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



Spring has Sprung – A New Year, New Opportunities!

By Chris Shipe, President

chris.shipe@loudounmutual.com



THE OTHER DAY as I was coming out the front door of our building, two things caught my eye. One, spring has sprung! The daffodils planted in the past have rebloomed and remind us of the promise that each new year gives us a chance to reset and restart. The other thing that caught my eye was our Company sign and the significance of the simple phrase "Organized 1849."

Taking a quick look back, 2022 was by almost every measure, a very challenging year. It was difficult both operationally and financially. Multiple storms impacted our underwriting results and financial market volatility affected our investment results.

We did not let the challenges of 2022 slow us down. Keeping the Company moving forward, the Board of Directors and Management Team did a major refresh of the Company's strategic plan. Also, the IT department implemented multiple enhancements to Loudoun Mutual's policy administration system and successfully installed a new system at our affiliate company, Community Insurance. During the year we assisted our affiliate companies, Community Insurance and Montour Mutual merge to form a stronger company. Coming out of the merger process we helped Community develop a strategic plan to guide them forward as an important part of the Loudoun Mutual family. Back in Waterford, the Claims Staff handled over 3,900 claims; Underwriting and Marketing worked diligently to ensure underwriting integrity and rate adequacy and; Finance managed cash flow and investments to pay over $39,000,000 in claims while maintaining Loudoun Mutual's financial security and stability.

The Company's ability to respond to the challenges of 2022 and the recent affirmation of our financial security rating of A- Excellent by AM Best were strong validations of the Company's enterprise risk management practices and the people at Loudoun Mutual who implement them.

As we look back on 2022, it was not a year of ***either/ or*** when it came to paying claims and moving the Company forward. Despite the significant claim activity, 2022 was a year of successfully taking care of the Company's policy-holders ***and*** continuing to move Loudoun Mutual ahead with multiple strategic initiatives.

Which brings me to the daffodils. We made it through the winter of 2022

continued on page 2

SPRING 2023

IN THIS ISSUE:

Spring Has Sprung!	1
Bruce McIntosh II Feb. 12, 1937 – Mar. 28, 2023	2
Our Newest Board Member	2
Year of the Rabbit	2
2023 Underwriting Tactics	3
Risks Worth Taking	3
Loudoun Mutual App	4
April Showers Bring May Flowers	5
"Where's My Refund?"	5
Giving Back	6

Spring Has Sprung

continued from page 1
the spring flowers in front of our building are a nice reminder that each new year brings a new start and new opportunities. We are so very thankful that along with the beautiful spring flowers, operationally and financially Loudoun Mutual is off to a great beginning in 2023. Two months certainly don't make a trend, but seeing the fruit of everyone at Loudoun Mutual's hard work in 2022 showing up in 2023, is very encouraging. Year to date numbers are one more affirmation of the effectiveness of last year's work.

All this also reminds us of the significance that Loudoun Mutual was organized in 1849. 2023 is Loudoun Mutual's 174th springtime. The Company has gone through many winters, including the very harsh ones from 1861 to 1865. But after those hard winters, spring came again and Loudoun Mutual has always moved forward. We are thankful to be through the difficult winter season of 2022 and grateful for the opportunities in front of us in the beautiful spring of 2023.

Bruce McIntosh II

February 12, 1937 – March 28, 2023

IT IS WITH SADNESS that we share the news of the passing of retired Loudoun Mutual Board Chair, Mr. Bruce McIntosh II. Bruce was elected to the Loudoun Mutual Board in 1982 and became Board Chair in 2001. He served as Board Chair until his retirement from the Loudoun Mutual Board of Directors in 2009.

Bruce was a Loudoun County native and Virginia Tech graduate who ran very successful farming and land development businesses. He was dedicated to his church and the local community serving in leadership roles at multiple organizations. Bruce cared deeply for Loudoun Mutual and under his leadership he very much personified and fostered Loudoun Mutual's culture of caring.



All of us at Loudoun Mutual extend our deepest sympathy to Bruce's wife Jean, and his family.

Announcing Our Newest Board Member!



