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



The P's of Insurance Plus One

By Todd Robertson, President
todd.robertson@loudounmutual.com

I'VE TAKEN THE liberty to borrow the subject of my newsletter from my predecessor, Mr. Shipe. If I'm not mistaken, he's previously written about the "P's" of insurance but during staff meetings at Loudoun Mutual, he would often provide a consistent reminder to the staff to not only keep things in perspective, but to embrace our purpose with persistence. The recent quarter has provided a stark reminder of both our purpose and the need to maintain perspective.

While 2023 saw us dealing with severe convective storms almost monthly, 2024 has brought a different challenge. Through the first eight months of the year our fire losses have already surpassed those of 2023. However it's important to keep things in perspective. While our overall loss frequency is lower this year, the severity of fire losses has more than doubled.

Which brings me to my next point, purpose. Some of our policyholders have faced adversity this year on a scale hopefully most will never experience. From wildfires to solar panels to hybrid vehicles, imagine coming home after work to find your house is just a smoldering pile of ash. "When bad things happen to good people, we are here to help." This isn't just a tagline or motto; it's a principle we live by. We strive to treat our policyholders with empathy and understanding, supporting them through their traumatic times. Often our field adjustors are on-site with our insureds on the same day, working to provide the immediate assistance and support they need.

It is through this persistence we help our insureds navigate those challenging times. We understand that recovering from a loss of this magnitude doesn't happen overnight, and we are dedicated to being a reliable partner through the entire process. By continuously improving our processes, enhancing our support, and adapting to evolving risks, we ensure that we are always ready to meet the needs of our policyholders when they need us most. Our persistence is a reflection of our promise to stand by our policyholders, no matter how long or tough the journey may be.

However, it's important to acknowledge that our results are not yet where want them to be. While we can hope that the fire losses will stabilize, hope alone is not a strategy. We are proactively addressing the situation by strengthening our rates, re-evaluating our risks, and working to reduce expenses. These steps are crucial to improving our financial stability and ensuring that we can continue to provide the level of service and support our policyholders expect.

Rest assured, Loudoun Mutual remains a financially strong company with over $60 million in surplus and over $120 million in assets. Additionally, with strong reinsurance contracts in place to provide further protection, we are well positioned to address these challenges. However, it is important to recognize that meaningful changes and improvements take time to materialize. Which brings me to the final "P", patience. With both patience and persistence, we will continue to fulfill our purpose and navigate through these challenges.

FALL 2024

IN THIS ISSUE:

The P's of Insurance Plus One	1
Planting Seeds	2
EFT/ACH Form Detailed Refresher	3
Milestones & Accomplishments	3
Racing Towards Profitability	4
Spring/Summer is Here... Get Ready!	5
Rsks Worth Noting	6



Planting Seeds

By Chuck Good, Vice President & Marketing Manager

chuck.good@loudounmutual.com



IN THE WORLD of insurance, much like in life, the choices we make today lay the foundation for the outcomes of tomorrow. Just as planting seeds today ensures a future harvest, our commitment to preparing for the uncertainties ahead ensures that we can provide protection, stability, and peace of mind for our agency force and our valued policyholders when they need it most.

Speaking of planting seeds, the management team and our Board of Directors have worked diligently on the upcoming rate book changes to be effective January 1, 2025. A thorough review of the company's results and the Virginia property market has been completed. On average, our competitors have increased Homeowners rates to the tune of about 13%. Homeowners all over the Commonwealth are receiving increases between 10%-50%...sometimes more! In mid-September, our Board of Directors accepted the motion to approve an overall 8.0% increase to rates driven by the following rate actions by line of business:

