

2021
Annual
Report

Reflecting on a year of

RESILIENCY

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MEMIC

Dear Policyholder

An annual report is more than a periodic statement of performance—it is an archival record of an era in which a business served its customers. It is difficult, therefore, not to mention the pandemic of COVID-19 and changes it wrought over the two long years of 2020 and 2021. Even as vaccinations took hold and reduced the severity of the virus, more than a million Americans were mourned by families, friends, and co-workers. The global disruption also fundamentally changed how we view work. For many, work has become more of an activity than a place of employment.

The MEMIC Group is no different than others in that we can effectively deliver services from wherever we have internet connections. If there is a benefit to the emerging remote and hybrid work models, it's that there are fewer commuting hours, higher productivity, and greater job satisfaction. That said, we also firmly believe in, and are diligently delivering, in-person services, and practicing in-person collaboration, whenever possible. We truly are better together.

In 2021, The MEMIC Group made measurable progress in growing total assets (>\$1.6 billion) and statutory surplus (>\$525 million), and lowered our combined ratio by 1.5 points compared to the prior year. Net income for 2021 was \$62 million thanks, in part, to favorable returns on our investment portfolio.

As a mutual insurance company, it is not our objective to meet quarterly earnings projections but, rather, to produce a reasonable underwriting profit that adds to our financial strength and abilities to serve our policyholders while we grow the company.

That discipline earned us an "A" (Excellent) rating from A.M. Best in 2021 though, along with the workers' compensation line of business in the U.S., we were assigned a negative outlook. Though not surprising, we already were taking strategic measures to preserve our pure "A" status.

At this writing, we have improved our combined ratio by better than 4 points compared to the same time in 2021 and, with new leadership in our Eastern Region, we continue to scrutinize new business opportunities as well as renewals to assure their profitability.

In addition to improving underwriting results, we began implementing aspects of our strategic plan focusing on five meaningful activities that will lead us to even greater success:

- Profitability and growth
- Reducing incidence of injuries
- Shortening claim duration and lowering costs
- Marketing MEMIC's return on investment
- Recruitment and development of talent

We believe these core activities will help us achieve our two near-term strategic goals of \$500 million in written premium with a combined ratio of 100 or less by the end of 2025.

With fair rates, trusted agency partnerships, and a service model that delivers safety training and shortens claim duration by helping people get well and return to work sooner, the next few years will move us toward our vision to be the most trusted brand in workers' compensation, particularly for employers who understand the power of investing in their workforce.



Michael P. Bourque, President and CEO

Financial Highlights

IN THOUSANDS

ASSETS

	2021	2020
Invested	\$ 1,453,844	\$ 1,359,592
Other	171,399	180,865
Total Assets	\$ 1,625,243	\$ 1,540,457

LIABILITIES

Loss & LAE Reserves	\$ 819,903	\$ 789,115
Other	278,432	263,597
Total Liabilities	\$ 1,098,335	\$ 1,052,712
Policyholders' Surplus	\$ 526,908	\$ 487,745

KEY STATISTICS

Dividends	\$ 28,004	\$ 27,937
Direct Written Premium	\$ 389,082	\$ 398,084
Premium to Surplus Ratio, Direct	.74:1	.82:1
Premium to Surplus Ratio, Net	.68:1	.72:1
Number of Policyholders	21,031	20,974
Direct Combined Ratio before Dividends	100.65%	102.18%
Net Combined Ratio before Dividends	103.69%	102.47%
Net Operating Ratio	83.11%	97.10%
Change in Asset Base Year over Year	\$ 84,786	

To view the complete 2021 Annual Report
please visit www.memic.com/annualreport.

Board of Directors

Gregory W. Boulos
Michael P. Bourque
Meredith Strang Burgess
Craig N. Denekas
Jeanne A. Hult
Laurie G. Lachance
Hilary A. Rapkin
Lance A. Smith (Chair)
Jean P. Wilson

Leadership

Michael P. Bourque, WCP*
President and Chief Executive Officer
Daniel J. McGarvey, CPCU, WCP*
Senior Vice President, Chief Financial Officer
and Treasurer
Jeffrey D. Funk, CPCU, WCP*
President, Eastern Region
Matthew H. Harmon, WCP*
Senior Vice President, Claims
Gregory G. Jamison, CPCU, WCP*
Senior Vice President, Underwriting
Catherine F. Lamson, WCP*
Senior Vice President
and Chief Administrative Officer
Anthony M. Payne
Senior Vice President, External Affairs
Karl V. Siegfried, WCP*
Senior Vice President, Loss Control
and Safety Services
John R. Yao, WCP*
Senior Vice President
and Chief Information Officer



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