

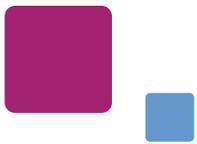


# Culture Is Everything

**2019 Annual Report  
Central Insurance Companies**

**“Our culture is incredibly unique. It’s shared. It’s communicated. And we live it every day.”**

A handwritten signature in black ink, appearing to be 'Bill', located to the left of the man's head.



I am extremely proud that our company has prospered over the 143 years we have been in business. Certainly we are not the same company we were in April 1876, but there are distinct similarities and themes that you can draw between those of yesterday and today.

We have had our ups and downs, growing pains, and transitions to new risk and technologies, all of which have made us who we are today. We started as a staff of three with the fiduciary responsibility to manage the interests of 200 “subscribers” who funded the company. Those three, along with our initial Board of Directors, made a promise to repay those individuals from the profits of the company and be financially sound enough to transfer the community’s fire risk should they want to buy insurance.

We are still making promises to provide security, protection, and peace of mind to everyone with a stake in our company. We have expanded our mission to include not only policyholders, but employees, agency partners, vendors, and regulators – any connection to our company comes with a promise that we fully intend to fulfill.

It is a daunting task when you think how many promises we have made to so many. They demand our attention each and every day to ensure we build a company that you, and those in the future, want as part of your financial security. Our team believes strongly that our culture is the driving force behind our ability to fulfill these promises. It’s woven into everything we do. It provides clarity for our decision making and makes our leaders accountable. It motivates our employees to come to work every day focused on doing their jobs to the best of their ability. It fosters inclusion and diversity across our organization. And it makes us a magnet for the talented people who will perpetuate this culture well into the future.

Why does our culture matter so much? Because it matters to you. It’s why you choose to do business with us. You value what we bring to the table: the Integrity with how we conduct business, our focus on building Relationships based on trust, and our continual pursuit of Excellence.

Our culture is incredibly unique. It’s shared. It’s communicated. And the stories you’ll read in this report will share how we live it every day.

We thank you for 2019 and promise you we are a committed group of professionals who sincerely believe...