WE WOULD LIKE TO introduce the newest member of the Loudoun Mutual Board of Directors, Ms. Erecka Gibson. Erecka was appointed to the Board of Directors at the December 2022 meeting. She brings a very strong financial background to our board of directors. She holds the Certified Public Account (CPA) designation. In her professional responsibilities, she currently serves as the Director of Treasury and Risk Management Accounting at the George Washington University. She lives in Berryville where she is active in her community, including serving as the Town Recorder/Vice Mayor of the town. We are very thankful for Erecka's willingness to serve and represent the policyholders of Loudoun Mutual.



Year of the Rabbit

By Chuck Good, Vice President & Marketing Manager

chuck.good@loudounmutual.com

THE 1ST QUARTER NEWSLETTER presents an opportunity to reflect on the positives of the previous year. Despite a year with elevated claim frequency and severity, 2022 was a year where:

- Inforce premium grew to $70.89M
- Persistency climbed to a 35-month high of 89.5% across all lines
- Fifty-four (54) agencies out-produced prior year new business
- New Loyalty Discount for Dwelling Fire line and amended discount for the benefit of 11,000 loyal Homeowner policyholders
- Affirmed A- (Excellent) with Stable Outlook from AM Best

Quite possibly the most fun Lynn and I have all year involves delivery of profit-sharing checks. In total, 53 checks totaling just above $1M were delivered…in-person, by St. Patrick's Day. Congratulations to those agencies receiving this contingency bonus.

By the time this newsletter is published, the Marketing department will have collaborated with Underwriting in the joint venture of agency reviews. This annual exercise often sets the tone for Underwriting initiatives while the thorough research recognizes both the positive and negative trends impacting agency and company results. The goal of agency reviews is to find the balance…happy medium if you will, where all parties can partake and enjoy

continued on page 3



2023 Underwriting Tactics

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

AS RECENTLY ANNOUNCED, A. M. Best has affirmed our A- (Excellent) rating. After such a challenging 2022, it was nice to know A. M. Best has confidence in the underwriting tactics we're employing to stay financially strong.

We have a history of employing underwriting tactics every year – not just in 2022 – that help us stay financially strong. Those tactics vary from year to year based on our loss results, economic trends, and emerging underwriting issues that hit our book. In 2022, and into 2023, the underwriting tactics we're using to stay financially strong are targeted at three key areas – inflation, elevated weather losses, and the financial strength of our policyholders.

Inflation has been a bit of a roller coaster over the past few years, but mostly trending upward quite steeply. During the pandemic, when inflation factors were rising quickly and erratically, we took a more compassionate approach and used factors less than what was indicated. Recently, we used e2Value to examine 20,000 policies and found that we've fallen a bit behind with our coverage limits. And so, effective 7/1/2023, we will be raising our coverage inflation factor from 5.5% to 7% for all homeowners, and up to 15% for those in our Preferred, Superior, or MasterGuard tiers.

As noted in the newsletter several times, we continue to face an increase in weather losses. To identify risks more susceptible to weather, we've begun using Betterview for aerial imagery. This tool identifies roofs in poor condition. More positively, it also identifies homes with solar panels. A surprising number of homes now have solar panels, and we are notifying agents when they are found. We want to make sure the right coverage amount is in place which contemplates the added cost of panels.

Lastly, our industry knows that low credit scores are more likely to bring higher loss ratios. For the past decade, and again in 2023, we have run Transunion's True Risk insurance scores for all policyholders. Though we never take adverse action solely on insurance scores, low scores do implore underwriters to look more closely at other aspects of a risk.

These three underwriting tactics are a hedge – an investment in money and time to fight back against the many challenges our industry is facing. We are optimistic though, that they will strengthen our results, increase agents' commissions, and garner more affirmation from A. M. Best that we are on the right track.

Year of the Rabbit

continued from page 2
a symbiotic relationship.

Shortly thereafter, Agency Council will commence at The Inn at Willow Grove in mid-April. This exercise often identifies opportunities to advance product and services. This practice of utilizing a diverse panel of council representatives collaborating with company personnel is always productive and helpful, but good ideas are welcomed through any and all communication channels.

