

Member owned. Member committed.



**CO-OPERATIVE
INSURANCE
COMPANIES**

2020

ANNUAL REPORT

Letter from our CEO



Dear Members,

As I look back at this past year, I often have to remind myself that it was only ONE year and not a decade worth. I suspect many of you feel similarly.

I realize I don't have to tell you about the struggles that the world, our country, and our region have gone through this past year. Instead, I would like to focus on what we did as a company in an incredibly challenging time in our history.

Many might recall that Marie Jewett decided to retire as President & CEO in July of 2020, and that I was elected to fill those titles, but quickly learned that I would have to earn the position.

We knew about COVID-19 in those first few months as various countries took greater and greater steps to curb the spread. As I alluded to in last year's annual report, on the morning of March 13, we came to the decision to send all folks working in the office with laptops home at noon. This was a disaster recovery plan test that became the real thing when President Trump declared a National State of Emergency that same day, and state governors started implementing various restrictions on in-person business activities.

Those early days required almost constant coordination between management, our IT folks, and our employees at home. Those who did not have laptops or had not worked from home regularly in the past quickly learned, with almost every click, that surfing the internet on a personal device at home is not the same as the data transfer needs of an insurance company. We quickly retooled and worked through each and every connectivity issue. Of course, this new work-from-home arrangement brought new cyber security concerns, and we quickly increased our internal training and testing to meet this new and constantly evolving challenge.

With so many of our commercial insureds affected by the sudden restrictions in their normal operations, in April we decided that this was the time to show what it means to be a "member" and not a "number" as a policyholder and made the decision that with the agent and member's confirmation, we would reclassify numerous categories of risks that relied on face-to-face business interactions, to our lowest rated exposure. If the business found a way to continue some portion of their operations, we still reclassified those members to a lower rated class. However, within a few weeks it became clear that we would have to do more, and this time it was in the personal automobile line where industry-wide loss experience was showing an early but significant reduction. Like many



others we elected to issue a refund to those policyholders. I am proud to note that we chose to refund an actual paper check issued to the member, reflecting 20% of their respective premiums due for the months of April, May, and June. Although auto refunds were commonplace at that time, the percent we chose, the duration of time we offered it, and the fact that it was an actual check back in the hands of a member, helped us stand out from the crowd. Fortuitously, we began converting our personal automobile book to our new rating model on May 1st. As a result, our average personal auto renewal premiums decreased by 7% in NH and 10% in VT. Although not initiated directly due to the pandemic, this average decrease was nonetheless welcomed by our members.

At long last, we rolled our final lines of business onto our new software system in October, the culmination of six years of planning and hard work. We now begin a new phase of our system's evolution: some fine tuning, the most important of which is the overhaul of our billing system, the shortcomings of which only added to many members' frustrations this past year. We have set the wheels in motion to roll out new and improved billing plans during the second and third quarter of 2021, and we are currently evaluating a self-service style web portal to allow members to complete many transactions online in real time.

Industry accolades in 2020 include AM Best's recognition of our continued success and reaffirmation of our "A" (stable) rating, and earning a spot as one of the Best Places to Work in Vermont for the fifth year in a row.

Although 2021 will continue to bring challenges from the pandemic, we are still firmly committed to be there for you, when you need us!

Wishing each of you a continued sense of appreciation for what really matters.

Sincerely,

Lee T. Dowgiewicz
President & CEO



**Serving our
members and
the community**

FINANCIALS

BALANCE SHEETS

As of December 31

(In Thousands)

	2020	2019
ASSETS		
Bonds, at amortized cost	\$ 104,011	\$ 96,753
Stocks and Mutual Funds, at fair value	35,600	30,883
Cash and Short Term	7,722	7,955
Real Estate and other	2,043	2,102
Total Invested Assets	149,376	137,693
Premiums Receivable	17,005	17,106
Deferred Income Taxes	-	426
Other Assets	2,332	2,683
Total Assets	\$ 168,713	\$ 157,908
LIABILITIES AND SURPLUS		
Unearned Premiums	40,106	39,636
Reserve for Losses and Claim Expenses	17,756	19,851
Commissions and Expenses Payable	6,446	5,267
Other Liabilities	4,328	3,149
Total Liabilities	68,636	67,903
Policyholders' Surplus	100,077	90,005
Total Liabilities And Surplus	\$ 168,713	\$ 157,908





STATEMENTS OF INCOME

Year Ended December 31

(In Thousands)

	2020	2019
Premiums Earned, Net of Reinsurance	\$ 70,772	\$ 69,986
Losses Incurred	28,129	33,641
Loss Adjustment Expenses	5,889	5,779
Other Underwriting Expenses	33,501	29,328
Net Gain from Underwriting	3,253	1,238
Net Investment Income	2,555	3,620
Other Income	613	744
Income Before Federal Tax	6,421	5,602
Federal Income Tax	1,103	598
Net Income	\$ 5,318	\$ 5,004

STATEMENT OF CHANGES IN SURPLUS

Year Ended December 31

(In Thousands)

Policyholders' Surplus, Beginning	\$ 90,005	\$ 80,358
Net Income	5,318	5,004
Unrealized Investment Gains (Losses)	3,412	6,040
Other Surplus Changes	1,342	(1,397)
Policyholders' Surplus, Ending	\$ 100,077	\$ 90,005







2020

**BEST
PLACES
TO
WORK
IN VERMONT**

Co-op Named a Best Place to Work in 2020

We're proud to have been named a Best Place to Work in Vermont again for 2020! In our fourth year of participation, Co-op ranked 9th in small sized businesses that made the list.

The process includes a review of company practices and policies, but the results depend mostly on direct survey feedback from company employees. Our benefits package, competitive pay, commitment to work-life balance, and opportunities to give back to our communities are all factors in recruiting and retaining the strong team we have.

