



2021 Annual Report



Moving Businesses Forward with Confidence

Dear MEM Partners:

MEM faced new and unexpected challenges over the last couple of years, just as the entire nation and world. We navigated those changes successfully in 2021, thanks to a remarkable team of stakeholders, including our employees, agents and policyholders.

MEM ended 2021 with \$12 million in net income that helped us boost policyholders' equity to \$273.6 million, preserving the financial strength that is a critical component of our promise to mutual policyholders.

Challenging economic and market conditions limited premium growth once again in 2021. We expect that trend to continue through 2022, primarily due to continued work comp rate decreases driven by lower losses. Improved workplace safety is our vision, so rate reductions driven by fewer injuries is great news for policyholders and the state's economy, despite being financially challenging. We remain grateful to our independent agency partners for helping businesses understand the difference MEM can make in protecting their employees and improving results for their businesses.

To combat 2021's decline in premium, we ramped up our efforts to optimize expenses and reduce losses, resulting in an improved combined ratio, while market-wide combined ratios crept up. Our hard work to strategically reduce expenses in 2021 is hidden in a slightly higher expense ratio - the result of less premium.

Our improved loss ratio reflects our continued success in preventing injuries and managing them to the best outcomes when they occur. Five years of our innovative safety grants program is a key contributor. Policyholders who implemented a safety intervention enabled by our matching grants saw claims in those areas decrease by an astounding 96% in count and 99% in costs.

Yet another way we helped policyholders control costs and get employees back to work safely in 2021 was through effective claims management. For our policyholders and their injured employees, we:

- Reduced lost workdays by double digits with innovative return-to-work programs.
- Increased generic medication utilization to drive down the pharmacy portion of medical claims to 1.1%, compared to 11% nationally.

- Reduced claims management costs by improving legal spend.

As we look ahead, an environment of rebounding business and low unemployment is positive, but includes risks best navigated with an experienced partner like MEM. We remain committed to preventing the devastating injuries that come with a greater influx of inexperienced workers; we have results to prove we know how to combat steep medical inflation with innovative claims practices; and we continue to invest in more ways to give you confidence in your decision to partner with MEM.

Above all, year after year, MEM is driven by a group of Safety Fanatics who pledge to help more people go home safely from work, and they deliver.

James C. (Jim) Owen
President and CEO

CELEBRATING THE GOOD IN 2021

What did 2021 bring you and your business? What did you celebrate? At MEM, the year provided us an opportunity to live out our values and help our policyholders and communities be healthy, safe and more confident.

In 2021, MEM's corporate monetary donations, combined with more than \$82,000 from our employees and their volunteer time, benefited more than 105 organizations throughout Missouri where our employees live and work. In fact, on average, more than 60 percent of MEM employees donate 2,500-plus hours of volunteer time annually.

IN 2021, MEM:



▲ WALKED 1,700+ MILES TO RAISE FUNDS FOR CHARITY

Each month, our employees donated funds to walk in self-led 5Ks. Proceeds from those walks benefited nonprofits across the state of



Missouri. Employees also organized walking teams for fundraising events benefitting the Susan G. Komen Foundation, The ALS Association and The Alzheimer's Association, and MEM matched the funds they raised.

▲ SUPPORTED A NEW FOOD PANTRY WITH A \$25,000 MATCH

For the fourth year, MEM completed a matching donation with The Food Bank for Central and Northeast Missouri bringing the total raised during the campaign to \$80,890. Since 2018, the match between MEM and The Food Bank has raised more than \$375,000. The 2021 match supported the food bank's efforts to purchase and renovate the future location of the Central Pantry in Columbia.

HELPED KIDS OF INURED WORKERS

During MEM's annual WorkSAFE Week, employees came together virtually to raise more than \$11,500 for scholarships benefiting children of injured workers. In the last five years, MEM has given Kids' Chance more than \$40,000 in support.



▲ DONATED EQUIPMENT TO FIRST CHANCE FOR CHILDREN

MEM donated UV and steam sanitizing equipment to First Chance for Children to help their Lend and Learn Library clean and sanitize toys. The steam cleaner and two Vortex-UV portable room sanitizers have the capacity to sanitize a 400 square foot space in less than 30 minutes.

