



2019

Annual Report



Goodville Mutual
Insurance Group

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Mission Statement

Provide comprehensive property and casualty insurance products of the highest quality and to conduct our business by biblical principles of love, justice and integrity. We are committed to maintaining lasting relationships with policyholders, independent agents and employees; giving excellent customer service; promoting safety and loss prevention; and contributing a portion of our operating profits to charitable organizations.

Our Values

Compassion

Integrity

Financial Stability

Commitment to our Communities

Working to earn your trust every day



Goodville Mutual
Casualty Company



Reamstown Mutual Ins. Co.

President's Message

The property and casualty insurance industry, as a whole, performed well in 2019. After several years of devastating hurricanes and wildfires, more typical weather patterns returned for much of the country. However, at Goodville, our strategy to spread our risk across the Mid-Atlantic and Mid-Western states exposed us to a disproportionate measure of volatile weather, so when storms did occur they seemed to impact the communities we serve. In the month of May alone, wind, hail and tornados swept across our communities from Kansas to Pennsylvania, resulting in over \$23 million dollars in incurred losses and the worst month and quarter of our entire 93 year history.

These challenging times provide a clear reminder of the valuable role we play in protecting the lives and resources of our members when needed the most. Difficult times are why mutual insurance companies like Goodville exist – to provide a stable and secure backstop to restore our members when faced with adversity. Fortunately, the last half of the year delivered better results and I'm happy to report that by year end we were able to recoup the losses and deliver a very modest underwriting gain.

In this report you will note that we are now referring to your company as the Goodville Mutual Insurance Group. This change recognizes the affiliation with Reamstown Mutual Insurance Company which took effect January 1st of 2019. Our vision is for a group of companies, managed as one, but designed to serve a broader group of members. Goodville and Reamstown continue to be organized as mutual insurance companies, managed for the benefit of our members. That spirit of mutuality – a community of members sharing risk together, continues to be our guiding purpose. All numbers reported in this report reflect the combined activities of the Group.

Recouping the underwriting losses, along with good stewardship of expenses and solid investment returns added \$21.4 million to surplus and positions us well for continued improvement and growth. The "A", Excellent rating with AM Best, extended to both Goodville and Reamstown, and the tenth consecutive designation by The Ward Group as one of the Top 50 property and casualty companies in the country reaffirms the long-term financial stability of the company. In addition, we are proud to be recognized among the "Best Places to Work in Pennsylvania" during 2019 as determined by our talented team of professionals who diligently work to deliver on our mission.

The world we live in and the members we serve continue to change rapidly, requiring us to continue to adapt if we want to thrive well into the future. What does not change is our focus on the guiding principles and values that define us:

- Enduring Relationships
- Outstanding Service
- Competitive Products
- Financial Stability

In the following pages you will find more detail on these four pillars and the initiatives we have taken to continuously improve and deliver on each of these principles. Our vision since 1926 has been to provide stability and protection for our members, while doing business in a way that reflects our deeply held values.

I'm especially proud of the way our committed team remained focused on fulfilling our mission during a challenging year. We sincerely appreciate the long-term relationships we hold with agents and members alike. As we begin a new year we are focused forward and fully invested in our mutual success.



David C. Gautsche - President & CEO



The Four Pillars Which Guide Us

Enduring Relationships

The success of Goodville over the past 93 years is a direct result of the quality, long-term relationships we carefully nurture through everything we do. As a mutual insurance company our purpose is to serve our members and the communities in which they live, but that purpose will only be accomplished through the efforts of our employees, independent agents and business partners.

Members and Agents

- Delivering relevant coverage to protect our members at prices that are competitive and fair in the marketplace through a member-focused pricing strategy.
- Strengthen agent relationships by investing in resources for our underwriting and field marketing teams which support our joint efforts to serve a growing number of members.

Conducted over 1,100 agency visits during the course of the year.

