



2023 ANNUAL REPORT



CO-OPERATIVE
INSURANCE
COMPANIES

Letter from the President



Dear Members, Agents, and Associates:

First, I want to thank all of you for your continued support through another difficult year.

The good news is that we experienced a significant improvement in our financial performance in 2023, despite the challenges we carried over from our historically high claims year in 2022, particularly from the winter storm that ended the year.

The wind damages and power outages caused throughout our territory were not only problematic during that storm event itself, but also had a lingering “knock-on” effect on our 2023 financials.

With this tremendous influx of 700+ claims, we worked hard to fulfill our obligations to members. However, the sheer volume of claims necessitated a greater-than-usual reliance on independent claims adjusters, which increased our Loss Adjustment Expenses for the year. Meanwhile, on the asset side of the balance sheet, our cash flow is usually tightest during Q1, but this storm’s timing also caused us to sell off assets as markets were falling, which is never optimal.

By the end of 2023, however, markets had bounced back nicely, and we were able to add \$5M to our Policyholder Surplus, which now stands close to \$98M.

I am very pleased to report the success of our continued efforts to lower our expense ratio this past year. We also showed strong annual premium growth of 13.7%. Overall, we ended 2023 with a 104.1 combined ratio, a

14-point improvement over 2022. While we are still not where we want to be, I believe we have laid the groundwork for further improvement in 2024.

Our significant increase in incurred losses in 2022 made us keenly aware of the inflationary shift in labor and material costs; this continues to affect reconstruction and repair following a loss. With an uptick in weather-related events (for example, the July flooding in Vermont), as well as the documented deterioration in nationwide personal driving habits compared to pre-Covid, we knew that after a long period of stable pricing, changes would need to be made.

As we entered 2023, the retrospective analysis of the last few years’ economic gyrations strongly influenced how insurance carriers would have to reprice and retrench their approach on multiple fronts.

Homeowners and Personal Auto are Co-op’s two biggest lines of business, making up 55% of our overall premium volume. They were also our greatest challenge throughout the pandemic. (That’s excluding an early-Covid period of greatly curtailed claims in 2020.) Since then, economic factors that continue to this day have necessitated changes to pricing models and the very underpinnings of how we evaluate risk.

As the fifth largest personal lines insurer in Vermont (by written premium volume), and the eighteenth largest in New Hampshire, we are committed to striking the right balance between pricing our products to address these new costs and being sensitive to the market disruptions these changes will cause members.

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As we start 2024, Co-op remains financially solid and well positioned for the future, and A.M. Best has recently reaffirmed our financial rating of “A” (stable). While this is always an important bellwether for us, we take even greater pride in the fact that our staff’s strong endorsement has placed us on the Best Places to Work in Vermont list yet again.

We were pleased to launch our member service portal in 2023, giving you improved options to pay your insurance bill online, and the new ability to view your policies and ID cards. We will be rolling out additional functionality in 2024 – stay tuned.

We continued to expand our loss prevention services in 2023. Having completed our sugar house 15-minute inspection “blitz” initiative targeting specific areas of repeated loss, we are currently conducting similar surveys of kitchens and key mechanicals for our restaurant members. Later this year, we plan on visiting some of our Farmowners properties.

As we continue to focus on evolving our platform to provide our members with the products and services you expect from your insurance provider, we also acknowledge the importance of maintaining our cultural roots and the long-understood value placed on a co-operative business model.

As always, we appreciate your membership!

Sincerely,
Lee T. Dowgiewicz
President & CEO



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Financials

Balance Sheet As of December 31

(In Thousands)



ASSETS	2023	2022
■ Bonds, at amortized cost	\$ 121,231	\$ 116,235
■ Stocks and Mutual Funds, at fair value	30,030	29,460
■ Cash and Short Term	8,971	8,468
□ Real Estate and other	2255	2,437
■ Total Invested Assets	162,487	156,600
■ Premiums Receivable	22,208	18,980
■ Deferred Income Taxes	3,477	3,376
■ Other Assets	2,580	3,019
TOTAL ASSETS	\$ 190,752	\$ 181,975



LIABILITIES AND SURPLUS	2023	2022
■ Unearned Premiums	55,760	48,824
■ Reserve for Losses and Claim Expenses	25,859	28,684
■ Commissions and Expenses Payable	6,479	6,121
□ Other Liabilities	5,030	5,887
TOTAL LIABILITIES	93,128	89,516
■ Policyholders' Surplus	97,624	92,459
TOTAL LIABILITIES AND SURPLUS	\$ 190,752	\$ 181,975

Statement Of Income

(In Thousands)

