

# 2015 ANNUAL REPORT







**OUR MISSION IS TO  
PROVIDE PEACE OF  
MIND AND PROTECTION  
DURING LIFE'S  
UNEXPECTED EVENTS.**





**“Our financial consistency is a differentiator giving us further opportunity to strengthen our position with agency partners and policyholders in the marketplace.”**

## A Message from the President

### **2015 was an outstanding year for Integrity Insurance.**

After achieving excellent results in 2014, the bar was raised for the year with aspiring goals. Thanks to a well-defined strategy and dedicated agency partners and associates, we exceeded plan to achieve profitability and growth, for policyholders, for the fourth straight year.

Direct Written Premium (DWP) grew 8.4 percent to an all-time high of \$159 million, including \$28 million in new business premium. Our growth rate is almost double of what our industry peers averaged. The year culminated with a Combined Operating Ratio, net of fee income, (NCOR) of 90.2 percent. In the last four years, we've averaged 10.3 percent growth to our top line while enhancing our bottom line 93.3 percent. Our financial consistency is a differentiator giving us further opportunity to strengthen our position with agency partners and policyholders in the marketplace.

The business units were the driving force behind our success. Commercial Lines achieved profitability and growth; their book of business grew an impressive 14 percent while maintaining an NCOR of 87 percent. Personal Lines focused their efforts on growing Wisconsin. DWP grew 11 percent in our home state while producing an NCOR of 92 percent.

Integrity remains 100% committed to the Independent Agency channel. We're proud to partner with the very best agencies in Iowa, Minnesota and Wisconsin who provide excellent service to our policyholders. Our relationships with our agency partners set us apart and together we will continue to accomplish great things.

2015 marked the 14th year in affiliation with Grange Insurance, based in Columbus, Ohio. Together we've adapted and flourished; delivering exceptional service to policyholders and committing to Ease of Doing Business® with our agency partners. In 2015 our Enterprise surplus reached new heights to \$1.1 billion and once again we received an "A" (Excellent) rating from A.M. Best. Another defining moment of the year

was unveiling an Enterprise-wide corporate strategy with Grange. The strategy gives us a clear vision to thrive and succeed well into the future. As a 13-state Enterprise we're financially stronger, have a greater presence in the market and can deliver more value to agents and policyholders.

While we're proud of our past successes, we know what got us here won't get us there. The world is changing and we're changing with it. As we work to consistently be a high-performing company, investing in the future is a top priority — whether it's adapting new technology, introducing innovative products or leveraging talent.

Thank you to our agency partners, policyholders, associates and Board of Directors for your partnership, trust and loyalty in 2015. I'm excited for our future and confident our positive trends will continue to move Integrity Insurance forward in 2016 and beyond.



A handwritten signature in black ink that reads "Jill Wagner". The signature is fluid and cursive, with a long, sweeping underline.

Jill Wagner  
President  
Integrity Insurance

# PRIDE IN OUR PERFORMANCE



## 4TH STRAIGHT YEAR of PROFITABILITY and GROWTH

Enhancements to  
quoting platform  
**GAINWeb®**  
for agents, which is  
consistently  
recognized as one  
of the easiest to use  
in the industry

**COMMERCIAL LINES**  
achieved profitability  
and growth — book  
of business grew  
14 percent and  
produced a  
NCOR of 87%

**60**  
NEW AGENCIES



**PERSONAL LINES**  
hit an all-time high for  
policies in force in WI



**PERSONAL LINES**  
focused efforts on  
growing Wisconsin

DWP grew 11%  
with an  
NCOR of 92%

**9**  
**OUT OF**  
**10**

**SATISFIED** with our  
**CLAIMS PROCESS**

**INDICATE** our **CLAIMS**  
**ASSOCIATES** are  
**EMPATHETIC** about  
their **LOSS**

**DEVELOPED**  
a **SPECIALTY**  
**COMMERCIAL LINES**  
**UNDERWRITING TEAM**  
focusing on Programs,  
Niche Markets and  
Associations



**INDICATE** they are  
likely to **RENEW**  
**THEIR POLICIES**  
with **INTEGRITY**  
as a result  
of **SATISFACTION**  
with  
**CLAIMS PROCESS**







## NEW RECORD GROWTH

for BusinessAssure® and AutoAccel® products, 20% and 40% respectively



**PREMIUM RETENTION**  
for Commercial Lines accounts > \$20k (average for all accounts = 90%)



**COMMERCIAL LINES**  
grew in all 3 states and set a record for new business growth in MN



**Hit Ratio in WI for PinPoint Auto®**  
product ran 16% higher than previous product. New business premium was nearly double that of 2014.