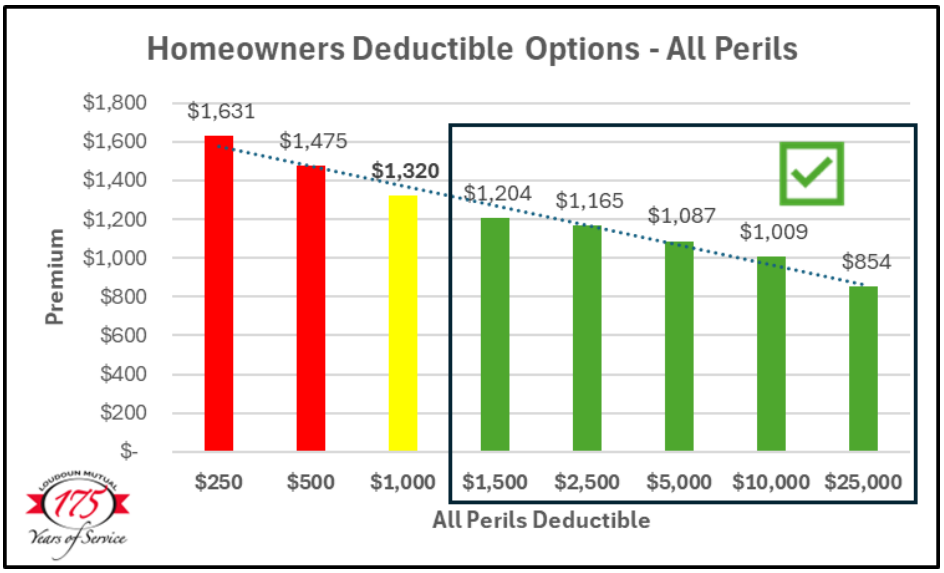
- **Bed & Breakfast:** +1.00%
- **Dwelling Fire:** +1.35%
- **Farmowners** +1.30%
- **Homeowners:** +13.46%
- **House of Worship:** +2.00%
- **Mobile Homeowners:** +2.08%

Inflation factor will be set to increase coverage +4.5%

The disruptive nature of a hardening property market places higher emphasis on retention as premium growth can be achieved through maintaining existing policyholders while lessening the pressure on organic growth through new business production.

Compounded by the fact that Personal Automobile rates are also increasing, we anticipate that many policyholders will begin exploring options for their insurance coverage. One of the methods our agents can employ to aid in policyholder retention is to review their client's All Perils Deductible.

Did you know that 93% of the Homeowners insured with Loudoun Mutual have a $250, $500, or $1,000 All Perils Deductible? Severity of claims, driven by inflation of costs associated with building materials and labor, has eroded the relationship between the Homeowners All Perils Deductible and affordable insurance premiums. To help manage these increased costs and keep policyholder premiums more affordable, a potential strategy is to consider having conversations with policyholders about increasing their Homeowners All Perils Deductible. On average, a homeowner can save about 9% by changing their All Perils Deductible from $1,000 to $1,500. While agents will notice the quote system will now default to a $2,500 All Perils Deductible for Homeowners, existing policyholders have the option to keep their existing deductible. For Homeowners new business, however, the $500 option will no longer be available.



Last, conclusion of a phenomenally successful 19th Annual Sales Contest signifies the much-anticipated Annual Agents Meeting at Wintergreen Resort is just around the corner. We look forward to telling old stories and making new memories once more as we mix a little bit of business with some much-needed rest and relaxation. Thank you for your business and we look forward to seeing you at the Annual Agents Meeting.



EFT/ACH Form Detailed Refresher

By Kimberly Fry, Vice President, Finance

kimberly.fry@loudounmutual.com

IN OUR CONTINUOUS effort to improve our services, we have made some updates to our EFT/ACH forms based on your valuable feedback. Research suggests that people need to hear or see something between five and seven times before it is fully retained. Recently, I sent out a constant contact and will provide a detailed refresher at Wintergreen regarding Loudoun's new EFT/ACH form.