The Eighteenth Annual Sales Contest will spring into effect on May 1st and run through July 30th. Not only is this a great time to receive extra incentive to place business with your favorite company, but the Sales Contest also qualifies your agency for the Annual Agents Meeting, aka Wintergreen. Considering 2023 is the Year of the Rabbit…symbolizing grace, beauty, mercy and good luck, I'm optimistic our agency partners will capitalize on this longstanding tradition. Good luck!

UPCOMING IMPORTANT DATES:

April 12th – Agency Council

May 1st – Start of the Sales Contest

October 5th – Annual Agents Meeting

No luck, however, is needed for the things we can control. Our diligence, work ethic and relationships will serve as the catalyst for our mutual success. On that note, myself, along with all the folks at Loudoun Mutual, are grateful to have such wonderful agency partners.

Together, we will bond and flourish in our 174th year of serving our policyholders. Thank you for your unwavering support.





Loudoun Mutual App

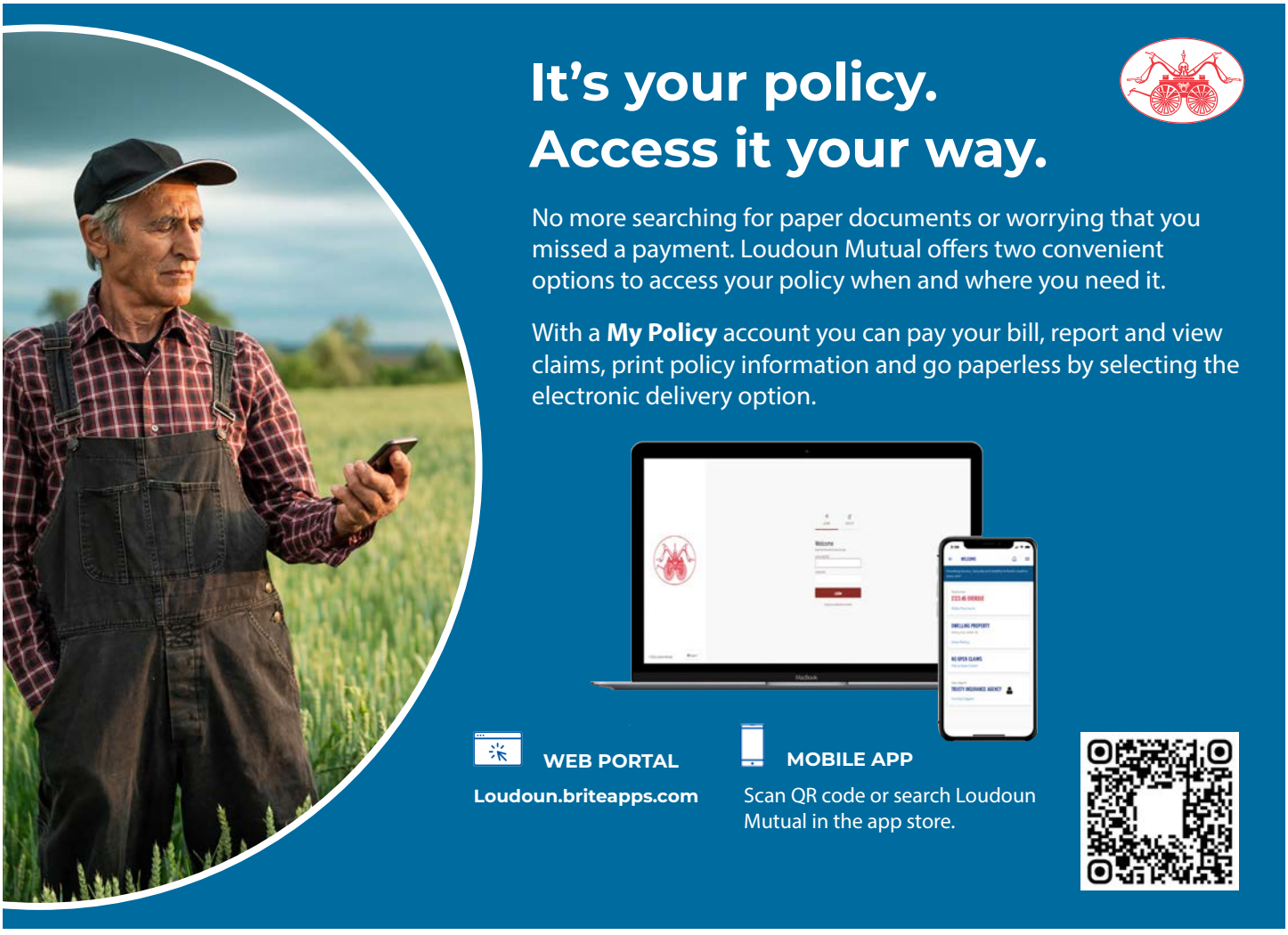
By Rachel Saunders,
Quality Insurance Specialist
rachel.saunders@loudounmutual.com