"MEM's generosity will enable us to help more youth in our community discover and achieve their full potential through the power of one-to-one mentoring. They are truly helping us change the lives of our youth."

— Ann Merrifield
Executive Director, Big Brothers Big Sisters of Central Missouri



▲ GARDENED WITH A PURPOSE

Employees in Columbia spent a morning volunteering and learning how the Veterans Urban Farm serves as a place for Veterans to build community in a healthy therapeutic environment. Employees also picked radishes for the Ozarks Food Harvest garden in Springfield and learned it produces more than 11,000 pounds of produce each year for local pantries.



▲ THANKED HEALTH CARE WORKERS AND FIRST RESPONDERS

Employees dropped off donated snacks and drinks for medical staff at CoxHealth in Springfield during a busy time for their emergency services personnel in July. MEM

also thanked first responders during MEM's WorkSAFE week. This year MEM chose five dedicated individuals, working in various emergency response fields, to receive thank you letters, cards and snacks.

RAISED FUNDS TO IMPACT THE UNITED WAY

MEM executives competed virtually in our first ever Executive Olympics to help raise funds for MEM's United Way Campaign. In total, MEM employees will donate more than \$74,000 for United Way chapters in St. Louis, Kansas City, Columbia and Springfield in 2022.

IMPACTED THE HEALTH AND SAFETY OF FAMILIES ON GIVING TUESDAY

On Giving Tuesday, MEM announced it donated \$67,000 to impact the health and safety of families across Missouri. From birth to post-

secondary education, a portion of MEM's funding focused on making an impact on educational services for children. MEM's donation also supported domestic violence survivor and prevention organizations.



▲ LEARNED ABOUT FOOD INSECURITY THROUGH SERVICE

Employees volunteered at several mobile pantry sites for the St. Louis Area Food Bank. They also remembered 9/11 with the Americorps 9/11 Day of Service partnering with The Harvesters mobile food pantry and Don Bosco Centers in Kansas City. They saw firsthand the safety-net needs many communities experience.

SPONSORED FAMILIES IN NEED

For a second year, MEM sponsored the Voluntary Action Center's Holiday Program and as volunteers, learned about the massive amount of coordination and organization it takes to collect and sort donations benefitting more than 1,000 families.

"I was blown away at the sheer volume of donations for families in need. I enjoyed getting the opportunity to connect with all of the donors and getting to see the generosity of the community first hand."

— Shelley Robinson, Marketing
On volunteering for the Voluntary Action Center Holiday Program

THE POWER OF INVESTING IN SAFETY

No two businesses are alike, but they all need personal care and commitment.

At Missouri Employers Mutual we get to know your business and help you develop a plan to reduce your work comp cost and increase workplace safety.

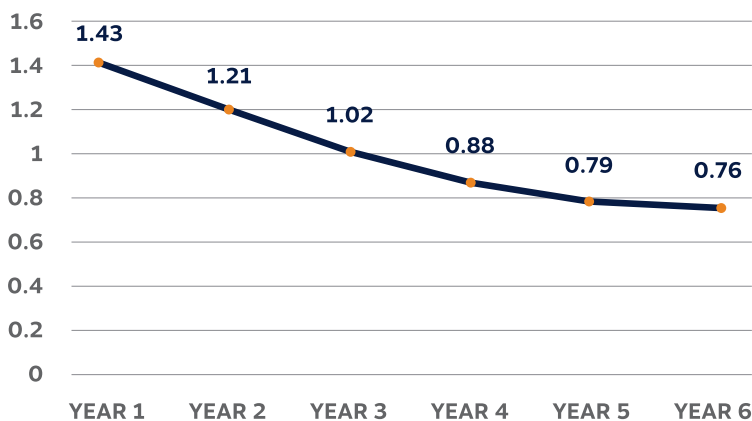
We've been helping our policyholders have **Confidence at Work** for more than 25 years and our results speak for themselves.

Check out some of the ways we have supported businesses in reducing their e-mod.



Problem: Roofing comes with inherent risks of falling and is the fourth most dangerous job in the US.