Earlier this year, we revised our EFT form based on your suggestions to streamline the setup of recurring EFT payments without needing a voided check. After six months of using the new form, we've identified some common challenges resulting in additional processing delays. To help us serve our mutual insureds more efficiently, please review the following reminders before submitting EFT forms:

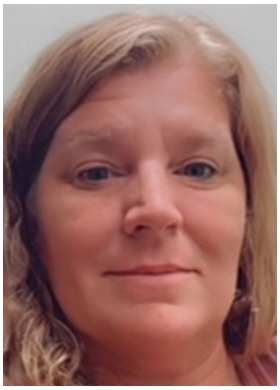
- **Bank Account Holder Name:** Ensure the full name(s) of the bank account holders are included. We will not assume a blank line means it is the same as the policyholder.
- **Bank Statement Address:** This should be the mailing address for the bank account holder, not the bank's address.
- **Bank Account Type:** Please mark whether the account is checking or savings.
- **Submission Method:** Always send the completed EFT form via secure email link or fax. If you need a secure link, email us at billing@loudounmutual.com, and we will provide one.

Financially, 2024 continues to be challenging. Ironically, 44% of the losses incurred year to date have been due to fires, which generally you would expect to see in the winter months, not in the middle of summer. Fortunately, our investment portfolio continues to perform well and is helping to mitigate the underwriting loss, but we still have a ways to go. Historically, the last half of the year is our most profitable.

Financial Snapshot through August 31

	Year to Date through August 31, 2024	Year to Date through August 31, 2023
Total Invested	110,702,252	103,170,395
Total Admitted Assets	123,405,825	117,684,888
Underwriting Profit (Loss)	(6,090,062)	<1,702,215>
Investment Income	3,001,705	1,251,675
Net Income (Loss)	(3,014,551)	<377,079>
Combined Ratio	110.2%	101.0%

Milestones & Accomplishments



Tanya Russell

JOINING US in 2004, Tanya Russell began her career with Loudoun as a policy processor. Through her years of service, Tanya has found herself involved in many back office initiatives relating to servicing the policy holders of Loudoun Mutual. In Tanya's current position, Underwriter, she continues to serve our insureds and agents with empathy and understanding. Thank you Tanya for your two decades of service to the policy holders of Loudoun Mutual!

KARI NUSE began her career in 2014. In her ten-year tenure with Loudoun Mutual, Kari has seen her role evolve from Policy Processor to Mail Room Supervisor, and now serves as Processing Supervisor. Throughout this time, Kari has adapted to new technologies and the changes they bring, demonstrating remarkable resilience. Thank you Kari for your service to the policy holders of Loudoun Mutual!



Kari Nuse



Racing Toward Profitability

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

A.M. BEST is a company that grades insurance companies. Their service, in effect, helps consumers confirm the viability of carriers providing the coverage needed to protect their homes and businesses. Though most of the metrics A. M. Best uses to judge companies remains static (like surplus to premium and investment risk), there are certain new measurements each year that are based on current conditions. And right now, one of A. M. Best's current metrics involves a company's ability to return to profitability.

I view this new metric optimistically. Perhaps A. M. Best feels the worst is over and now it's a race to see which company's strategies over the past few years will return them to a profitable position quickest. In other words, it's a race to see who has best navigated one of the most challenging periods in our industry's history.

As of the end of August, Loudoun Mutual's 110% combined ratio temporarily puts us behind in that race. But frankly, as underwriting manager, I still feel optimistic about our chances. Our strategies to overcome a historically challenging period have been numerous. We have not been complacent. This can best be shown in two ways. First, prior to implementing insurance scoring as a rating element in our Homeowners book, we found that most of our policyholders had strong insurance scores. Our efforts at reunderwriting the low scores out of our book had succeeded. Similarly, in our second year of using aerial imagery, we are finding fewer bad risks. Again, many bad ones have already been underwritten out.

There are other strategies we have been employing or will employ soon to keep the book healthy, but nothing has been more important than making good decisions on individual risks.

