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



Taking a Long-term Perspective:

Looking forward to the wonderful future in front of us by widening our point of view

By Chris Shipe, President

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WITH THE FAST pace of the world we live in, it is easy to have a narrow focus and get caught up in the moment. As we close out 2022 and prepare to enter Loudoun Mutual's 174th year of serving policyholders, year-end is a good time to pause and reflect by stepping back, to remember all we have to be thankful for. It is a good time to widen our point of view to gain a better, long-term perspective on the promising future in front of us.

2022 has certainly been a very difficult year for the insurance industry in general, and Loudoun Mutual in particular. When reading headlines of highly elevated combined ratios, climate change related disasters, hurricanes, outsized jury verdicts, and distressed financial markets, it would be easy to think the world in general, and the insurance business in particular, is falling apart. But one of the many benefits of working for a company founded in 1849 is being able to keep current events in a better perspective by taking a much wider and longer-term view of things. Think about it – since Loudoun Mutual was founded, the Company survived a war that was fought right in the town where it is located, the Great Depression, and Hurricane Hazel, a wide-spread, devastating storm event. To this day, the modelers tell us Hurricane Hazel was by far the worst storm event in the Company history.

By widening our point of view and taking a long-term perspective, we remember, as King Solomon wrote, there is nothing new under the sun. Wars, storms, and distressed financial markets are nothing new to Loudoun Mutual. History shows that through it all Loudoun Mutual has stood the test of time and came into a brighter future by maintaining a culture of caring, by adapting and overcoming the challenges in front of the Company, and by never becoming complacent.

As we look forward to 2023, we see so much opportunity in front of us. By widening our point of view and taking a long-term perspective, we see Loudoun Mutual is built on a strong foundation for ongoing success. Instead of being reactive to current conditions, Loudoun Mutual has positioned itself for long-term success with a strong capital base supported by a prudent investment strategy, by being diligent with the fine tuning of rates, by making ongoing adjustments for inflation and by not being complacent with operations through the continual updating of processes and analytics to fine tune the Company's approach to underwriting.

Because of our history and commitment to long-term, respectful, mutually beneficial relationships, we are very thankful knowing as we go into 2023 the Company's reinsurance program is fully placed at very reasonable terms. But the strongest pillar in our foundation for ongoing success is the Company's 173-year tradition of a culture of caring. Loudoun Mutual has always understood the importance of and benefited over the long-term, by avoiding making short-term decisions for quick gains. In taking care of and working with our policyholders, agents and co-workers, our Quaker founders created Loudoun Mutual's culture of caring by living out the biblical admonition of helping to

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WINTER 2022

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Be Water

By Chuck Good, Vice President & Marketing Manager

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OVER THE COURSE of each year a resounding theme seems to develop, acting as a guiding principle to get us through that period of time. I'm not a martial arts fan or an avid follower of fictional television, however, Bruce Lee's "Be water, my friend," resonates. "Go with the flow" and "Change is the only constant," are all quotes that come to mind. Considering the agreeable state of today's society, I guess "Don't go with the flow, be the flow," also applies. Staying fluid, dynamic, and flexible have always been important attributes. It just seems to me that this attribute has gained importance and is critical to surviving in our current environment.

It has been said many times that humans are creatures of habit. However, change is undeniable and constant, and that within itself can be uncomfortable. This is the state of the insurance industry, one that has been impacted by constant change. Both Loudoun Mutual and our agency partners are working together to mitigate changes associated with construction cost inflation, social inflation, higher reinsurance costs, evolving client coverage needs, and an evolving agency force. Old friends are retiring and new relationships are being forged to ensure the future can be insured through us and you!

We are also dealing with higher claim frequency and severity rates which subsequently leads to higher rates for our policyholders. Throw in the dirty word "inflation" that must be considered in order not to become coinsurance experts and we can all expect those phone calls: "Why did my premium go up?!" A review of over 75 rate filings for the homeowners line yields an average competitor rate increase just north of 8% can be expected in 2023...before coverage increases due to inflation add to the overall premium increase. At Loudoun Mutual, we attacked this subject in an interdisciplinary manner involving Agency Council and our trusted Board of Directors to land on a policyholder coverage increase of 5.5% for the 2023 rate book.

