

# ANNUAL REPORT



Badger Mutual  
INSURANCE

2021



Badger Mutual<sup>®</sup>  
INSURANCE

# CONTROLLING WHAT WE CAN. PLANNING FOR WHAT WE CAN'T.

Located in the heart of Milwaukee's hospitality district, we are just blocks away from our city's most impressive buildings – some new, some old, but all part of one of my favorite skyline views as I head into the office on my morning commute. I'm reminded every day on my drive just how important a strong foundation is. Without which, the buildings that create the city skyline would not be able to stand so strongly, so firmly. It is that foundation that allows them to reach bigger heights, to weather storms and to persist unwaveringly throughout the years.

Much like those buildings, we must also provide strength, adaptability and security in the face of many things that are out of our control: severe weather patterns and merciless storms, a pandemic that stretched far longer than any of us could have imagined, and a myriad of day-to-day challenges within an ever-changing professional landscape. However, by setting our sights on what we can control, the building blocks of

our business – **our relationships, customer service, and ease of doing business** – we continue to rise.

Year over year, these building blocks are our priority. They're what allow us to continue evolving and improving our business - focusing on taking our products, service and culture to the next level. By controlling what we can control, we remain the heart of your insurance protection: a real voice on the phone, our hands outstretched in partnership with our agents, policyholders and employees. Badger is stronger than ever, and even with 135 years under our belt, we continue to build.



## DAN NIGRO

President/CEO, Badger Mutual Insurance Company



# BADGER MUTUAL BUILDING BLOCKS

## **NEW HEADQUARTERS**

Located in the center of MKE's Hospitality District.

## **INDUSTRY ENGAGEMENT**

Increased presence and partnership with industry trade associations throughout our West and Midwest territories.

## **GROWTH & PROFITABILITY**

Consistently achieving financial goals outlined in our strategic plan.

## **INVESTING IN OUR PARTNER AGENTS**

Learning what it takes to be an independent agent and incorporating that feedback into key corporate initiatives.

## **ENHANCED COMMUNICATION & RESOURCES**

Keeping our partner agents up to date through various communications, such as the quarterly newsletter.

## **PRODUCT & SYSTEM INNOVATIONS**

Launching our AllPoints policy administration system, optimizing commercial and personal lines products and using AI responsibly in underwriting.

## **STRENGTHENING OUR COMMITMENT TO CUSTOMER SERVICE**

Creating a Client Services team to best serve each stakeholder in a unique, fair and expedient manner.

## **EMPLOYEE PROFESSIONAL DEVELOPMENT**

Cultivating relationships between employees and partner agents while investing in leadership training, career pathing, P&C licensure, designations and certifications.

## **EVOLVING UNDERWRITER ROLE**

Bringing partner agent relationships to the forefront of underwriting strategy, developing a hybrid underwriter role and creating opportunities for underwriters and agents to connect in-person.

## **CORPORATE CULTURE**

Creating a benefits package and workplace atmosphere that inspires and empowers employees, breaks down silos, supports work/life balance and builds authentic relationships.

**#BeingBadger**

# REACHING NEW GOALS.

Our dedication to customer service and genuine relationships helped pave the way for success in 2021 — leading to another top-five year in terms of profitability, growth and service.

## OPERATING RESULTS

As of December 31, 2021

<b>STATEMENT OF INCOME</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Premiums Written	\$142,110,437	\$131,699,925	\$125,427,079
Change in Unearned Premiums	(9,053,609)	(3,222,240)	(3,941,358)
Reinsurance Ceded	(26,105,426)	(26,200,997)	(24,427,877)
<b>Premiums Earned</b>	<b>\$106,951,403</b>	<b>\$102,276,689</b>	<b>\$97,057,844</b>
Losses Incurred	\$67,272,894	\$59,230,452	\$60,730,487
Loss Adjusting Expenses Incurred	7,835,109	10,669,232	9,794,166
Underwriting Expenses Incurred	32,237,211	29,914,374	28,136,939
<b>Underwriting Gain (Loss)</b>	<b>(\$393,811)</b>	<b>\$2,462,631</b>	<b>(\$1,603,748)</b>
Net Investment Income	\$4,345,924	\$5,705,157	\$3,869,296
Other Income	394,446	663,480	738,854
Dividends to Policyholders	(130,924)	(120,972)	(95,311)
Federal Income Taxes	210,023	726,083	(431,767)
<b>Net Gain</b>	<b>\$4,005,612</b>	<b>\$7,981,213</b>	<b>\$3,340,859</b>
<b>Net Premium/Surplus Ratio</b>	<b>1.33</b>	<b>1.33</b>	<b>1.37</b>
<b>Percentage Growth in Premiums Written</b>	<b>7.90%</b>	<b>5.00%</b>	<b>9.85%</b>