XYZ ROOFING



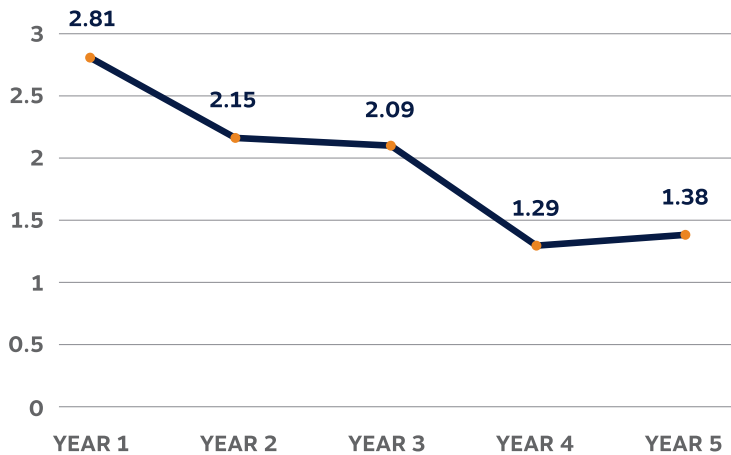
Solution: Helping XYZ Roofing reduce their e-mod began with jobsite observation and ended with helping them develop a solution to keep their employees safe, including:

- Began quarterly meetings with MEM's Safety and Risk Services (SRS) Team.
- Developed pre-work safety training and a jobsite specific fall protection system checklist with MEM's SRS assistance.
- Utilized MEM's safety resources.
- Developed a managed medical care solution with MEM's Claims Team.



Problem: Manufacturing is often repetitive. Rectifying problem areas while trying to achieve the desired production levels can be challenging.

ABC MANUFACTURING



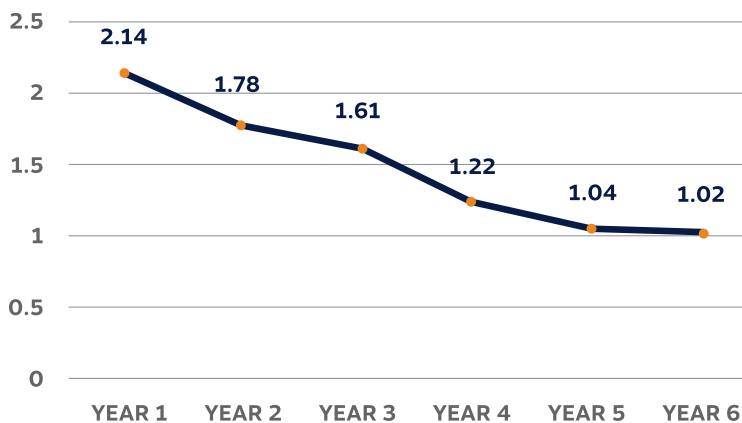
Solution: Helping ABC Manufacturing was all about connecting them with MEM's experts to develop a focus on safety within the business. Changing their safety culture included:

- Developed a plan to report claims within 24-hours to increase efficiencies and reduce costs.
- Utilized MEM's Report Only option by paying small medical only claims out of pocket. These claims do not count against their e-mod.
- Worked with an MEM Signature Partner Agency that reinforced the importance of safety.
- Utilized MEM's SRS team to identify hazards and prevent repeat injuries.



Problem: Providing support services for homebound patients can expose an employee to a number of hazardous situations.

SUPPORT SERVICES LLC



Solution: Support Services LLC experienced several years of high losses and had the need for better safety equipment. Their solution included:

- Applied for and received two MEM Safety Grants for new safety equipment.
- Developed an active relationship with MEM's SRS Team.
- Utilized MEM's Return to Work resources to develop a light duty alternative to help get employees back to work.

MEM helps you lower your e-mod and receive the most value from your work comp insurance. This value is why it's so important to choose a work comp carrier seeking a long-term partnership. Our promise to you is to provide the services and resources you need to help every employee work with confidence. Investing in your safety is central to who we are.

FIVE YEARS OF IMPACT:

SAFETY GRANTS PROGRAM REDUCES CLAIMS FOR POLICYHOLDERS

At Missouri Employers Mutual, we celebrated five full years of our Safety Grant program, which provides one-to-one matching funds to selected policyholders for the purchase of equipment that improves workplace safety. Since 2016, our grants have totaled more than \$2.1 million and helped 275 policyholders invest in safety equipment.