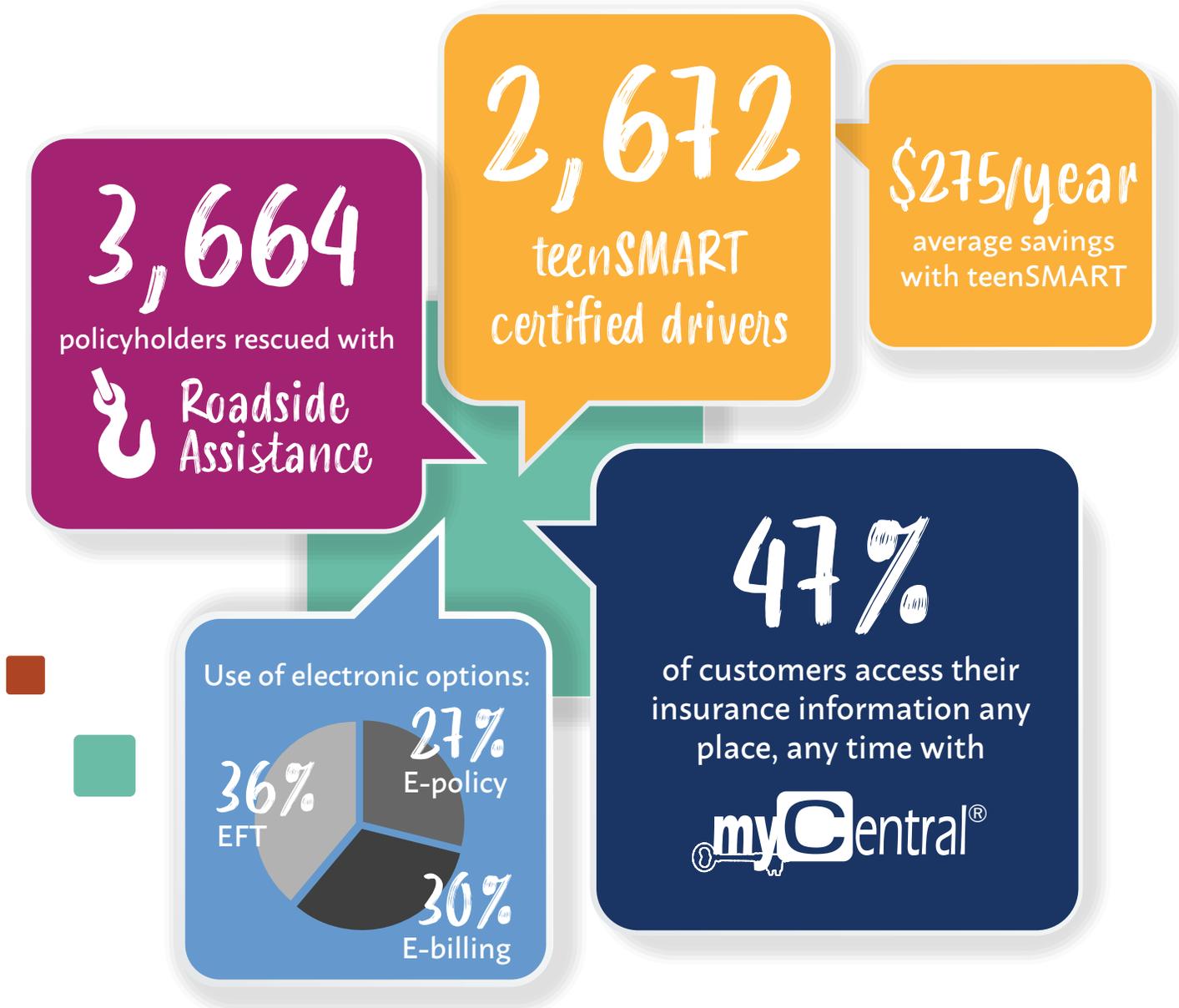


F. W. Purmort  
President and  
Chairman of the Board



# Making It Easy to Protect What Matters

When you have the best protection, service, and technology at your disposal, it makes it easy to focus on what really matters. When Marketing Supervisor and Central policyholder Shonda Vorst received the call from her 16-year-old son that he had been in an accident, he was all that mattered at that moment. “He sounded fine on the phone, but all I could think about was getting to him so I would *know* he was truly OK.” And while Shonda was worrying about her son, she didn’t have to worry about her insurance. “Roadside Assistance took care of the towing. I submitted the claim through *myCentral* in less than three minutes. We have Summit Auto so I knew we were covered. The service from our Central claim rep was fast, but thorough. It was just a super easy process that I didn’t have to think twice about. I am proud to say I work for this company that makes it so easy to protect what matters to me.” ■