- The focus of this year's Partnership Council was how, with changing weather patterns and increasing claims, Goodville could help members and agents be better prepared, and mitigate future claim costs.
- With the addition of Reamstown Mutual on January 1st, 2019 to the Goodville Group, we welcomed 112 new agency relationships, which opened up an opportunity to serve a broader range of members with diverse products needs.
- We sustained an exceptionally high member retention rate of 91.4%, proving a strong indication of member satisfaction.

Employees

Our people make the difference for our members. We see this through the way our team handles claims, a constant focus on doing the right thing, even when no one is watching. It's for this reason we invest in building and sustaining a culture that encourages our people to grow and develop to allow us to live our mission statement. This philosophy is visible in our recruitment of new employees and our investment in the entire team.

- Affiliation with Reamstown, plus significant organic growth, resulted in the largest single year staff expansion in our history. Twenty-eight new employees were added to the Goodville team, moving us to a medium sized company.
- Numerous employees took advantage of our employee continuing education and completed course work, to further their insurance knowledge. Five employees completed courses of study and received industry designations as recognition for their efforts.

- Town Hall Meetings, small group meetings with the President, new employee orientation, employee appreciation luncheons and company outings connect us as a community and allow for healthy two-way communication.

- Employees participated in two surveys conducted by external organizations. The results provided helpful feedback to improve an already positive work environment. We are also very proud of the recognition that resulted from these surveys:

Named as one of the **Best Places to Work in PA** - ranked #7 medium sized business.

BEST PLACES
to work in **PA** 2018

The **LNP Best Workplaces in Lancaster County** - ranked #1 for medium business.



Competitive Products

Delivering the coverage to protect our members at prices that are competitive and fair in the marketplace is core to our mission, and an expectation of our members and agents. We continuously research market developments and solicit agent feedback to ensure our products remain relevant.

- For several years we have been working to grow the Commercial, Farm and Church components of our business. We've invested heavily in growing our capacity in these areas as well as expanding our product offerings.
- In 2019 we completed a multi-year rollout of our Worker's Compensation program in the balance of our states, supporting our initiative to grow commercial products in excess of our company-wide growth rate.



- Commercial class offerings were expanded to include self-storage warehouses, Employment Practices Liability (EPLI), Cyber coverages and a Farm truck pollution liability endorsement were introduced.
- Service Line coverage endorsements were introduced to support our Homeowners policies.

Outstanding Service

Technology and service demands are changing rapidly in a world where customers expect immediate access to real-time information and problem resolution. With those factors in mind we are constantly investing in strategies to improve the member and agent experience.

- Our agent portal supporting farm business was expanded to allow coverage, property and equipment changes to be submitted online. This upgrade allows the agent to both quote and submit changes when it's convenient for the member to meet, which often happens outside of normal business hours.
- Auto pre-fill has made it easier for agents to identify all vehicles and drivers associated with a specific address. Pulling information from the web and pre-filling auto applications reduces the time required to submit an auto application and increases accuracy of the information submitted.
- A comprehensive new co-op advertising website was launched to make it easier for agents to plan and deliver targeted advertising to connect with their clients and be visible in their communities to attract new business.

Filing a claim is a stressful time for our members and we have to be there to fulfill our promise.

- Filing a claim is a stressful time for our members and we have to be there to fulfill our promise, so we have invested in technology to help us better meet member's expectations with real-time updates and progress through communication channels convenient for them.

Technology Transformation

It's important for us to be looking further into the future and investing in technology solutions that will keep us ahead of changing expectations. Consequently, in 2019 we embarked on a multi-year technology transformation that we believe will position our Group to not only meet, but exceed the service expectations of our members.

Early stages of this transformation work is forming the foundation for us to meet our future vision. While the work will never be fully complete, our vision for the future includes:

- Real time access of information to members for policies, billing and any claims that might be in process through our website or mobile application.

- Proactive communication updates to keep members and agents informed of the progress of a billing request, stages of payment, or a claim presented.
- Significantly reduced cycle times to quote and issue policies, allowing agents to use their time more effectively and meet the needs and expectations of their clients.
- Effective use of the information already housed within our system to reduce the questions we need to ask at the point of application.
- Electronic delivery of policies and notifications to reduce mailing time and expense, as well as care for the environment.