YEAR ENDED DECEMBER 31

	2023	2022
Premiums Earned, Net of Reinsurance	\$ 85,832	\$ 78,301
Losses Incurred	45,627	52,409
Loss Adjustment Expenses	7,328	6,753
Other Underwriting Expenses	39,322	35,120
Net Loss from Underwriting	(6,445)	(15,981)
Net Investment Income	6,401	16,640
Other Income	631	374
Income Before Federal Tax	587	1,033
Federal Income Tax	35	846
NET INCOME	\$ 552	\$ 187

Statement Of Changes In Surplus

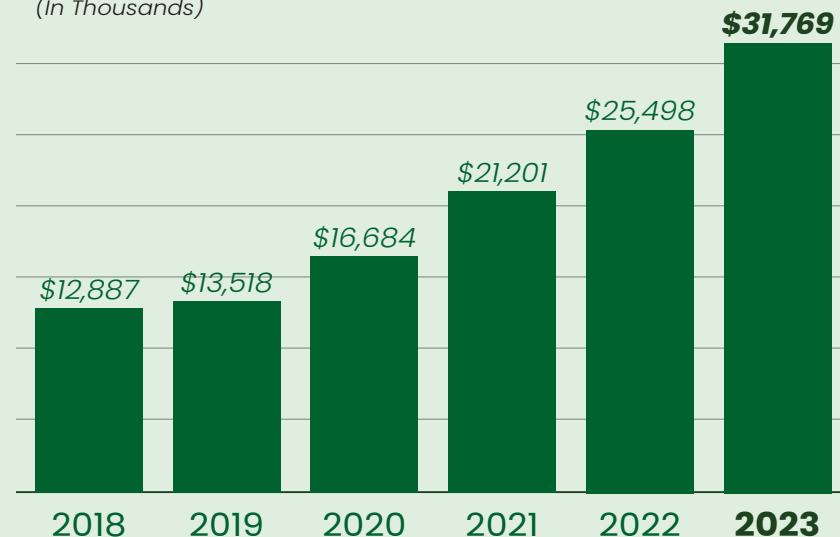
(In Thousands)

YEAR ENDED DECEMBER 31

	2023	2022
Policyholders' Surplus, Beginning	\$ 92,459	\$ 107,017
Net Income	552	187
Unrealized Investment Gains (Losses)	2,025	(21,564)
Other Surplus Changes	2,588	6,819
POLICYHOLDERS' SURPLUS, ENDING	\$ 97,624	\$ 92,459

Commercial Written Premiums

(In Thousands)



Commercial

continues to be a focus of growth for Co-op; it diversifies our solid mix of personal and farm business.

Co-op Donates to Over 100 Organizations & Groups Every Year in VT & NH

Here is a partial list of those receiving Co-op's support in 2023:

ACORN

Addison County Chamber Of Commerce

Addison County Community Trust

Addison County Economic Dev Corp

Addison County Fair & Field Days

Addison County Firefighters Assoc

Addison County Home
Health & Hospice, Inc

Addison County Restorative
Justice Services

Age Well

American Red Cross

Battell Hose Company

Boys & Girls Club of New Hampshire

Braintree Historical Society

Brattleboro Rotary Club

Central Vermont Chamber

Champlain Philharmonic

Champlain Valley Assoc. of
Insurance Professionals

CPCU Society

Craftsbury Community Care Center

Cystic Fibrosis Foundation

Elderly Services, Inc

Gifford Medical Center

Gilda's Club

Green Up Vermont

Henry Sheldon Museum

Homeward Bound

Lake Champlain Maritime Museum

Lake Sunapee Preservation Association

Living Waters Hospice House

Make-A-Wish Foundation of Vermont

Martha's Community Kitchen

Mary Hogan School

Memorial Sports Center

Middlebury Area Land Trust

Middlebury Rotary Club

Middlebury Summer Festival

Middlebury Union High School

Monadnock Area Transitional Shelter

NAMI Vermont

National Football Foundation - VT Chapter

New Hampshire Food Bank

NH Association of Insurance Agents

Nordic Spirit Soccer Club

Northeast Organic Farming
Association - VT

Open Door Clinic

Peacham Fire Department

Pierce Hall Community Center

Rokeby Museum

St. Albans Rotary

Susan G Komen For The Cure

United Way of Addison County

UVM Foundation

Vergennes Historical Society

Vergennes Partnership

Vermont Adaptive Ski & Sports
Vermont Afterschool
Vermont Association of Insurance Professionals
Vermont Businesses For Social Responsibility
Vermont Chapter IAAI
Vermont Elks Charities
Vermont Foodbank
Vermont Highway Safety Alliance
Vermont Insurance Agents Association
Vermont Maple Festival
VT Agricultural Hall of Fame
VT Association For The Blind and Visually Impaired
VT/NH All Star Hockey Classic
We R H.O.P.E.
Wish Kids Golf Classic
Womensafe
Youth Safety Council of Vermont

Donations

Co-op agents and staff were unable to tee off in 2023 for the Wish Kids Golf Classic in support of Make-A-Wish Foundation® of Vermont due to the significant amount of rainfall that occurred last summer. However, many of our generous sponsors and donors continued their support. Over \$28,000 was collected and donated to Make-A-Wish Foundation of Vermont. Stay tuned for details regarding our 2024 Wish Kids Golf Classic.