When looking more closely at our 110% combined ratio, it seems we've been most affected by the severity of large fire losses. We actually are experiencing fewer fires, but just at a much higher severity. Most other loss causes are at or below our averages, which again speaks to the health of the book and the optimism about our chances in this race. If we can make it through the rest of 2024 without any more overly severe fires, I'm confident we can reach profitability soon, putting us in contention as we race toward A.M. Best's new metric.



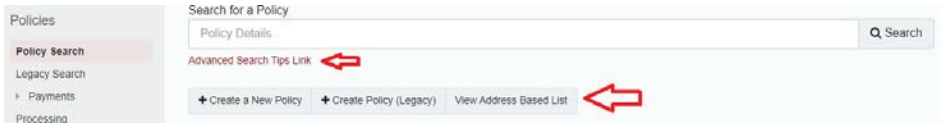
BriteCore Improvements

By Luis Manzano, Director of Information Technology
luis.manzano@loudounmutual.com

SEARCHING FOR Policies by Address in BriteCore – One of the most frequently asked questions we receive is how to search for policies using an address instead of a policy or quote number. It's easy! BriteCore's search function supports both methods.

To search by address, go to the policy search screen, click the "View Address-Based List" button, enter the address. For an exact match, enclose the address in double quotes (e.g., "100 Main Street").

Need more help with searching? Click the "Advanced Search Tips" link for additional guidance.



Performance Improvements When Adding Payment Methods

As part of a comprehensive and ongoing performance improvement project, BriteCore enhanced the performance of the APIs responsible for supporting the user interface used when adding electronic payment methods. This enhancement reduced the time to open the page that contains the list of payment methods from 7 seconds to just one second.

For questions or assistance, please contact us at (540) 882-3232 or send us an email at **support@loudounmutual.com**.

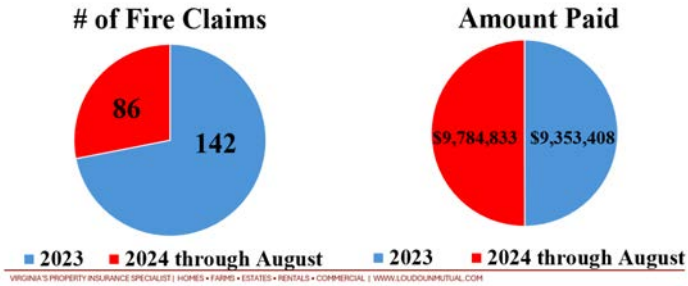


2024 *The Year of Fire

By Selena Duggar, Vice President-Claims

selena.duggar@loudounmutual.com

WE STARTED THIS year with wind and snowstorms like any other year. And while we have certainly experienced many wind, hail, and rain storms, nothing matches the severity of damage created by the fire claims received this year. In March we saw wildfires damage Virginia. Not something we see very often. We have also received fire claims which started from electrical issues like overloaded power cords, solar panels, discarded smoking materials, and lithium batteries. Through August 31, 2024, we have had 86 fires reported. These claims have resulted in approximately $9,784,833 so far. As you can see from the graph below this is more than we spent on fire claims in all of 2023.



There are many things you can do to help prevent fires in your home.

- Make sure smoke alarms are installed and in good working order.
- When cooking, do not leave the stove unattended.
- Replace worn or damaged appliance cords and keep them away from flammable items like rugs and curtains.
- Keep candles and space heaters away from flammable materials.
- Keep flammable materials like leaves and firewood away from the outside of your home.
- Always have a fire extinguisher handy.

Last, if you have a fireplace, make sure to have yearly maintenance/cleaning to prevent chimney fires. This is a very common cause of fires to the home.

There are home safety devices available to help detect electrical hazards before they cause harm. One brand is Ting. All you need is an outlet, wi-fi and a smartphone. You can be notified of hidden electrical faults before it results in a fire.

Fall is a great time of year to enjoy the cooler temperatures, football, and all things pumpkin. Nobody wants to be dealing with a fire, so take precautions to help keep your family and property safe.





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