**“I am proud to say I work for this company that makes it so easy to protect what matters to me.”**

**–Shonda Vorst**



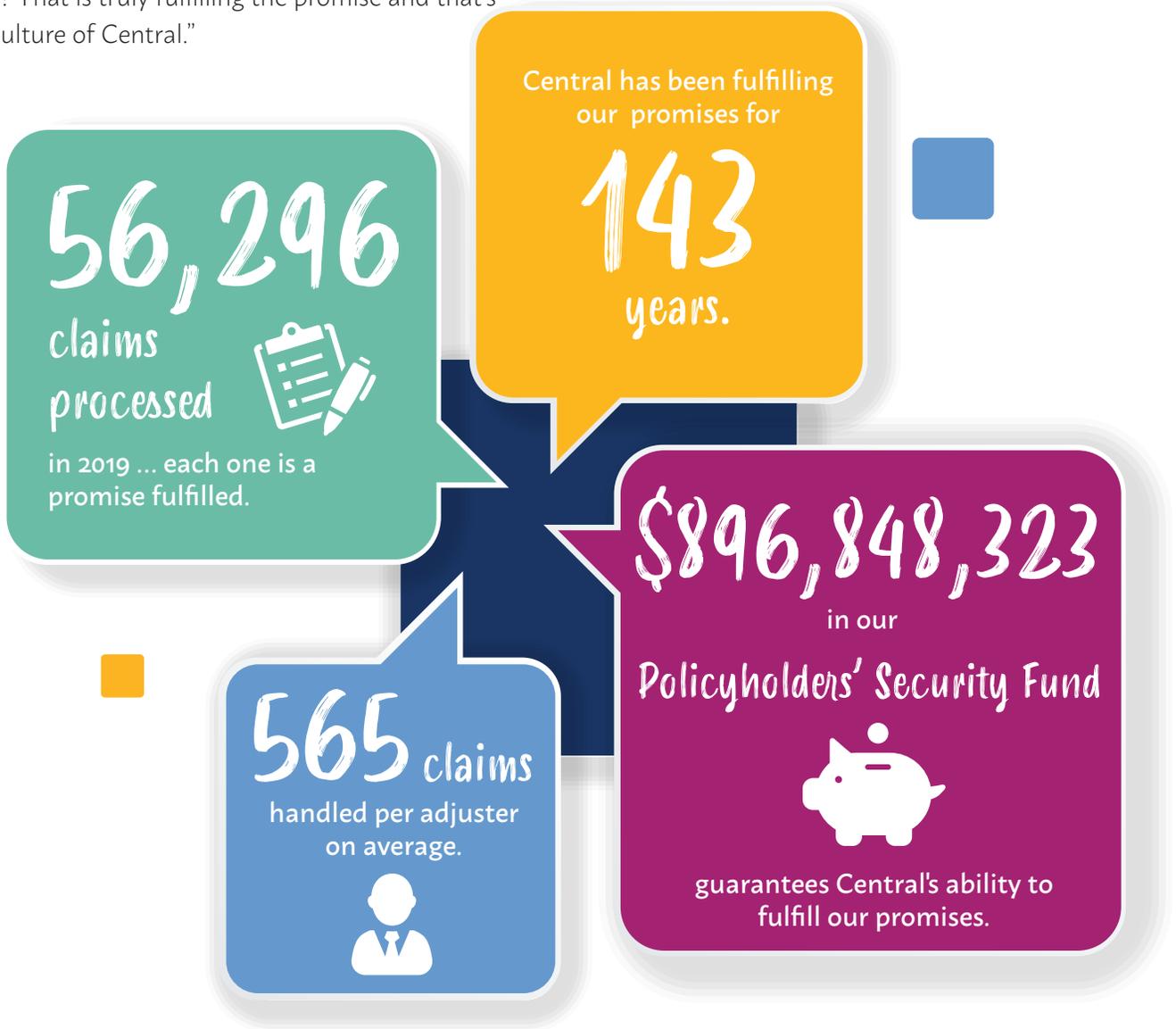


**“How often do an insurance company and agent go above and beyond for their customer in such a devastating time of need? That is truly fulfilling the promise and that’s the culture of Central.”**

**–Kurtis Brown**

# Fulfilling Our Promises

We make thousands of promises each day. Promises we'll be there in the moments that matter to provide outstanding service and protection. Marketing Manager Kurtis Brown made that promise to his community when he joined his local volunteer fire department. Little did he know it would give him the chance to see Central fulfill the promise first hand. "We were still in the clean-up process after an early morning house fire when I saw Mark (Wilson, Principal at Central agency partner Grant Insurance) walk up to the house. He told me he had already notified Central's Claims department, then began to help us go through the ashes to save anything that could be of sentimental value for the homeowner. Central's claim rep was on site that morning as well, gathering information to keep the claim moving as quickly as possible. Central even authorized Mark to provide funds to the homeowner on the spot to help until their claim payment came through. When I saw the insured's daughter a few days later, she was emotional yet thankful for the efforts of everyone involved, including Central and the agent, to help her parents through this disaster. How often do an insurance company and agent go above and beyond for their customer in such a devastating time of need? That is truly fulfilling the promise and that's the culture of Central."



# Investing in Relationships

Relationships are the currency of our business and Central is profitable in this regard. Just ask Regional Marketing Manager Adam Anspach. "I've built some really valuable professional and personal relationships with our agency partners and industry associations and it's because we all have one common goal: fulfilling the promises we make to those who trust us to provide security, protection, and peace of mind." And sometimes the opportunity to fulfill this promise doesn't come in the form of an insurance policy. "Tim (Able, Vice President at Central agency partner SeibertKeck) and I share an enthusiasm for finding unique ways to build relationships within our teams and in the community. Tim suggested volunteering at a local women's shelter and I was instantly on board." Adam and several volunteers from Central, SeibertKeck, and the Ohio Insurance Agents Association (OIA) spent the day cleaning, assembling furniture, and sorting and organizing donations for the shelter's annual fundraiser, among other tasks. Central also directed funding to purchase supplies for the shelter. "It was just a really great day. Working together with these people who have become like family to make a difference in the lives of others...THAT's what our relationships are really about."