So, what will 2023 bring? I anticipate the continuation of strengthening retention trends given our balanced approach to addressing rates and coverage. I also expect a slight improvement in our competitive posture across all lines of business. Additionally, although we added new rating elements, discounts, and coverages in 2022, there are some opportunities for product and coverage expansion in 2023. On the horizon is the inclusion of insurance scoring in the homeowners line. We may even add an option for Uninsured/Underinsured Motorist on Umbrellas that is always a hot topic during Agency Council meetings, a claim-free discount, or a new home credit to increase competitiveness on newer dwelling fire properties.

Since we started with some quotes, we'll end with a wise proverb, "A wise man may change his mind, but a fool never will." Who knows what the future holds, but rest assured we will continue to progress the coverage and service our agents and policyholders have entrusted and demand of Loudoun Mutual. May your remaining days of 2022 be merry, and your new year bright.

Taking a Long-term Perspective

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bear each other's burdens. We work diligently and purposefully every day at Loudoun Mutual to foster the culture of caring that has been a foundation of the Company's long-term success.

As we close out 2022, by taking a long-term perspective and widening our point of view, it is readily apparent that despite having a difficult year in 2022, the Company has much to be thankful for and we see clearly that Loudoun Mutual is built on a strong foundation for long-term success. And, as we take that long-term perspective and widen our point of view beyond 2022, we truly look forward to 2023 with our directors, agents, and employees and the wonderful future in front of us built on a 173-year tradition of a culture of caring.

Loudoun Welcomes Loren Shepard!

By Stacy Harrison

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LOUDOUN MUTUAL IS pleased to announce the addition of Loren Shepard to the Integrated Services Team. Loren started on November 28th, just in time for all of our holiday eating and shenanigans! She is very excited to learn everything there is to know about this business of ours. She has a wonderful and engaging personality. Please welcome Loren. We're very excited and happy to have her with us!!



Accounting Has Gone to the Dogs (and Cats)

By Guest Author Dawn Sullivan, Controller

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THE LAST QUARTER of the year is always a busy time in the Accounting Department. With 3rd quarter reporting, the annual AM Best review, actuarial reserve analysis and interim audit fieldwork happening we go a little "Batty". Before it got too crazy, we decided to take a break and volunteer our time to a cause we all had a heart for. In October we (Kim, Rosanne, Nancy, and Dawn) spent a couple of hours at the Loudoun County Animal Shelter (LCAS) giving back and getting some snuggles in return. We were warmly welcomed by the staff and quickly felt their need for volunteers. One group helped prepare craft materials for LCAS's upcoming Halloween community event. The other group was taken to the pet pantry to put together pet food bags for Loudoun Hunger Relief to hand out to families in need so that their pets could receive food in addition to the families receiving food. LCAS then gave us a tour of their beautiful new facility and explained all they provide for the community. Our day concluded with some snuggle time with the kitties. I'm not sure who helped who more that day. I know we all appreciated being able to give back. It was a purr-fect way to spend an afternoon.

Financially, 2022 continues to be challenging for Loudoun Mutual. Even though the income statement is a bit bruised with claims activity, after taking into account that as well as the challenging investment market, Loudoun Mutual's Balance Sheet continues to remain solid as Total Admitted Assets have only decreased by $5,467,254 and is still over $115 million.

	Year to Date through October 31, 2022	Year to Date through October 31, 2021
Underwriting Profit (Loss)	<7,201,724>	3,275,921
Investment Income	2,841,525	2,546,599
Net Income (Loss)	<4,265,361>	4,345,193
Total Admitted Assets	115,150,164	120,937,496
Combined Ratio	113.1%	92.7%



Tough Dichotomy

By Tim Koppenhaver,
Executive Vice President-Underwriting

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OUR RECENTLY RETIRED Farm & Commercial underwriter Debbie Reed was quite adept at balancing the desire to see a book of business grow yet do it in a profitable way. That's a tough dichotomy to navigate for an underwriter. She loved adding quality new business but was also very quick to point out risks we should not be accepting.