**90.2% NCOR**

**COMMERCIAL LINES**  
hit an all-time high for policies in force



**\$159 MILLION DWP**  
**\$28 MILLION IN NEW BUSINESS PREMIUM**



Increased policies in force for PinPoint Auto® by

**400**  
in WI



**INTRODUCED THE REDESIGNED**  
**INTEGRITYINSURANCE.COM**  
which is mobile-friendly and offers an improved experience for our policyholders

**DIRECT WRITTEN PREMIUM**  
**GREW 8.4%**

**COMMERCIAL FIELD UNDERWRITER PROGRAM**  
expanded to new agencies and wrote

**75%**  
of all new commercial business

# Leadership Circle

## IOWA

Brummel Madsen Insurance  
Holmes Murphy & Associates  
Kunkel & Associates  
Mel Foster Company Insurance  
The Dana Company

## MINNESOTA

Advance Insurance Agency  
Heartman Insurance  
Insurance Advisors  
Klein & Fleming Insurance  
Preferred Insurance Services  
Winona Agency

## WISCONSIN

Ansary & Associates  
Brehmer Agency  
Corey-Burstad Insurance Agency  
Couri Insurance Agency  
Coverra Insurance Services  
CRW Insurance & Financial Services  
First Associated Insurance Agencies  
HNI  
Indianhead Insurance Agency  
Jensen-Sundquist Insurance Agency  
Novak Agency  
R&R Insurance Services  
The Insurance Center  
TRICOR  
Westland Insurance



# GRANGE AND INTEGRITY,

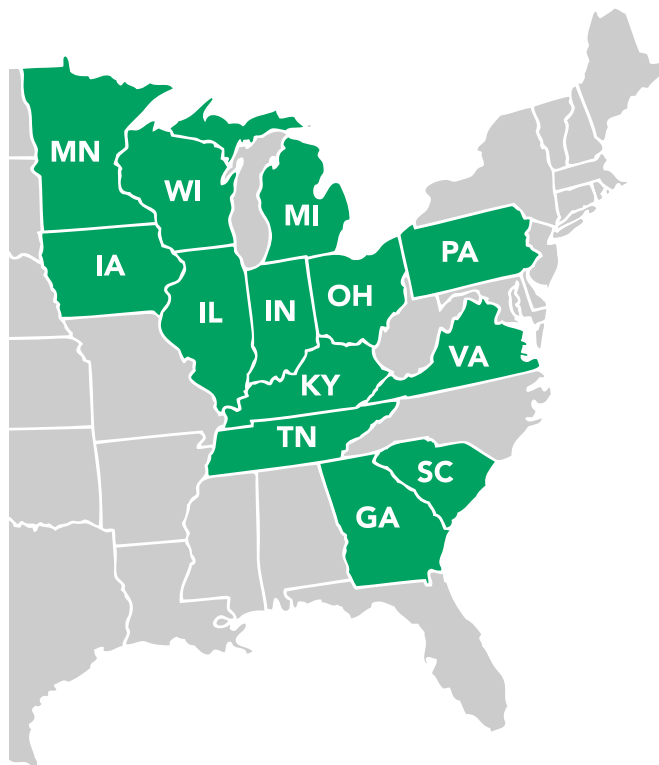
“The partnership and collaboration between Grange and Integrity is at its greatest point. We’re focused on working together as a strong enterprise, bringing our combined power to bear for the good of our associates, agents and customers.”

