LOUDOUN MUTUAL
PIPELINE
A publication for and about the agents and employees of Loudoun Mutual Insurance Company



Navigating the Landscape:

Loudoun Mutual's Journey to Underwriting Sustainability – Will 2023 and 2024 be Moses or Joshua?

By Chris Shipe, President

chris.shipe@loudounmutual.com

THE SIMPLEST MEASURE of success for property/casualty insurance companies remains a combined ratio that consistently falls below 100%. Unfortunately, the escalating frequency and severity of weather events have cast a shadow over the whole industry and the search for the path to positive results feels reminiscent of Moses wandering the desert in search of the promised land. The impact of severe convective storms combined with frequent micro-events, shifting policyholder expectations, and social inflation has placed immense pressure on companies striving for a consistent underwriting profit.

Like our peers across the industry, Loudoun Mutual has been navigating a five-year journey that feels like traversing the desert in terms of underwriting results. There has been an oasis here and there along the way, most notably periods of underwriting profitability in 2019 and 2021. Conversely, there have been longer periods of elevated storm activity that have negatively impacted our underwriting results.

At Loudoun Mutual, we are not content with a sporadic oasis or merely hoping for the storm to pass. We remain committed to working diligently and thoughtfully, aiming to reach the promised land through development and implementation of a combination of products and process that lead to



sustainable underwriting profitability. Steps we have taken on our journey include: the Pennsylvania affiliation, commercial line product updates, higher sophistication in personal lines rate-making, and enhanced underwriting analytics. Most notably, at Loudoun Mutual we distinguish ourselves by blending high-tech processes with an emphasis on relationships and a culture of caring.

As 2023 winds down and I prepare for my final months as President of Loudoun Mutual, I am grateful for the incredible opportunity to work with amazing individuals. Collaborating with the dedicated team at Loudoun Mutual brings to mind the sports analogy of "leaving it all on the field." At Loudoun Mutual, we strive to demonstrate our full commitment by doing everything possible to keep the company moving forward. Despite the challenges of 2023, the hard work of everyone at Loudoun Mutual has positioned us to finish the year in the promised land of underwriting profitability.

I am confident that 2023 is not just an oasis and that we have undertaken the right initiatives to move Loudoun Mutual into the promised land of consistent underwriting profitability. Only time will tell but it is my strong belief that the work we continue to do together will make 2024 more akin to Joshua arriving at the promised land than Moses' time wandering the desert.

WINTER 2023

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Smell the Roses

By Chuck Good, Vice President & Marketing Manager

chuck.good@loudounmutual.com

DURING THE WINTER months, "smelling the roses" sounds like a peculiar topic of discussion. I have a rosebush on the side of my house that I have really started to enjoy when it is in bloom…which is not now. The colder season brings an early sunset and gloomy weather which is hopefully offset by some time off with family and friends during the holiday season.

A recent conversation with one of our valued agency partners enlightened my sense of awareness regarding the industry that provides employment for most reading this newsletter. Our industry protects the most basic human physiological needs of food, shelter, and clothing. Abraham Maslow's pyramidal "Hierarchy of Needs" model placed our career choice near the foundation of basic human needs as we are the safety and security layer of the pyramid.

Property insurance is our safety net, protecting us from the financial costs of perils that threaten our fundamental needs. This industry puts bread on our table and keeps a roof over our heads. We often come to expect these needs will always be met, but each year about 140 homes insured by Loudoun Mutual catch fire. I did not count the ones that were started intentionally! Thankfully, not all fires are total losses, but for the unfortunate few, the roof over their head and the clothes on their back are jeopardized. Your career choice to protect these fundamental needs can often be overwhelming during the year. We work in an industry where we deal with traumatic life events of our friends, family, and community. You cannot buy groceries or attend a sporting event without getting questioned about insurance. The insurance industry has an unquenchable thirst and insatiable appetite for our service and our time.

We can always reflect and wish we had written one more policy, made one more prospective sales call, or reviewed one more renewal for potential loss variables or coverage needs. No matter the number of hours we work, it will never be enough. Take this time to enjoy those that mean the most to you and be satisfied with your accomplishments, more so than the unfulfillment or or defeats experienced this year. Understand that the employees at Loudoun Mutual see your efforts and strive to meet or exceed the care you show to your policyholders.