**“Working together with these people who have become like family to make a difference in the lives of others... THAT’s what our relationships are really about.”**

**–Adam Anspach**



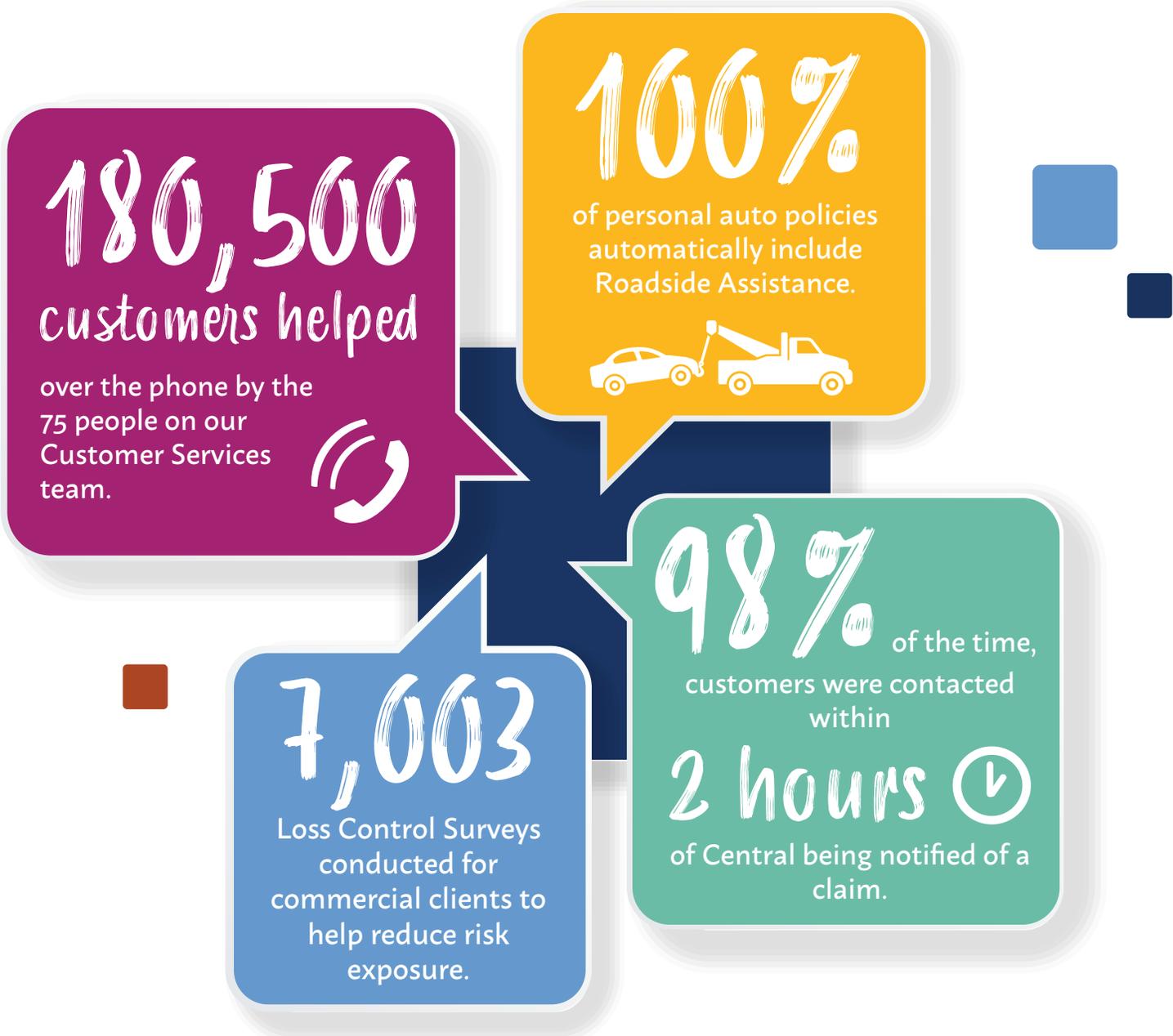
**“It’s such a joy to let them know they are being heard and understood. It brings them such peace!”**

**–Keila Barnhart**



# Providing Peace of Mind

An important part of fulfilling the promise for our customers is providing peace of mind. Client Correspondent Keila Barnhart understands the value of that promise. “Compassion comes naturally when you have been in the customer’s shoes, and the confusion and pain of being involved in a car accident is still engraved in my mind. I didn’t know what to do or where to turn for help.” Now, Keila is on the receiving end of those frantic phone calls. “You can hear it in their voice - the fear, the worry.” Not only can Keila empathize with the caller, her bilingual skills provide an extra level of comfort for policyholders who don’t speak English. “I know how it feels when you truly need to communicate the precise information in that moment and the person on the other end of the phone doesn’t understand. Their frustration is palpable. It’s such a joy to let them know they are being heard and understood. It brings them such peace!”