Grange President & CEO  
John Ammendola



Integrity President Jill Wagner and  
Grange President & CEO John Ammendola

GRANGE AND INTEGRITY ENTERPRISE



POWER OF  
**13**  
STATES

Georgia, Illinois,  
Indiana, Iowa,  
Kentucky, Michigan,  
Minnesota, Ohio,  
Pennsylvania,  
South Carolina,  
Tennessee, Virginia  
and Wisconsin

**JOHN AMMENDOLA**  
first year as  
President & CEO  
of Grange Insurance

Integrity President  
**JILL WAGNER**  
appointed to  
Grange Senior  
Leadership Team



# STRONGER TOGETHER



**830,000+**  
POLICYHOLDERS  
trust Grange and  
Integrity with their  
insurance needs

## ACCESS

to a wealth of  
RESOURCES  
including  
TECHNOLOGY and  
MANPOWER

**98.7%**  
COMBINED  
NCOR

**\$1.1**  
BILLION

RECORD  
YEAR-END  
SURPLUS



2015  
MARKED  
14TH YEAR  
of GRANGE/INTEGRITY  
AFFILIATION

**\$1.3**

BILLION DWP

ALL-TIME HIGH  
in PREMIUM

**RATED**  
**"A"**

(EXCELLENT)  
A.M. BEST



**5,000+**

INDEPENDENT  
AGENTS  
proudly partner  
with  
GRANGE and  
INTEGRITY



Members of the Grange and Integrity  
Commercial Lines teams



# INVESTING IN ASSOCIATES

Our associates are committed to excellence. They work hard to make a lasting impact with agency partners, policyholders and our communities.



Personal Lines Underwriter Dawn Green, Atlas Insurance  
Brokers President Vance Prigge and Territory Sales  
Manager Dorothy Metzger

Associates volunteering at  
St Joseph Food Program

Commercial Lines Underwriter II (and United  
Way Fox Cities Emerging Leader) Pat Hughes





**3,000+**

Hours associates volunteered for various nonprofits throughout our three state footprint

**RANKED  
#1**

by UNITED WAY FOX CITIES in overall giving, associate giving, corporate giving and corporate giving per capita based on companies of the same size



Sr. Commercial Lines Underwriter  
**PATTI STINGLE**  
recipient of Accolades Award



**40%**

of associates received company financial assistance to pursue continuing education licensing, certifications and designations

**PROUD TO SUPPORT**

communities in our three state footprint through financial giving, volunteerism and in-kind donations

**INVESTING IN ASSOCIATES** correlates to success with our agents and the policyholder experience



Continue our **STRONG BELIEF** in building talent, with more than 50% of positions filled with internal candidates in 2015

ASSOCIATES VOLUNTEERED with more than

**100**

**ORGANIZATIONS**



In 2015 we adopted a **DIVERSITY & INCLUSION** strategy with Grange which continues efforts toward a more diverse and inclusive associate and agent base for the good of Integrity, our agents and policyholders

Integrity associates are extremely loyal — with half averaging more than 15 years of service. It's no secret associates build a career at Integrity and are happy achieving success along the way.