As we close out year 174 of our storied company, it can be stated that we have had years that were far more profitable and productive. Despite this fact, I cannot recall working any harder than this year. We have challenged every obstacle and barrier, adapted to fluidity in market conditions, and stand taller now than ever before. The support and essential relationships between our Board of Directors, Loudoun Mutual staff, and our agency partners working side-by-side has enabled us to offer the best products and service of any carrier in the industry. With so many feats accomplished, please stop and smell the roses. Happy holidays.





Financial Roller Coaster, but Flatter

By Kimberly Fry, Vice President, Finance

kimberly.fry@loudounmutual.com

I WANT TO start my article by wishing everyone a Merry Christmas and Happy New Year. Additionally, the accounting department has asked me to remind agents that when submitting an EFT form, containing any financial or personal identifying information regarding a policyholder, to send this information via secure email or fax. If you are unsure how to do this, please contact Loudoun Mutual and we can send you a link to upload the files securely or answer questions you have regarding sending banking information securely.

Financially, 2023 continues to keep us all on a roller coaster ride and guessing what Mother Nature will do next. When I saw everyone at Wintergreen, I mentioned that 2022 was rough and that 2023 had been doing ok until the storms in August hit, forcing Loudoun back into a loss position. Two months later, the Loudoun Mutual financials appear to have rebounded as we head into the final curve of the year. I hope you have a very merry Christmas and enjoy the warmth and magic of the holiday season.

	Year to Date through November 30, 2023	Year to Date through November 30, 2022
Underwriting Profit (Loss)	(1,320,816)	(6,643,493)
Investment Income	2,128,001	2,969,420
Net Income (Loss)	718,017	(3,383,165)
Total Admitted Assets	119,185,138	115,932,150
Combined Ratio	99.9%	110.7%

Announcing!!

WE ARE PLEASED to announce that after a two-year process and nationwide search, Todd Robertson will transition from CIO to COO on January 1st, 2024. It is anticipated that Mr. Robertson will be elected President/CEO at the Loudoun Mutual annual Board of Directors' reorganization meeting on March 26th, 2024. Longtime President/CEO Christopher Shipe will become President Emeritus and remain "of-counsel" until December 31, 2024. Mr. Robertson joined Loudoun Mutual in July 2001. Before being selected to succeed Mr. Shipe, Mr. Robertson was responsible for all information technology initiatives. Prior to Loudoun Mutual, he also held IT positions with the Bering Truck Corporation and the Jerr-Dan Corporation. Mr. Robertson earned a Bachelor of Science degree in Computer Information Systems from Shepherd College and a Master of Business Administration degree from Frostburg State University. He also holds the Chartered Property Casualty Underwriter, (CPCU) designation, the Associate in Insurance Technology (AIT) and the Associate in Insurance Accounting and Finance (AIAF) insurance professional designations from the Insurance Institute of America.





Measuring Success

By Tim Koppenhaver,
Executive Vice President-Underwriting
tim.koppenhaver@loudounmutual.com

AT YEAR-END, it's natural to start evaluating how the past year went. Insurance companies, of course, always look most closely at profitability – the ultimate measure of success, it seems. Though that's a vital measurement, it's just the tip of the iceberg for what insurance companies evaluate.

In Claims, for instance, customer satisfaction is critical. How many great reviews were received? In Accounting, how many policyholders have signed up for EFT billing? In IT, how many software outages were reported during the year? In Underwriting, we track many things too:

Cancellations – What are the main reasons and are those trends changing?

Quotes and New Policies – Which lines are being quoted most, and which have the highest bind rate?

Loss Prevention Sensors – How many policyholders signed up for loss mitigation sensors?

Line of Business Loss Ratios – Which lines are least/most profitable?

Reinsurance Costs – Which policies have the most impact on reinsurance costs?

Turnaround Time – Are new policies and other transactions issued in an acceptable time frame?

Third Party Vendors – Are the vendors we use, such as inspection companies, meeting our expectations?

Why do we track so many things? Yes, it takes a lot of time and effort, but we do feel it's very important to continue monitoring all aspects of what we do. This tracking allows us to find weaknesses, which in turn allows us to make quick adjustments. And those quick adjustments help avoid the need to make larger, more disruptive adjustments later.

Let's be clear about one other thing. All the tracking and adjustments we make point right back to the tip of the iceberg – profitability. By measuring and adjusting the little things, they accumulate into having a significant impact upon profitability. Undeniably, tracking things remains a vital responsibility of underwriting operations.

And if you're wondering, I have not yet figured out a way to track whether these newsletter articles are meeting the readers' expectations…but I'll keep working on it.



