



ANNUAL REPORT TO THE STAKEHOLDERS OF THE  
INSURORS INDEMNITY COMPANIES  
March 15, 2021

We are pleased to supply you as a stakeholder in our companies, this annual report on our 2020 results and plans for the future of the Insurors Indemnity Companies. We believe that our agents, employees, regulators, reinsurers, rating agencies and insureds, as well as our investors, have an important stake in seeing our companies be successful. Our success helps each of them succeed in their role.

Focused on our vision, mission and 2021 to 2023 strategic plan, we continue to manage to a set of benchmarks that we feel have and will continue to produce favorable results reflective of disciplined underwriting, growth, and the best in service to our policyholders and agents. Please see our vision and mission statements at the end of this report.

### **Discussion and Analysis of the Financial Condition and Results of Operations**

#### **Financial**

Even with the Covid -19 pandemic we had the most profitable year in our history. For the 12 months ending December 31, 2020, Insurors Indemnity Companies earned \$4,635,833 before tax, up 39% from the prior year and slightly above our best year in 2018 of \$4,575,267. Capital and Surplus of all entities increased to \$31,840,681 up from \$28,202,496 in 2019.

For detail on the results of the underwriting companies, please refer to the most recently filed quarterly and annual statements of Insurors Indemnity Company and Insurors Indemnity Lloyds on our website at [www.insurorsindemnity.com](http://www.insurorsindemnity.com) in the "About" section.

#### **Premiums**

Our premium growth slowed in 2020 primarily as a result of a slowdown in construction in our states which affected surety writings. Written premium was \$38,887,058, up slightly from \$38,175,397 in 2019. Earned premium was \$19,868,340 up 5.9%.

Surety premium writings were down 6.9% from last year. However, a loss and LAE ratio of 2.7% greatly relieved the disappointment of no growth in premiums. We began writing surety in Arizona in addition to our existing states.

Commercial property and casualty premium increased 8.5% over 2019 aided somewhat by the expansion of our online BOP product to New Mexico after having only written business in Texas for nearly two decades. Arizona will follow in 2021.

Residential property and liability premium produced via Insurors' MGA agreement with Atlas General Agency (AGA), totaled \$15.8 million. Insurors Indemnity Company retains 10% of the risk with the remainder ceded to a panel of A rated reinsurers. If you would like to learn more about writing residential business in IIC, please contact Nancy Tussy for a referral to Atlas.

### **Our 2021 to 2023 Strategic Plans**

In order to better assist our agent force in their support of our common customers, we are expanding our product lines into commercial auto and workers compensation through arrangements with third party carriers. You will see our operations become more focused in Insurors Indemnity Underwriters in which we will underwrite on behalf of our owned companies and the third parties. We hope this will encourage our agents to submit the entire account to us, not just their clients' multi-peril risk.

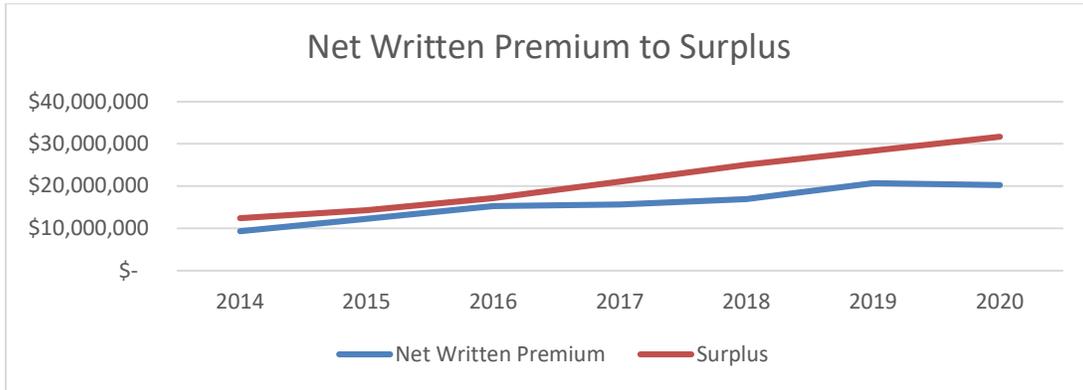
A big development for our companies has been to convert Insurors Indemnity Lloyds from a Texas Lloyds company to a stock insurance company named Insurors Indemnity Select Insurance Company. Following the conversion, we applied to the TDI for Select to become a Domestic Surplus Lines Insurer. The benefit of this designation is that it will allow us to write some accounts that do not meet our standard underwriting requirements where in the past we simply had to pass on the risk. We are also pleased to announce our partnership with iMGA, which will add non-admitted dwelling and homeowners products to the suite of products written by Insurors.