We are focused on efficiency to reduce unnecessary expenses included in member premiums, but first and foremost we are focused on improving the member experience. To that end, each department will map every step in their process with a focus on removing obstacles and considering the needs of the member at each step. This process was completed by our Claims team, providing a critical foundation as we move into modernization of our claims systems in 2020.

Financial Stability

We recognize the product we deliver is ultimately a promise to support our members and make the situation right when unexpected events occur. Delivering this promise for over 93 years is how we have earned the trust of our members and agents representing Goodville. Our modern and efficient facility in Pennsylvania is supported by a recently renovated regional office in Ohio which serves our Great Lakes Region.

Delivering this promise for over 93 years is how we have earned the trust of our members and agents.

- External validation of financial strength evidenced by an AM Best (A) Excellent rating for Goodville, which was also extended to Reamstown Mutual for the very first time since the affiliation of the two companies.
- Inclusion in the Wards Top 50 for the 10th consecutive year, which recognizes the 50 most efficient, effective and consistent Property and Casualty companies in the country.



Our Independent Agents By State

We partner with independent agencies who are active in their respective communities, selective in risk selection and are a good cultural “fit” for Goodville. Below we show our agency coverage across our footprint, and highlight new agency appointments (orange) in 2019.

DELAWARE: \$5,405,183

Number of Agencies: 5

ILLINOIS: \$5,464,382

Number of Agencies: 19

Runyon Insurance Agency, Inc.
– Olney, IL

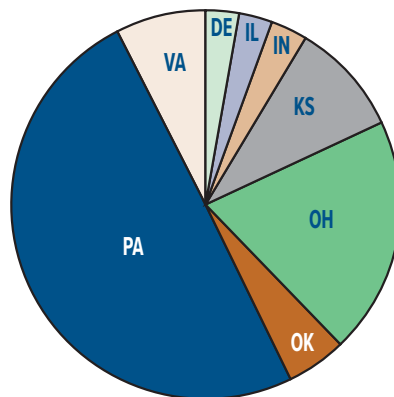
INDIANA: \$6,086,096

Number of Agencies: 20

KANSAS: \$17,786,519

Number of Agencies: 17

Jepson & Associates Insurance
– Valley Falls, KS



**Premium Written
By State in 2019**

OHIO: \$37,786,482

Number of Agencies: 53

Firefly Agency LLC – Dublin, OH

Stark Insurance Agency, Inc. – Canton, OH

Trent Insurance Group, Inc. – Norwalk, OH

OKLAHOMA: \$9,624,661

Number of Agencies: 6

PENNSYLVANIA: \$95,029,129

Number of Agencies: Goodville Mutual - 70

Reamstown Mutual - 107

Don Jacobs Insurance Services, Inc.

– New Bloomfield, PA

Sheeley Insurance Agency, Inc. – Stroudsburg, PA

Walter Insurance Agency – Selinsgrove, PA

VIRGINIA: \$14,341,996

Number of Agencies: 24

The Pivotal Insurance Agency LLC – Louisa, VA

Wightman Insurance Agency – Edinburg, VA

Wilkins Insurance Agency, Inc. – Winchester, VA

Partnership Council

In 2019, our annual Partnership Council event was held at Woodloch Resort, in Hawley PA. We value the opinions and feedback from this group of Partner agents and enjoy the activities, interactions and fellowship.

The final night is reserved to recognize the highest achievements within the group of top performers. Winners in 7 categories are presented with our GALA (Goodville Achievement & Leadership Appreciation) awards.



New to Partnership in 2019

LEFT TO RIGHT: **David Gautsche**, President / CEO of Goodville, **David & Pamela Harms**, Harms Insurance Agency, Inc., **Travis Homan**, Homan's Insurance, LLC, **Jim Bond**, James L Bond Agency Ltd, **Bill & Shelby Troutman**, SW Troutman Agency, **Bruce Brizzi**, VP Marketing for Goodville

Gala Award Winners



Rodney Lehman, Lehman Insurance Agency, Inc.