A Bit of Humble Fruitcake for the Holidays

By Todd Robertson,
Vice President-Information Technology
todd.robertson@loudounmutual.com

AS FULL DISCLOSURE, I always review my previous newsletter articles in an effort to provide useful information and hopefully not repeat myself. Much to my chagrin in last year's newsletter I alluded to the fact that endorsement quoting was on the horizon. Little did I know that project was going to be like finding Tickle Me Elmo, a Wii, and a cabbage patch doll all in one on Christmas Eve!! To say it's been a journey is an understatement but hopefully by the time you read this you'll have already seen an announcement posted on our website with a quick "how to" guide from Mrs. Rachel Saunders.

With endorsement quoting, we've incorporated the quoting wizard you are already familiar with and listened to the feedback from our agency force in the creation of an endorsement summary that can be shared with the insured as they ponder their decision. You will be able to quote changes on all lines of business except for Commercial. As always we welcome and appreciate your feedback. As you have a chance to use the new functionality please don't hesitate to reach out with suggestions, questions, or ideas.

In closing, I'll suppress my nostalgia of 2023 in favor for the optimism of 2024. Next year will definitely provide some new opportunities and challenges for me personally as I transition into my new role. But before I go, it is my pleasure to announce that Luis Manzano has been promoted to Director of Information Technology and will be leading the IT department at Loudoun Mutual beginning in January. Luis joined Loudoun Mutual in 2011 and has over 20 years of IT experience. Throughout our years together, Luis has been more than just a trusty side-kick, he has been leading his own projects, identifying and implementing process improvements, and being a valuable contributor to Loudoun Mutual's culture. I am excited to see what else lies in Luis's future. Congratulations Luis!



Winter 2023

By Selena Duggar, Vice President-Claims

selena.duggar@loudounmutual.com



WASN'T IT just summer? Every year time seems to move a bit faster than the year before. Or it may just be a sign of my growing age.

I love this time of year, and the magic in the air. People seem a bit kinder, and I find myself reflecting on all the blessings in my life. As the Grinch said, "Maybe Christmas perhaps, means a little bit more." I work with awesome people at Loudoun Mutual, I have my health and family (especially my babies Tucker and Toby), and all my many friends. I have great relationships with our agents and vendors, and of course I love my claims team!

I am very happy to announce a new addition to the LMIC Claims Team, Kerry-Ann Parsons, who just joined us in November. She comes to us from Security First Insurance Company in Florida and brings a wealth of insurance knowledge with her. Having always lived in the south, and being born in Jamica, she will need to adapt to our ever changing, and colder weather. We are very happy to welcome her to our family, and I can't wait for you to meet her.

2023 was another busy year for claims. We handled 3,113 claims through November at a cost of approximately $42,982,008. I am always hopeful the weather next year will be kinder to us, but my biggest wish this year is for no snow/ice storm at the end of December like last year!

As always, don't let the winter months get the best of you and your customers. Take care to properly winterize your home and remove any chance of damage that wind, rain, snow, and ice may cause. Clean those fireplaces, get your heating systems checked out for best efficiency, and clear those gutters to avoid water backing up causing ice dams. This is the season for fires and frozen pipes, so be aware.

From our claims department to you, we wish you all a very Merry Christmas and a Happy New Year!

Charitable Giving

By Stacy Harrison, Integrated Services Supervisor

stacy.harrison@loudounmutual.com

WHILE 2023 may have been a difficult year for many due to higher interest rates, higher gas prices and higher grocery bills, we at Loudoun Mutual still found the ability to give back. We are very blessed to be where we are and to be able to share with others our good fortune.

We pick an organization for each quarter to focus on. We not only collect items to donate, but we also have 50/50 raffles, a Day off with Pay drawing, and Bake Sales with all cash received going to the campaign for that quarter. During 2023, our campaigns were Loudoun County Animal Shelter, Backpack Coalition, Laurel Center, Angel Tree, and Loudoun Hunger. The total raised during 2023 for all campaigns was $3,072.75.

We also offer our time by way of hours for volunteer work. During 2023, volunteers from Loudoun Mutual spent time at the Loudoun County Animal Shelter, Laurel Center and Toys for Tots helping to pack up donated toys.



Giving back to our communities is very important to us. We have a line up for 2024 started, but if you have something that is strong in your heart, let us know! We'd love to help!!

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LOUDOUN MUTUAL
INSURANCE COMPANY
Post Office Box 58 • Waterford, Virginia 20197
www.LoudounMutual.com