SUPPORTING



**American
Red Cross**

Co-op continues to be a huge backer of the American Red Cross. Although the pandemic prevented Co-op from holding onsite blood drives in 2020, we were still able to play a large role in the Northern New England Region's Sound the Alarm Campaign. The effort helps reduce fire deaths and injuries; Red Cross staff and volunteers go door-to-door in selected communities to install free smoke alarms and help create fire escape plans for families.

WISH KIDS GOLF CLASSIC



Sadly, for the first time in 20 summers, Co-op agents and staff did not tee off together in support of Make-A-Wish Foundation® of Vermont. Although we had to postpone our twentieth anniversary event, Co-op still made our usual title-sponsor-level donation to MAW and encouraged others to do the same. While we're still working out the details of what the 2021 Classic will look like, we hope you'll join us for the event in memory of former EVP Operations Brad Fortier.

Co-op makes donations to **over 100 organizations/groups** every year in VT and NH.

Here is a partial list of donations that Co-op friends received in 2020:

UP TO \$1,000

ACTR/Tri-Valley Transit
Addison County Benefit Pull
Addison County Humane Society
Addison County Young Life
Addison Volunteer Fire Department
Alzheimer's Association
American Cancer Society
American Lung Assn (of VT)
Brent Cross Scholarship Fund
Bristol Rescue Squad
Camp Ta-Kum-Ta
COTS
Counseling Service of Addison County
Elderly Services
End of Life Services
Faith in Action
Friendly Kitchen
Front Door Agency
Glioblastoma Foundation
Granite State Children's Alliance
Healing Winds
Jaffrey Firefighters Company, Inc.
John Graham Housing and Services
Lincoln Sports
Malia Paddling and Racing Club
MALT - Trail Around Middlebury

Middlebury Area Little League

Middlebury Fire Dept (Battell Hose Company)
MidSummer Lunch & Recreation
NAMI Walks (National Alliance on Mental Illness)
National Multiple Sclerosis Society
New Story Center
North Branch School
Northern Heritage Mills
Open Door Clinic
Opera Company of Middlebury
Pownall Rescue Squad
Prevent Child Abuse
Ripton Ridge Run
United Way of Northwest Vermont
UVM Children's Hospital
Vergennes Partnership
Vergennes Rotary Club
Vermont Achievement Center
Vermont Agency Foundation
Vermont Auto Enthusiasts
Vermont Community Loan Fund
Vermont Feed/Shelburne Farms
Vermont FFA
Vermont Folklife Center
Vermont Historical Society
Vermont Special Olympics
WomenSafe

\$1,000+

Addison County Home Health and Hospice
Brookfield Community Partnership
Boy Scouts of America
Girl Scouts of the Green and White Mountains serving VT & NH
HOPE
Lake Champlain Maritime Museum
Learning Skills Academy
Marguerite's Place, Inc
Strolling of the Heifers, Inc.
United Way of Addison County
Vermont Council on Rural Development
Vermont Maple Festival
Vermont/NH All Star Hockey Classic
VT Association of Domestic Property Casualty Ins
Youth Safety Council of Vermont, Inc.

\$5,000+

American Red Cross
Make-a-Wish Vermont
New Hampshire Food Bank
Vermont Foodbank

LEADERSHIP

2020-2021 Board of Directors



Jean Conklin • Jacques R. Couture • Pamela J. Douglass
Lee Dowgiewicz • Richard P. Foote • Karen Furtado • Marie M. Jewett
Christine Moriarty • John O. Myhre • Jane T. Sorensen

2020-2021 Company Management



Lee Dowgiewicz • Dale Groves • Gina Larrow • Taron Loger
Eric Rhoades • Randy Roy • Brian Wiles

Co-op's Mission

Our goal is to provide financial security and protection to residential property owners, farm owners and business owners in Vermont and New Hampshire. We deliver our products and services through a professional insurance agency system; our agents are valuable partners in Co-op's success.

Co-op's Core Values

Beyond offering a full array of property and casualty insurance products and services, our actions are guided by our core values of integrity, respect, accountability, and stewardship.

Co-op and the Community

We're committed to supporting our customers and the community. By giving back to them, we hope to foster a true partnership of loyalty, trust, and mutual respect. Every year, Co-op awards community grants in Vermont and New Hampshire; in addition, we donate to and sponsor dozens of organizations throughout the two states.



**Patrons Co-operative Fire Insurance Company
DBA Co-operative Insurance Companies
organized Sept 1, 1915**

Company Management

Lee Dowgiewicz, President & CEO

Tamaron Loger, CFO

Dale Groves, Senior Vice-President—Underwriting Operations

Gina Larrow, Senior Vice-President—Human Resources & Project Management

Eric Rhoades, Senior Vice-President—Information Services

Randy Roy, Senior Vice-President—Marketing & Member Services

Brian Wiles, Senior Vice-President—Claims, SIU & Facilities

Mary Micklas, Secretary to the Board

Board of Directors

Jacques R. Couture (Westfield, VT)—Chair

Jean Conklin (Haverhill, NH)—Vice-chair

Pamela J. Douglass (Brandon, VT)

Lee Dowgiewicz (Cornwall, VT)

Richard P. Foote (Middlebury, VT)

Karen Furtado (Windham, NH)

Marie M. Jewett (New Haven, VT)

Christine Moriarty (Lincoln, VT)

John O. Myhre (Weybridge, VT)

Jane T. Sorensen (Fairfax, VT)

Edward Lewis (Poultney, VT)*

Charles R. Mason (Pawlet, VT) *

Richard Stickney (Rockingham, VT)*

* = Director Emeritus



**CO-OPERATIVE
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