Most New Commercial Lines Policies Written
Most New Personal Lines Policies Written



Paul I. Sheaffer Insurance Agency, Inc.

Most New Farmowners Policies Written
Largest % of Premium Growth Agencies less than \$1.5M



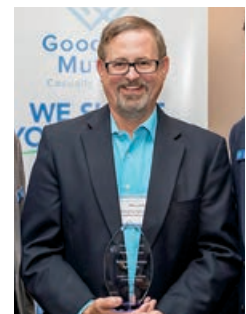
Brian Loman, Loman-Ray Insurance Group, Inc.

Largest % of Premium Growth Agencies \$1.5M or greater



Bill & Shelby Troutman, SW Troutman Agency

Lowest 5 Year Uncapped Loss Ratio



Mike Landis, Balsbaugh Insurance Agency, Inc.

Longest Consecutive Period of Partnership Status Earned

What our members are saying . . .

Ramona M: An unpleasant situation was made much better by the pleasant competent staff and the stress-free speed in which the claim was handled. Thank you.

Michael J: Wonderful experience, thank you for taking care of us!

James H: My agent's name is Jeanna. She provided the best insurance experience I've ever had in 38 years of driving. I hope she is recognized for her excellent performance.

Randell O: A stressful time from an accident turned into a non-stressful, pleasant experience.

Kimberly H: Being in an accident, let alone causing it, is a horrible experience. I want to thank everyone at Goodville for being so nice and for making this process smooth. You helped make this situation so much better!

Dennis P: Without exception, this incident could not have gone better! From the claim, through to the repair shop. Excellent!

Gene M: I was taken completely by surprise by the very quick action and payment of this claim. Many thanks.

Terry F: From the first call to the receptionist to Angela, the service was done in a very professional and assuring way. Thank you for a job well done.

Guydeen R: Did not expect this great service from an insurance company I was not familiar with!

Patti M: Every aspect of this process was a positive experience. Anna was efficient and handled my claim quickly.

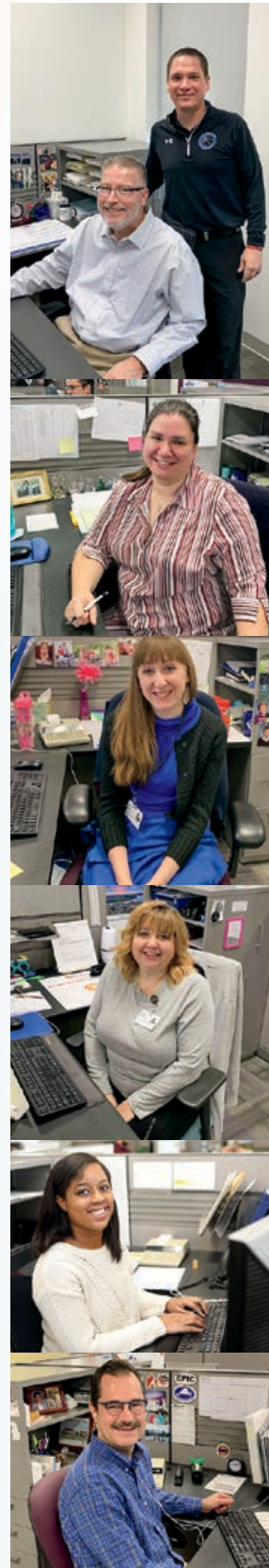
Judith D: From start to finish Goodville Mutual has always exceeded my expectations!

Michael L: Kevin was really great at answering questions and prompt in responding to emails.

Hannah E: This was my first time filing an insurance claim & have always heard horror stories about it. Thank you for not being one of them!

Marie S: The lady at Goodville, Denise, was very nice and helpful. She returned calls and answered my questions and was great to work with. Thank you.

Donald M: Good experience, good people.