WE ARE HAPPY to announce that we have launched a mobile app for our insureds. It is now available for both Apple and Android devices! Policyholders can download it from the App Store or the Google Play Store by searching for "Loudoun Mutual Insurance" and finding our pumper logo. Our mobile app enhances our ability to meet our insureds' needs wherever they are.

The mobile app was built in conjunction with our "My Policy" site, so insureds who already have accounts there can use their existing username and password to sign into the mobile app. They also have the option to sign up for a new account on both platforms. Insureds can use either method to connect all of their policies, sign up for paperless eDelivery, edit payment methods, alter AutoPay settings, download bills and dec pages, submit claims, and more!

We're excited about the new functionality, but we need your assistance to create awareness. As more insureds strive to conduct business online, don't forget to mention that we have an app and a website for policy management and paying bills.

As always, we are grateful for the support of our agents and welcome your feedback on ways we can create even more value for our insureds. Your receptiveness and feedback help us grow and adapt to the ever-changing insurance technology environment!





April Showers Bring May Flowers...in February??

By Selena Duggar, Vice President-Claims

selena.duggar@loudounmutual.com

2023 HAS ALREADY shown how fun, strange, and interesting the weather can be. We have had a little snow, a little wind, and some beautiful sunny days here in Virginia. It has been cold, then warm, then cold again, and then warm. The warm weather is great, but the flowers are confused and in full bloom just for temperatures to fall again and freeze everything. In other parts of the country, they have had brutal snow storms and even more brutal tornados. I am so happy we haven't had to deal with that here.

Spring is a great time of year. It is a chance for rebirth and regrowth. We "Spring Forward" soon, which is my favorite time of year because I enjoy the longer sunny days. But Spring also brings wind, rain, hail, and thunderstorms. The good news is we are off to a better start with claims this year vs last year. We had 669 claims at this time in 2022 and we have had 485 claims reported so far this year. I know it is early, but I am a glass half full kind of gal. :)

We are counting on a beautiful Spring with minimal weather interference. With the sun lasting longer each day we can get out and walk, breath in the fresh air, and look forward to Summer. I hope everyone has a Happy Easter and lovely Spring!

With Spring around the corner, it is a good time to take advantage of the warmer days to walk around your property and make sure things are in order. Here are a few ideas:

- Clean windows and screens
- Inspect exterior of home for damage
- Touch up exterior paint
- Spruce up outdoors – ready for gardening
- Replace HVAC air filters
- Seal doors and windows
- Make sure gutters and drains are clear of debris

"WHERE'S MY REFUND?"

Written by Nancy Milbourn & Dawn Sullivan

HAS AN INSURED asked you "Where is the refund on my insurance policy, you said I was supposed to get?" and you weren't sure what to tell them? Here are the 6 things you need to know about LMIC's Premium Refund process that will help you answer that question.

1) Premium refunds are issued when a policy is: overpaid for the term, an endorsement creates a credit on the policy or when a policy is cancelled and there is an unearned premium balance.

2) A refund will be issued the next business day unless:

A) The policy is cancelled in more than one policy term. The insured will receive two checks. The current policy term refund will be issued immediately but the refund for the next policy term will not be issued until the day after the renewal effective date.

B) The refund is due to an overpayment. Bite Core has a 10-day waiting period from the date the payment was posted before the refund will be issued.