We're proud to have been named a Best Place to Work in Vermont again for 2023!

It was our seventh consecutive year of being recognized in the small business category.







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 the American Red Cross

American Red Cross Responds JULY 2022 – JUNE 2023 | Fiscal Year Statistics

	NEW HAMPSHIRE	VERMONT
	Responded to 155 disasters in New Hampshire helping 646 people.	Responded to 131 disasters in Vermont helping 499 people.
	Collected 59,688 units of blood and held 2,094 blood drives in New Hampshire.	Collected 31,392 units of blood and held 1,093 blood drives in Vermont.
	Enrolled 11,008 people in first aid, CPR and AED skills. 5,513 people in aquatics & water safety and 188 people in caregiving.	Enrolled 4,096 people in first aid, CPR and AED skills. 3,068 people in aquatics & water safety and 26 people in caregiving.
	Provided 1,392 services to military members, veterans and their families.	Provided 499 services to military members, veterans and their families.
	Installed 896 free smoke alarms throughout the state.	Installed 270 free smoke alarms throughout the state.
	Supported by 792 active volunteers who logged 61,459 hours in support of our mission	Supported by 311 active volunteers who logged 25,315 hours in support of our mission.



American Red Cross Northern New England Region

Co-operative Insurance Companies is proud to support the American Red Cross. Not only have we hosted multiple blood drives at our home office in Middlebury, but we continue to be a regional sponsor of the Home Fire Campaign, helping distribute fire safety tips and free smoke alarms to local neighborhoods in Vermont and New Hampshire.

The American Red Cross of Northern New England serves more than 3.2 million people in New Hampshire, Maine and Vermont, covering 40 counties and 49,083 square miles. More than 1,600 dedicated volunteers deliver their humanitarian mission with a small group of employees.



Leadership

2022 – 2023

Executive Management Team



*Lee
Dowgiewicz*



*Tamaron
Loger*



*Dale
Groves*



*Kevin
Heffernan*



*Kim
Holmbeck*



*Gina
Larrow*



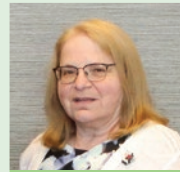
*Eric
Rhoades*



*Mark
Roberts*

2022 – 2023

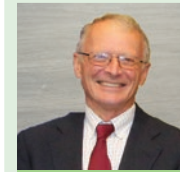
Board of Directors



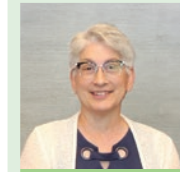
*Jean
Conklin*



*Marie
Jewett*



*Jacques
Couture*



*Pamela
Douglass*



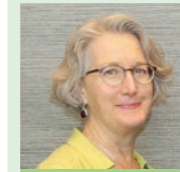
*Lee
Dowgiewicz*



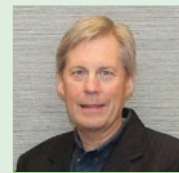
*Richard
Foote*



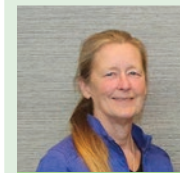
*Karen
Furtado*



*Christine
Moriarty*



*John
Myhre*



*Jane
Sorensen*

Patrons Co-operative Fire Insurance Company

DBA Co-operative Insurance Companies

EXECUTIVE MANAGEMENT TEAM

Lee Dowgiewicz, *President & CEO*

Tamaron Loger, *CFO, Vice President—Finance*

Dale Groves, *Senior Vice President—Underwriting Operations*

Kevin Heffernan, *Vice President—Claims & SIU*

Kim Holmbeck, *Assistant Vice President—Programs*

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

Eric Rhoades, *Senior Vice President—Information Services*

Mark Roberts, *Vice President—Marketing & Member Services*

Mary Micklas, *Secretary to the Board*

BOARD OF DIRECTORS

Jean Conklin, *Chair*

Marie M. Jewett, *Vice Chair*

Jacques R. Couture

Pamela J. Douglass

Lee Dowgiewicz

Richard P. Foote

Karen Furtado

Christine Moriarty

John O. Myhre

Jane T. Sorensen

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

Our core values of integrity, respect, accountability and stewardship guide our actions as we offer a full array of property and casualty insurance products and services.

Co-op & 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 more than 100 organizations throughout the two states.



**CO-OPERATIVE
INSURANCE**
COMPANIES

MEMBER OWNED. MEMBER COMMITTED.

292 Colonial Drive • Middlebury, VT • 05753-5890



[CO-OPINSURANCE.COM](https://www.co-opinsurance.com)