Sponsor of various in-person and virtual events, including Wish Night 2020, Walk for Wishes, and Quarantine Christmas | Employees contributed over **\$25,000** through their fundraising efforts during January's Chili Cook-Off and August's Walk for Wishes virtual event



United Community Center (UCC)

31st year of providing the Badger Mutual Youth Wall of Fame Scholarships | Hosted the **6th Annual La Galleria celebration**, benefitting the Bruce Guadalupe Community School & Acosta Middle School Art Programs



STEM Forward

Volunteered employee time and talent to teach computer coding in local middle school classrooms | Corporate financial contributions promoted STEM education and careers to students across southeastern Wisconsin



Nativity Jesuit Academy

Corporate Sponsor of the Golf Outing and Scholarship Gala, supporting their mission to provide holistic education to K4-8 students



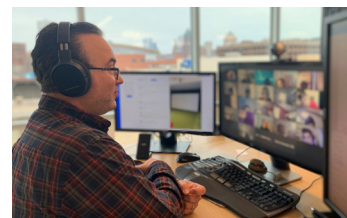
Sixteenth Street Community Health Centers

5-Year Sponsorship Pledge | As the new owner of our former National Avenue headquarters, they have reinvented the space as a center for comprehensive community health services for Milwaukee's southside families



United Way

Employee Contribution to the 2020 Campaign: **\$14,096.30** | With a corporate match, contributed **\$28,192.60** to the Greater Milwaukee & Waukesha County chapter's mission to fight for health, education, and financial stability for all in our community



T H E T E A M T H A T S N A C K S

STAYS TO



T O G E T H E R , GETHER.



In a year that distanced us physically, it was more important than ever to come together safely without sacrificing our commitment to employees, policyholders, and the community. Alongside customized relief for policyholders, we served up something pretty appetizing too:

#SociallyDistantSnacking

We saw how small business owners—many of which were Badger policyholders—were struggling during the pandemic and we knew we had to help. In a matter of hours after the shut-down in March, #SociallyDistantSnacking was born, allowing us to support our policyholders by placing weekly lunch orders for the skeleton crew in our home office, agencies throughout the territories we serve, and remote employees and their families. We then took the lunch orders a step further, creating a social media campaign to encourage friends, families, and industry colleagues to do the same.

2021

L O O K I N G A H E A D

If 2020 showed us anything, it's that greatness can come when we think outside the box. With the talent and tools in place, there's no telling how far our team can take us this year.