Employee Milestone Anniversaries

Celebrating 40 Years



40 Years

Chuck Kidhardt

Senior Claims Examiner - Jun 18

Celebrating 35 Years



35 Years

Sue Baker

Senior Software Developer Analyst - Mar 19

Julie Stoltzfus

Senior Product Owner - Oct 4

Valerie Shirk

Underwriting Processor II - Oct 29

Celebrating 20 Years



20 Years

Kathy Anderson

Personal Lines Underwriting Processor I - Mar 15

Heidi Hatcher-Moore

Personal Lines Underwriter/Processor - Aug 16

Celebrating 15 Years



15 Years

Debra Damman

Underwriting Processor I - Mar 4

Angie Spradlin

Claims Processor - Jun 21

Celebrating 10 Years



10 Years

Lori Hines

Assistant Personal Lines UW Manager and Branch Office Manager - Jun 8

Alyson Leaman

Senior Accountant - Nov 16

Celebrating 5 Years



5 Years

Gretchen Boian

Personal Lines Assistant Underwriter - Jul 28

Angie Funk

Casualty Claims Supervisor - Aug 4

Kevin Hofmann

Claims Representative III - Aug 4

Mike Redcay

IT Infrastructure Supervisor - Oct 13

We said Goodbye to:

Retirement



Retirements

Joan Maxey - 30 Years

HR Director - Feb 16, 1988 to Feb 1, 2019

Nancy Good - 32 Years

Computer Operator II / Purchasing Agent
Dec 7, 1987 to July 2, 2019

The Charitable Organizations Committee

The role of this committee is to identify and recommend charitable organizations and events for both company monetary contributions and employee volunteer participation. We encourage our employees to put forward organizations which have a personal connection for them, and our committee members connect with local organizations for participation opportunities. Below are some of our highlights from 2019.

Sprouts for Peace Garden

Anna Marinelli & Judy Nguyen from our Claims team, volunteering at the New Holland Mennonite Church community garden.



Lancaster Hospice Labor Day Auction Basket Raffle

Each year every department at Goodville does an amazing job putting together themed baskets for the basket raffle for the Lancaster Hospice and Community Care Labor Day Auction.



Supporting our local community - CrossNet Ministries



A fantastic effort from Goodville employees packing backpacks full of school supplies to support CrossNet Ministries Back-To-School supply drive.



Some of our employees used their volunteer hours to help prepare lunches for students in New Holland, organized by CrossNet Ministries.



Family Christmas

This year for Christmas, we sponsored a family in the local school district. A single mom of five kids took in another student for the school year. To help give their family a wonderful Christmas, Goodville employees gave gifts for each family member including the mom.

President's Team



FROM LEFT TO RIGHT TOP ROW: **Kathy Good**, *Director of Product Development*; **David C. Gautsche**, *President & CEO*; **Maryfrances Cooper**, *General Counsel*.

FROM LEFT TO RIGHT FRONT ROW: **Philip W. Shirk**, *Chief Financial Officer*; **Bruce E. Brizzi**, *Vice President Marketing*; **Jerry L. Goodpaster**, *Vice President Underwriting*; **Michael S. Zimmerman**, *Vice President Claims*.

Board of Directors



FRONT ROW FROM LEFT TO RIGHT: **James M. Harder**, *Chairman, Bluffton, Ohio*, **Miriam E. Shirk**, *Goshen, Indiana*, **Carlton L. Miller**, *Vice Chairman, Boalsburg, Pennsylvania*, **David C. Gautsche**, *President/CEO, Lancaster, Pennsylvania*, **Glennys H. Shouey**, *Mt. Crawford, Virginia*, **Lori B. Miller**, *Archbold, Ohio*, **Jeremy C. Shue**, *Goshen, Indiana*.