The real benefit of this arrangement will be that our agents will not have to deal with a separate MGA to place E&S business but will continue to talk to and be underwritten by employees of Insurors Indemnity.

We are awaiting approval of our DSLI designation from TDI and hope to be operational in the 2<sup>nd</sup> quarter of 2021. IIC has now been admitted to Utah, Louisiana and Nevada and our application is pending in California and Kansas. We are planning to offer surety in each of these states and the BOP product in several.

## Capital and Surplus

Surplus continues to rise in tandem with premiums keeping net writings to surplus well within a self-imposed maximum level of 1.35:1, allowing ample capacity for the company’s plans for continued growth. Our capital continues to be rated as “Very Strong” by A.M. Best, their highest financial strength category.



	2014	2015	2016	2017	2018	2019	2020
<b>NWP to Surplus</b>	75.3	85.6	89.2	74.3	67.4	72.9	63.8

## Competitive Advantage

We continue to believe that our competitive advantage is in our dedication to being the most responsive and easiest insurance company to do business. However, we know that we can no longer compare our service to agents and insureds only to other insurance companies but must be as fast and efficient as the best companies in any industry. We are working daily to find additional things we might do to make the experience of dealing with us even easier.

To that end we are continuing to speed our service by measuring such things as time it takes us to call an insured with a claim (24 minutes in December 2020) and days to initial payment of a first party claim (7.6 days). We have installed software that measures our telephone response times, call back times and other metrics that show how quickly we respond to your calls. We will expand that to emails in 2021. Our claims department is now sending texts and emails to insureds who appear to be in the path of a storm, advising them on how to most easily get in touch with us in the event of damage.

A “Service Meter” that is posted monthly on our public and agent websites outlining the statistics around our customer service endeavors is our way of holding us accountable for continued improvement. Please visit our website at [www.InsurorsIndemnity.com](http://www.InsurorsIndemnity.com) and look around.

## Rating Agency and Regulatory

A.M. Best affirmed its rating of the companies as A- (Excellent) VI and the Department of the Treasury renewed the company’s authority as a surety on Federal bonds, increasing its treasury limit to

\$2,837,000. It is gratifying to have the stamp of approval from entities such as these. The Texas Department of Insurance conducted a five-year examination of the Insurors Indemnity companies which was completed in June of 2019. We are pleased to report that there were no deficiencies in the examination and, like our annual audit, served to affirm confidence in our people and processes.

### **Conclusion**

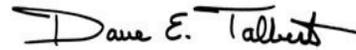
Consistency and predictability result only when a group of people, who care about the work they do and the customers they serve, join forces under a common mission. Insurors Indemnity Companies is fortunate to be associated with employees and agents who strive daily to exceed customer expectations and fulfill the company's mission. It is our practice to be transparent in every way possible and in so doing benefit from the review and valuable input of stakeholders. If, after reviewing the content of this report, you have questions or would like greater elaboration please feel welcome to contact either of us by phone or e-mail.



Thomas G. Chase Jr., Chairman

254-759-3737

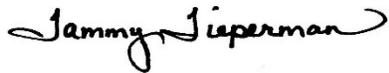
[tchase@insurorsindemnity.com](mailto:tchase@insurorsindemnity.com)



Dave E. Talbert, President and CEO

254-759-3711

[dtalbert@insurorsindemnity.com](mailto:dtalbert@insurorsindemnity.com)



Tammy Tieperman, Chief Accounting Officer

254-759-3727

[ttieperman@insurorsindemnity.com](mailto:ttieperman@insurorsindemnity.com)

### **Our Mission**

Provide our agency partners and common customers targeted insurance and bond products in an ethical, timely, friendly and common-sense manner; provide our employees with meaningful work and professional growth opportunities; and increase the value and importance of our company to our stakeholders.

### **Our Vision**

Insurors Indemnity Companies aspires to be a \$60 million premium company before 2024, operating in 12 or more states with a surplus to support our premium of at least \$35 million. To achieve our aspiration, we will focus our efforts on niche and targeted insurance and surety products that will provide the profit needed to support our growth. We will be perceived by our agents and common customers as the most friendly and efficient insurance company in the industry which always exercises educated common sense in all decision making. Our people will prosper as does our company through professional growth and career opportunities.