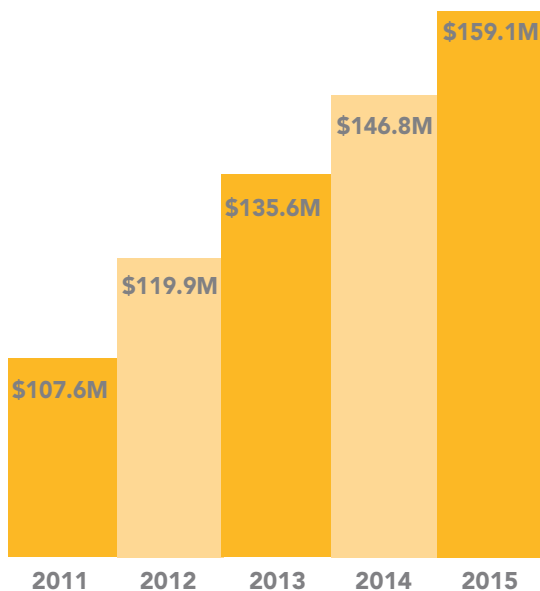
# FINANCIAL REPORT

## DIRECT RESULTS

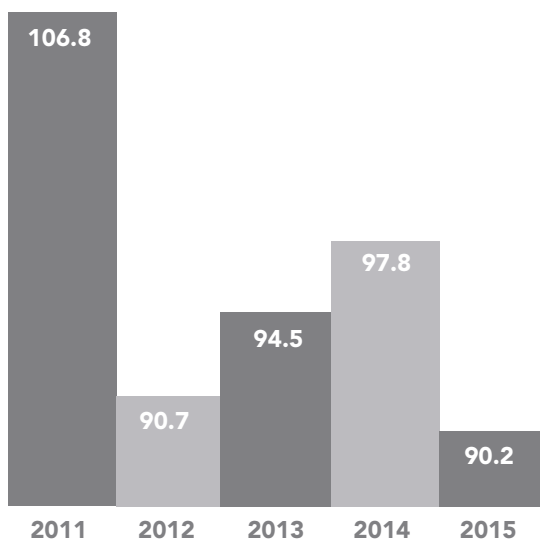
“I’m excited for our future and confident our positive trends will continue to move Integrity forward in 2016 and beyond.”

President Jill Wagner

### Direct Written Premium



### Combined Operating Ratio (net of fee income)





# FINANCIAL REPORT POOLED RESULTS



\*Integrity is an affiliate of Grange Mutual Insurance Company (Grange), which together as an enterprise combines to have over \$1 Billion in surplus to support our policyholders across our 13 states. As part of the affiliation, the net underwriting results of Grange and Integrity are pooled together and a portion of the shared underwriting results is reallocated back to Integrity. The financial statements below reflect Integrity's portion of the pooled enterprise results.

(DOLLARS IN THOUSANDS)  
DEC. 31, 2015      DEC. 31, 2014

## ADMITTED ASSETS

Total Cash and Invested Assets	\$ 86,122	\$ 84,025
Agents' Balances/Premium Due*	9,518	9,536
Accrued Investment Income	623	572
Other Assets*	7,739	6,611
Total Admitted Assets	<u>\$104,001</u>	<u>\$100,745</u>

## LIABILITIES & POLICYHOLDERS' SURPLUS

Reserve For Losses and Loss Expenses*	\$ 26,961	\$ 23,653
Unearned Premiums*	19,190	19,307
Accrued Expenses, Accounts Payable and Other Liabilities*	12,229	12,827
Total Liabilities	<u>58,380</u>	<u>55,787</u>
Policyholders' Surplus*	<u>45,621</u>	<u>44,957</u>
Total Liabilities and Policyholders' Surplus	<u>\$104,001</u>	<u>\$100,745</u>

## STATEMENTS OF INCOME

Premiums Earned*	\$ 49,014	\$ 47,261
Losses*	(28,079)	(27,169)
Loss Adjustment Expenses*	(5,809)	(5,410)
Other Underwriting Expenses*	(14,979)	(14,763)
Net Underwriting Gain (Loss)*	<u>(146)</u>	<u>(81)</u>
Net Investment and Other Income*	<u>3,659</u>	<u>3,343</u>
Dividends to Policyholders*	(132)	(132)
Federal Income Taxes*	(893)	(480)
Net Income*	<u>\$ 2,780</u>	<u>\$ 2,651</u>

## STATEMENTS OF CHANGE IN SURPLUS

Policyholders' Surplus Beginning Of Year	\$ 44,957	\$ 43,042
Net Income*	2,780	2,651
Change in Unrealized Gains	(2,978)	1,058
Change in Net Deferred Income Tax*	(90)	512
Change in Non-Admitted Assets*	(106)	(350)
Change in Minimum Pension Liability	1,058	(1,955)
Policyholders' Surplus, End Of Year*	<u>\$ 45,621</u>	<u>\$ 44,957</u>



#### **INTEGRITY LEADERSHIP TEAM**

(L to R): Vice President, Personal Lines & Marketing **Steve Klingemann**; Vice President, HR & Administration **Katey Smith**; President **Jill Wagner**; Vice President, Claims & Sales **Christian Martin**; Vice President, Commercial Lines **Andy Ott**; Treasurer & Controller **Brent Hammer**

#### **2016 BOARD OF DIRECTORS**

**Thomas Stewart**  
Chairman of the Board  
Instructor, The Ohio State  
University

**Douglas P. Buth**  
Director  
Retired CEO Appleton Papers

**Glenn E. Corlett**  
Director  
Retired Dean College of  
Business Ohio University

**Roger A. Formisano**  
Director  
Vice President, Leadership &  
Strategy University of  
Wisconsin Madison Medical  
Foundation

**John Ammendola**  
Director  
President & CEO  
Grange Insurance

**Jill Wagner**  
Director  
President Integrity Insurance



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