3) Checks are made payable to the named insured(s) on the policy and mailed to the address listed on the policy. If either of these two things are incorrect the check will most likely be returned for unable to deposit because the name is incorrect or unable to deliver to the given address. This holds up the refund for the insured and can be frustrating for all involved.

4) If a check is lost, or never received, we wait 30 days before we reissue a replacement check to make sure we have given the mail adequate time to deliver.

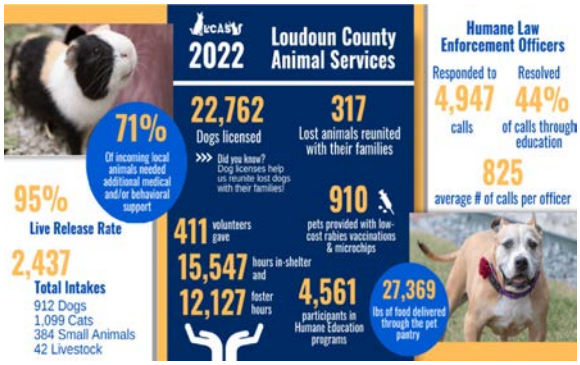
5) If a change needs to be made to the named insured on the check, we require documentation to reissue the check. Example (death of named insured, divorce, etc.) The replacement check for a death can be as simple as removing a deceased spouse name, changing to estate of, or changing to list all living beneficiaries with proof of obituary or a Will. In the case of divorce, we cannot remove a named insured without proof of who owns the insured property, example divorce papers, property deed, (loan/mortgagee paperwork will not be accepted, the name on the mortgage is not always the same as who's name is on the deed).

6) Any other questions you may always call the Accounting Department and we will be happy to assist you.

Finally, I am pleased to state that our year-end financial audit is complete and here are the final audited 2022 year-end results as well as the February 2023 results:

	For the Year Ended Dec. 31, 2022	For the Year Ended Dec. 31, 2021	Year to Date through Feb. 28, 2023	Year to Date through Feb. 28, 2022
Underwriting Profit (Loss)	(8,685,507)	6,108,947	2,311,544	886,547
Investment Income	4,569,778	3,557,341	1,105,453	47,161
Net Income (Loss)	(3,086,749)	7,298,901	2,727,278	765,449
Combined Ratio	113.8%	89.8%	79.5%	94.3%
Total Admitted Assets	115,974,669	120,271,822	111,467,820	118,567,725

Giving Back



ON MARCH 8, a group of nine Loudoun Mutual employees went to the Loudoun County Animal Services shelter in Leesburg, and we had a wonderful volunteering experience! We started out with a tour of the shelter. It is a new 25,000 square-foot facility that has a dispatch sector for Humane Law Enforcement Officers as well as its own surgical center where operations are performed (such as spaying, neutering, and running cultures in their lab to test for ringworm). The shelter meets all of the Association of Shelter Veterinarian's (ASV) Animal Shelter Guidelines, which we were surprised to learn include a devotion to supporting mental health in pets by creating brain games for them to keep them from growing bored or depressed! The shelter had about 45 dogs and many more cats waiting to be adopted or in holding areas for a period of time in case they were lost pets.

When the tour was over, we were separated into two groups. Several of us helped clean out small animal cages, do the dishes, fold laundry, and play with cats. The other group worked in the brain stimulation section, creating "busy bags" (paper bags with layers of balled up newspaper that contained hidden treats), making pup-sicles (frozen treats in paper cups), smearing peanut butter on and in rubber Kong toys and freezing them, and concocting "catnip soup" (a large Rubbermaid container filled with catnip and small cat toys). Finally, as we were leaving, a group of puppies was brought in with their mama (who was so sweet)! We were able to play with them while they were waiting on their intake paperwork to be completed. They were about to head to foster care, where they will stay until they are weaned, and then they will be available for adoption.

Loudoun Mutual is wrapping up our fundraising efforts for the first quarter of 2023, and all proceeds will go to the animal shelter in the form of food, treats, Kong toys, litter, trash bags, and other requested items. Many of us have hand-made fleece blankets with fabric purchased by the company, and those will be donated as well. The blankets will be sent to foster pet parents to help make the animals comfortable as they settle into their temporary homes. We continue to look for ways to help the shelter and are considering another volunteer session soon!

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