# Celebrating Our People

People are the most important part of what we do. Our people are there when you need them in the moments that matter. It's a fact Customer Services Supervisor Heidi Smith can attest to. When she fell ill, never once did she or her husband, also a Central employee, worry regarding their job security. What they weren't expecting was the response from their co-workers. "It was more than J.R. and I could have ever imagined. From keeping our children overnight and getting them to school to taking them to movies, parties, and even the company Christmas party, the outpouring of support was company-wide. I received more than 100 cards expressing support, a constant reminder of how loved and cared for we were during such a difficult time. Gift baskets and hospital visits were a constant from my co-workers. My supervisor even cooked my children's favorite meals for them. I can't express how many wonderful things the Central family did for us during such a difficult time, but it all boils down to the fact that these people are what make Central's culture second to none and my family was blessed enough to get to experience that first hand."

Central's team comes from **10** different countries.

**975**  
designations earned for advanced insurance education.

Central has over **620** employees nationwide.

Central welcomed **70** new employees in 2019.  
**278** in the last 5 years.

**7,823**  
combined years of service for all Central employees.

**64%** with 5 years or more.      **48%** with 10 years or more.

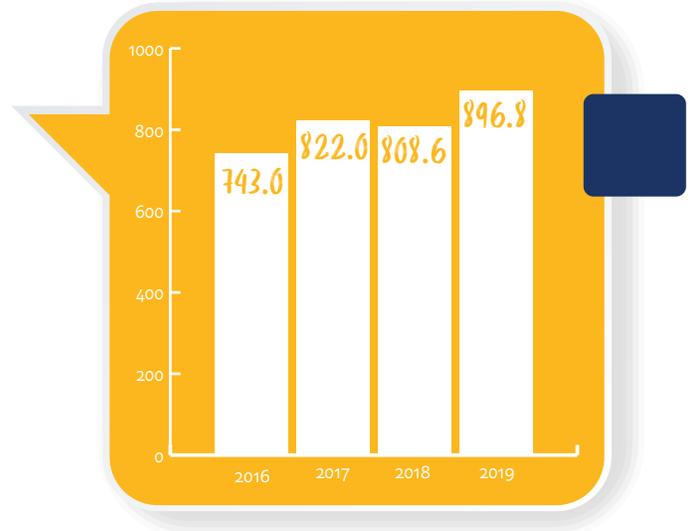
**“I can’t express how many wonderful things the Central family did for us during such a difficult time, but it all boils down to the fact that these people are what make Central’s culture second to none.”**

**–Heidi Smith**



# Strength

Central's **Policyholders' Security Fund** is an important measure of our ability to remain a consistent provider of insurance. As our Policyholders' Security Fund increases over time, we continue to strengthen the financial foundation on which we can grow with our partners and deliver on the promise to our current customers as we have since 1876. Central's Policyholders' Security Fund has grown over 20% since 2016 and stood at an all-time high of \$896 million at the conclusion of 2019. This level was achieved despite volatility in the industry and in capital markets during 2019, and reflects a very secure premium-to-surplus ratio of 0.80 to 1.00.