SECOND ROW FROM LEFT TO RIGHT: **Donald L. Nice**, *Perkasie, Pennsylvania*, **Scott Miller**, *Defiance, Ohio*, **John L. Frankenfield**, *Secretary, Harleysville, Pennsylvania*, **Allon H. Lefever**, *Treasurer, Lancaster, Pennsylvania*, **A. Pete Wyse**, *Wauseon, Ohio*, **Andrew Dula**, *Lancaster, Pennsylvania*,

THIRD ROW FROM LEFT TO RIGHT: **Sanford L. Alderfer**, *Harleysville, Pennsylvania*, **Gregory A. Edwards**, *Napoleon, Ohio*

2019 Financials

Assets	2019	2018
Bonds	\$244,106,030	\$226,210,772
Stocks	75,028,534	55,098,140
Real Estate	6,094,181	6,240,469
Cash & Short-term Investments	12,391,083	11,122,827
Premiums Receivable	26,071,558	22,746,994
Other Assets	3,554,725	4,761,619
Total Assets	\$367,246,111	\$326,180,821

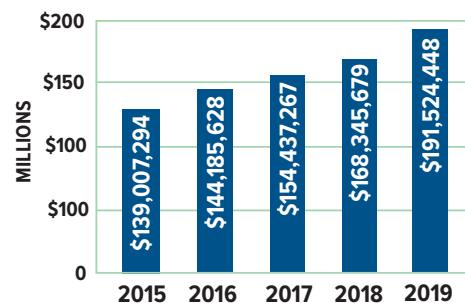
Liabilities & Policyholders' Surplus	2019	2018
Reserve for Unpaid Losses	\$62,869,456	\$54,962,971
Unearned Premiums	75,600,065	66,085,734
Other Liabilities	20,331,718	18,122,592
Total Liabilities	\$158,801,239	\$139,171,297
Policyholders' Surplus	208,444,872	187,009,524
Total Liabilities & Surplus	\$367,246,111	\$326,180,821

Underwriting Income	2019	2018
Premiums Earned	\$173,336,881	\$151,564,992
Loss & Loss Adjustment Expense	124,211,076	98,426,799
Underwriting Expense	49,119,419	43,798,507
Underwriting Gain/(Loss)	\$6,386	\$9,339,686
Net Investment Income	\$9,209,722	\$9,853,932
Other Income	406,520	288,575
Federal Income (Tax) or Credit	(2,159,925)	(3,050,734)
Net Income/(Loss)	\$7,462,703	\$16,431,459

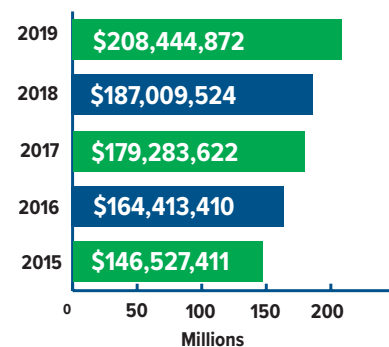
Operating Ratios	2019	2018
Losses Incurred to Premiums Earned	71.6%	64.9%
Expense Incurred to Net Premiums Written	27.3%	28.0%
Combined Loss and Expense Ratio	98.9%	92.9%

* 2019 includes Reamstown Mutual

Direct Premium Written

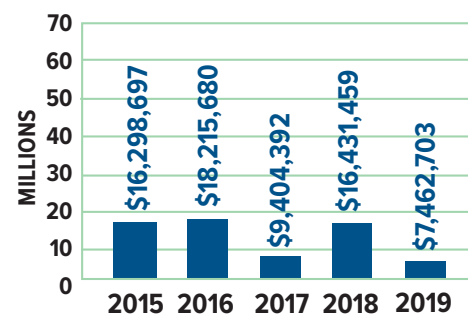


Policyholders' Surplus

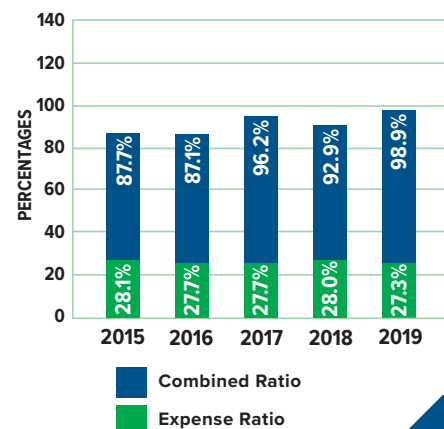


2019 includes surplus assumed from the affiliation of Reamstown.

Net Income (Loss)



Expense Ratio / Combined Ratio





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