# STATEMENT OF FINANCIAL POSITION

As of December 31, 2021

## ASSETS

	2021	2020	2019
Cash & Short-Term Securities	\$5,727,649	\$6,630,552	\$3,763,310
Bonds (Amortized Cost)	159,968,705	148,792,809	142,591,481
Stocks (Market Value)	14,384,549	17,436,974	11,614,322
Other Invested Assets	4,097,462	—	—
Mortgage Loans	—	—	1,504,272
Real Estate	3,720,051	3,889,940	5,124,562
Accrued Investment Income	983,189	740,693	724,614
Premium Balances	21,273,965	19,423,470	19,113,114
Company Owned Life Insurance	7,129,982	5,978,037	4,847,280
Deferred Taxes/Taxes Receivable	3,401,841	4,102,938	3,667,298
Loss Recoverable from Reinsurers	3,102,951	1,856,085	944,019
Computer Hardware	211,953	396,130	284,195
<b>Total Assets</b>	<b>\$224,002,297</b>	<b>\$209,247,628</b>	<b>\$194,178,467</b>

## LIABILITIES & SURPLUS

	2021	2020	2019
Reserves for Losses & Adjusting Exp	\$61,492,214	\$61,071,347	\$57,996,473
Reserve for Unearned Premium	58,523,543	49,469,934	46,247,695
Reserve for General Expenses	7,577,634	7,222,801	6,023,612
Reserve for Premium Paid in Advanced	2,079,704	1,883,477	1,819,369
Reinsurance Payable	752,097	1,873,566	882,285
Reserve for Federal Income Taxes	—	—	—
Reserve for Pension Benefits	5,652,839	7,742,507	7,002,150
Reserve for Other Liabilities	994,346	842,139	701,972
Policyholder Surplus	86,929,920	79,1414,857	73,504,911
<b>Total Liabilities &amp; Surplus</b>	<b>\$224,002,297</b>	<b>\$209,247,628</b>	<b>\$194,178,467</b>

# #BeingBadger

Part of #BeingBadger is extending the same compassion and trust we provide to our policyholders beyond the four walls of our office — connecting with community partners that make a meaningful impact for all, while celebrating and empowering each other along the way. Between both employee and corporate efforts, over \$175,000 and countless volunteer hours were donated to our community partners in 2021.



## United Way

Employee contribution to the 2021 campaign: **\$16,578.80**. With a corporate match, **\$33,157.60** contributed to the Greater Milwaukee & Waukesha County chapter's mission to fight for health, education, and financial stability for all in our community



## 22nd Annual Badger Mutual Insurance Women's Amateur

Corporate Sponsor | **\$22,000** raised to benefit Sojourner Family Peace Center & LOTUS Legal Clinic and their efforts in supporting domestic abuse and human trafficking victims in Milwaukee



## Sixteenth Street Community Health Centers

5-Year Sponsorship Pledge | **\$10,000** helps provide comprehensive community health services for Milwaukee's south side families



## Make-A-Wish Wisconsin

**94 wishes** granted since 2001 | Corporate Sponsor of various events, including Wish Night 2021, Walk for Wishes, Gourmet Wishes and Skating with Santa  
Employees contributed over **\$24,000** through their fundraising efforts



## 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)



## United Community Center

32<sup>nd</sup> year of providing the Badger Mutual Youth Wall of Fame Scholarships | Awarded five scholarships to exceptional students, a **\$20,000** commitment



**NATIVITY JESUIT  
ACADEMY**

**Nativity Jesuit Academy**  
Corporate Sponsor of the Golf Outing,  
supporting their mission to provide holistic  
education to K4–8 students



**BOYS & GIRLS CLUBS  
OF GREATER MILWAUKEE**

**Boys & Girls Clubs  
of Greater Milwaukee**

Corporate Sponsor of the Holiday Toy Drive  
Distributed more than **2,000 toys** to youth  
club members



**Community Insurance  
Information Center (CIIC)**

Corporate donation to Revitalize Milwaukee,  
providing critical home repairs to low-income  
residents in southeastern Wisconsin



**STEM Forward**

Sponsor of the Annual Scholarship Golf Outing,  
helping to inspire local youth to pursue STEM  
careers and provide a pipeline of talent to  
businesses in southeastern Wisconsin



**UNITED PERFORMING ARTS FUND**

**United Performing Arts Fund**

Corporate donation supporting their mission  
to shape a diverse, vibrant and sustainable  
cultural life for all