The goal of the Safety Grant program is to support policyholders who need safety equipment and are willing to put some skin in the game by matching MEM's investment. Five years into the program, our grant recipients have seen concrete positive results.

In the two years prior to receiving their grants, the 275 recipients

experienced 339 claims totaling more than \$8.5 million. Since implementing the safety equipment purchased with their grants, recipients have only experienced 14 claims in the areas addressed by their grant equipment totaling only \$49,000. That's a 96% reduction in claims counts and a 99% reduction in claims costs.

"The safety grants program is here to help policyholders reduce or eliminate employee injuries, and improve their business safety and productivity," Jim Owen, President and CEO of MEM said. "We're proud of the impacts this program has made over the last five years in making workplaces safer and allowing businesses to move forward with confidence."

All of MEM's policyholders are eligible for a safety grant, regardless of premium size or claims history. Successful applicants earn one-to-one matching grants up to \$10,000 toward approved safety initiatives. Policyholders are required to monitor claims data and report on the success of the safety grant so MEM can help other businesses learn from their success.



Due to multiple claims from vibrating injuries, Mid America Precast used its MEM safety grant funds to purchase a custom table mounted vibrating system. Since eliminating the use of handheld vibrators and vibrating screeds, the company has not reported any claims.



\$2 MILLION+
GRANTED

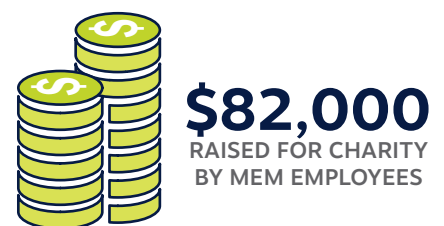
275
RECIPIENTS

96%
REDUCTION
IN CLAIMS

99%
REDUCTION IN
CLAIMS COST

2021 By The Numbers

Missouri Employers Mutual





Leadership

EXECUTIVE TEAM



James C. (Jim) Owen
President and CEO



Jennifer Barth
VP, Chief Legal Officer



Rene Tettleton Eslinger
VP, Chief Sales Officer



Jennifer Langan
VP, Chief Claims Officer



Sarah Mazzocco
VP, Chief Human Resources Officer



Kevin Miller
VP, Chief Operating Officer



Jennifer Peck
VP, Chief Strategy & Customer Officer



Andy Ribaudo
VP, Chief Financial Officer



Roger Walleck
VP, Chief Underwriting Officer

BOARD OF DIRECTORS



Charles A. Caisley
Chair, Kansas City



W. Thomas Reeves
Vice Chair, St. Louis



James J. Jura
Kansas City



Joe L. Moseley
Columbia



Herman A. Styles
Poplar Bluff



Financial Statement

A- (EXCELLENT) FINANCIAL RATING FROM A.M. BEST

FINANCIAL HIGHLIGHTS (DOLLARS IN MILLIONS)	2021	2020	2019
UNDERWRITING OPERATIONS			
Net Premium Revenue	\$229.7	\$231.6	\$249.3
Net Losses and Loss Adjustment Expense	\$160.9	\$167.5	\$185.1
Net Income (Loss)	\$12.1	\$19.9	\$2.0
INVESTMENT OPERATIONS			
Net Investment Revenue	\$17.8	\$18.7	\$20.1
Realized Investment Gains (Losses)	\$7.5	\$16.0	\$2.2
Cash and Invested Assets	\$719.5	\$668.5	\$637.3
FINANCIAL POSITION			
Total Assets	\$808.0	\$759.7	\$735.5
Unpaid Losses (Reserves)	\$391.3	\$363.5	\$338.3
Policyholders' Equity	\$273.6	\$252.6	\$247.3
RATIOS			
Loss Ratio	70.1%	72.3%	74.2%
Expense Ratio	33.9%	32.4%	32.1%
Combined Ratio	104.0%	104.8%	106.3%
DIVIDENDS	\$ 7.1	\$5.2	\$6.1

Find our complete 2021 annual statement at [mem-ins.com/about/financial-strength/](https://www.mem-ins.com/about/financial-strength/).