As one of the founding underwriters of our new Farmowners line of business in 2002, her ability to navigate that tough dichotomy helped guide the expansion of our appetite over the next few decades. And though weather losses will damage our Farmowners loss ratio in 2022, the prior 20 years are affirmation of Debbie's dichotomous approach – Farmowners has grown robustly into a $9 million book of business and has done so quite profitably.

At Loudoun Mutual, underwriters across all lines of business face that same dichotomy – grow a book but do it profitably. Sometimes growing business comes from stretching appetite boundaries. Agents are especially good at pushing underwriters beyond guidelines... and that's not necessarily a bad thing. All our lines of business have seen a steady broadening of appetite over the years. As the market changes and agents have need to fill coverage holes, we sometimes allow that to define our appetite boundary. As an example, when short term rentals became popular, we were quick to expand our appetite when other carriers were more cautious, and this has led us into some profitable growth.

So as a Christmas gift, I'd encourage all agents to submit risks for us to consider that you might think are outside of our normal appetite. We still might say no, but we might also feel the risk represents a reasonable expansion of our appetite and offers a chance to satisfy that tough dichotomy of attaining both growth and profitability.



Incremental Progress

By Todd Robertson,

Vice President-Information Technology

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FOR THOSE OF YOU who may have missed my Wintergreen presentation I had a brief discussion about incremental progress. Incremental progress is made through small, regular, and measurable steps. I'm sure you've heard the saying slow and steady wins the race; well with feedback from both the Agent's advisory council and the Agent's Technology council we have continued to address issues and streamline our online presence in this manner.

I also mentioned during my speech that if YOU had any burning issues, suggestions, or recommendations to not be bashful. Even though no one approached me after the meeting, my offer still stands. We value the relationships we have with our agents and stand behind our commitment to not only listen but act upon these recommendations. Through this collaboration we have made tremendous strides over my career at Loudoun Mutual and have developed our online applications with our agents ease of doing business in mind.

So enough beating around the bush… what's in Santa's bag this year? Yes Virginia, Loudoun Mutual is in the process of enabling mid-term change quoting. Also for our policyholders who have smart phones, Loudoun Mutual is rolling out our mobile application early in 2023. Through the app, our policyholders will be able to view their declaration pages and bills, report a claim, and make a payment. Throw in a couple pairs of socks, some new gloves, and there you have it incremental progress at it finest! I hope everyone has a safe and memorable holiday season!



Winter is Here!

By Selena Duggar, Vice President-Claims

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WINTER IS HERE! For some of us, that is something to celebrate. For others, it is something to dread. Even with the holidays, some have a hard time with the cold and gloomy weather. There are many things to do that embrace the cold weather such as ice skating, sledding, or building a snowman. But if you don't really care for the snow, wrap up in a cozy blanket in front of the fire with a good book or a nice hot toddy! Enjoy winter your way. I prefer the blanket idea snuggling with my kitty babies!

To further enjoy the cold, winter weather, make sure you take care of winterizing your home to avoid the big, bad, claims. As you know this is a popular time for fire damage and frozen pipes. Both can cause tremendous damage to your home.

2022 was a very busy year for claims. We handled 3,601 claims through November at a cost of approximately $34,674,185. We hope the weather in 2023 will be less intense from a storm perspective with more sunny skies.

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



TIPS FOR WINTERIZING YOUR HOME

- To keep your home safe, make sure you have proper insulation to keep the pipes warm.
- Have your fireplace cleaned and your heating system checked out.
- Keeping your gutters clear can also keep water from backing up causing ice dams.
- And of course, make sure your smoke detectors and carbon monoxide detectors are tested.

Getting Together and Celebrating All of the Holidays!!





Hot chocolate bar!





Dress up for Halloween and Christmas!



Tree Trimming Time!





Chili Cook-Off winners!





More Hot Chocolate Bar!!



Hot chocolate bar!

HOLIDAY HOURS

The office will be closed all day on Friday, December 23rd and Monday, December 26th in observance of Christmas. In addition, the office will be closed all day on Friday, December 30th and Monday, January 2nd in observance of New Year's.

We wish you all a very Merry Christmas and a Happy NewYear!! May 2023 be the best year ever!!

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