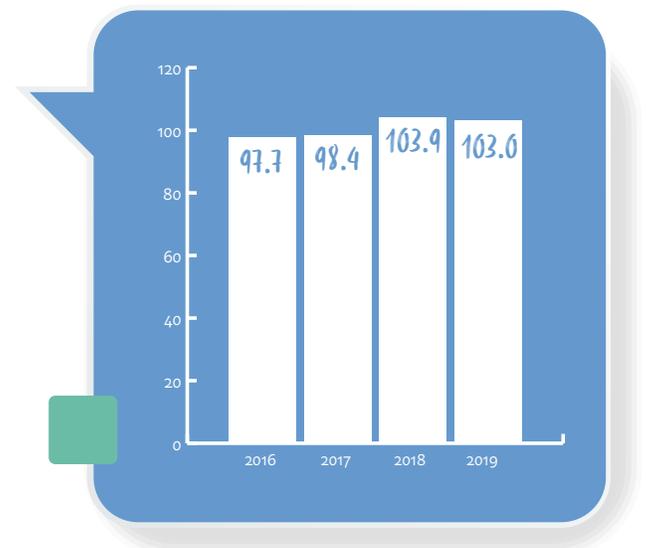


# Consistency

The consistency with which we have grown our **Direct Written Premium** represents the amount of promises we have made to our policyholders and our agent partners over time. Our growth in premium over the past four years has been strong and consistent, averaging 5.3% per year which has outpaced the growth of the industry.

# Performance

The lower the **Combined Ratio** is below 100, the more successful a company has been in managing its operations profitably. While Central has been a strong performer on Combined Ratio historically, 2019 continued to be impacted by adverse weather events from 2017 and 2018, and also from pressure in the commercial auto product line.



# Financial Report



Central Mutual and All America Insurance Companies ('Central')  
December 31, 2019

Summarized Balance Sheet as of 12/31/19

Central

## Assets

Bonds	\$1,097,228,266
Stocks	373,086,259
Real Estate	38,669,561
Cash & Short-Term Investments	105,364,017
Agents' Balances & Uncollected Premiums	232,449,781
All Other Assets	83,486,406
<b>Total Admitted Assets</b>	<b>\$1,930,284,290</b>

## Liabilities & Policyholders' Security Fund

Losses & Loss Adjusting Expenses	\$536,948,738
Unearned Premiums	381,501,835
Commissions Payable & Contingent Commissions	20,136,129
Ceded Reinsurance Premiums Payable	6,603,035
Taxes & Other Liabilities	88,246,230
Unassigned Funds (Policyholders' Security Fund)	896,848,323
<b>Total Liabilities &amp; Policyholders' Security Fund</b>	<b>\$ 1,930,284,290</b>

## Select Performance Measures

Total Central Assets	\$1,930,284,290
Direct Written Premium	\$779,368,324
Growth Rate in Direct Written Premium	1.2%
Combined Ratio – Central	103.0%
Policyholders' Security Fund	\$896,848,323
Premium to Policyholders' Security Fund Ratio	0.80
A.M. Best Rating	A (Excellent)

*This information is not intended to supercede, or be as comprehensive as, the statutory annual statement filed for each company with the appropriate state insurance departments. The statutory financial statements of Central Mutual Insurance Company and Consolidated Subsidiaries have been audited by Plante & Moran, PLLC. Complete copies of the statutory financial statements have been filed with the appropriate state insurance departments and are also on file at the Home Office of the Central Insurance Companies in Van Wert, Ohio.*

# Officers

**F. W. Purmort**  
President and  
Chairman of the Board

**P. J. Edwards**  
Vice President  
Claims

**T. R. Eikenbary**  
Vice President  
Treasurer

**B. S. Faurote**  
Vice President  
Human Resources & Facilities

**A. M. Gibson**  
Vice President  
Customer Services

**T. C. Glenn**  
Chief Actuary

**K. A. Goad**  
Chief Financial Officer

**M. P. Guth (retired 5/19)**  
Senior Vice President  
Personal Lines

**C. M. Hurless**  
Chief Operating Officer

**P. J. Jackson**  
Vice President  
Central Regional Office

**M. P. Korte**  
Vice President  
Information Technology

**D. T. Lee**  
Assistant Vice President  
Southeast Regional Office

**S. K. Moore (retired 11/19)**  
Senior Vice President, Secretary  
Southeast Regional Office

**J. L. Pfeifer**  
Vice President  
Northeast Regional Office

**E. P. Purmort**  
Chief Marketing Officer

**T. L. Rauch**  
Vice President  
Southwest Regional Office

**J. L. Ringwald**  
Vice President  
Commercial Lines

**C. E. Wasson**  
General Counsel

# Board of Directors

E. R. Buhl  
J. L. Covington  
B. S. Faurote  
T. B. Kearney

S. K. Moore  
E. J. Noonan  
E. P. Purmort

F. W. Purmort  
D. D. Stripe  
D. C. Ward



*Fulfilling the Promise Since 1876*

Want to learn more? Visit our website  
or connect with us on social media.

[central-insurance.com](http://central-insurance.com)

