

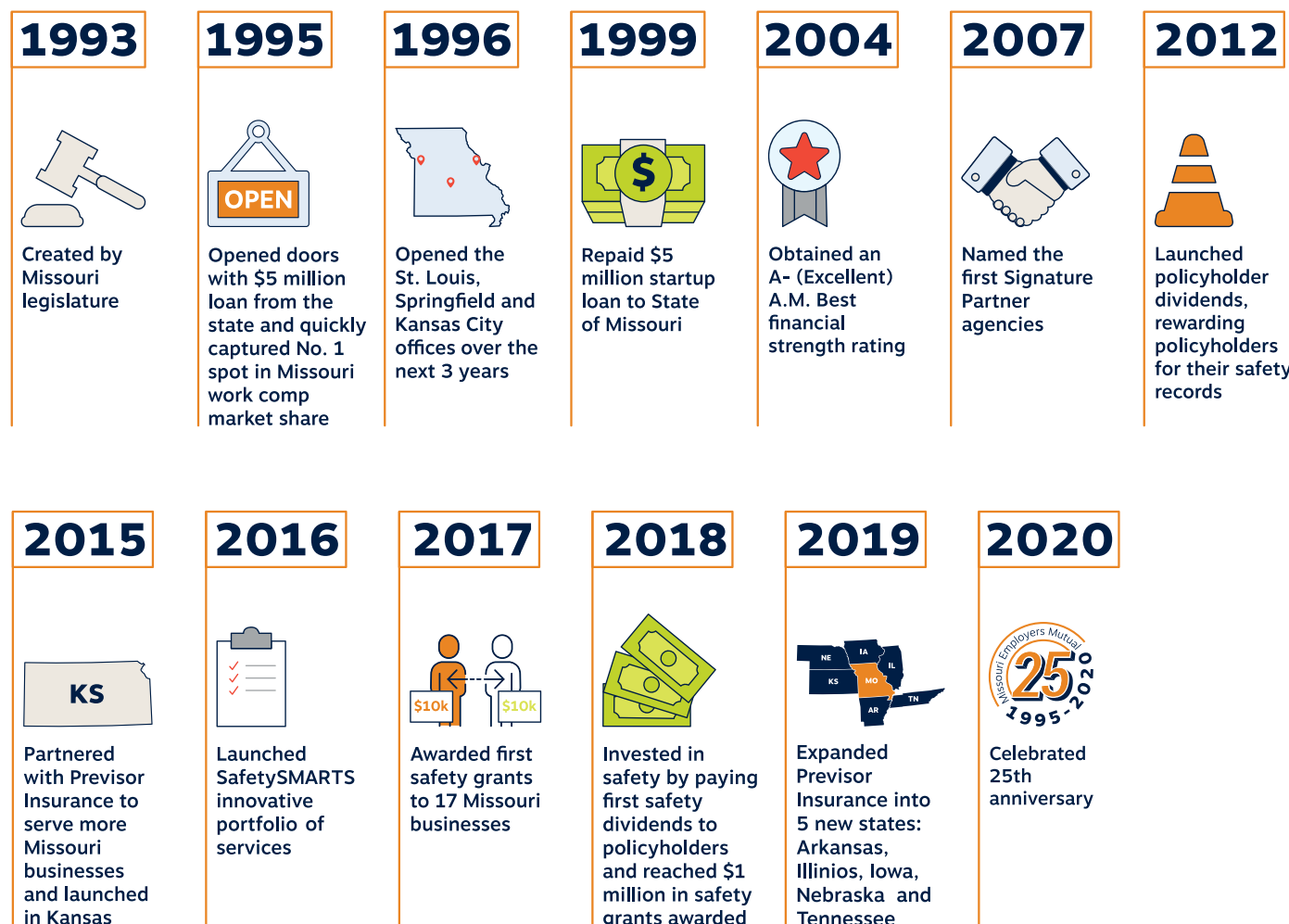


MêM MISSOURI
EMPLOYERS
MUTUAL

2020 Annual Report



For 25 years, we've been creating safe, healthy and injury-free workplaces. We've celebrated a number of milestones along the way. Explore our timeline to learn how our commitment to keeping Missourians safe has strengthened through the years.



Moving Businesses Forward with Confidence

Dear MEM Partners:

At Missouri Employers Mutual, workplace safety is on our minds every day – but responding to COVID-19 led to new experiences even for experts like us. Everything we held dear and by which we measure success was threatened in 2020, and our employees stepped up in a remarkable way.

We knew early on that our policyholders, many of which are small businesses, would need support to weather the storm. We worked closely with our agent partners to maintain coverage and adjust payrolls and continued to deliver value to our policyholders through safety support, COVID resources and corporate giving.

To assist business recovery, we launched our Restart with Confidence program. We rewrote small businesses that closed their doors due to the pandemic and later restarted their operations. Our safety grant program funded COVID-19 expenses, helping businesses as they took on extra measures to keep employees safe and healthy.

Our talented claims professionals responded to more than 1,600 COVID reports of injuries, including more than 170 first responder claims. While these new claims pushed frequency higher than planned, better claims severity offset the frequency increase, resulting in net benefit and loss adjustment expenses \$8.5 million better than plan.

While economic conditions made growth challenging and put pressure on businesses to cut costs, we worked hard to grow smarter. While premium results lagged plan, we exceeded our goals in expense management and efficiency, along with losses, contributing to an improved combined ratio. Our performance in a challenging 2020, including timely realized investment gains, resulted in net income of \$19.9 million, boosting policyholders' equity to \$252.6 million.

The year also gave us an opportunity to redefine how we work and position us for growth. After COVID sent our employees home to work safely last March, we learned we're able to thrive from many locations and our employees value the flexibility.

Our employees continue to deliver excellent service from neighborhoods around the state, as well as our Columbia headquarters.

The launch of our new customer portals allowed us to serve our agents and policyholders more efficiently and accept new business submissions in additional Previsor states. Previsor experienced growth in all three major metrics – premium, policies and payroll – building the case for our value in new markets.

As we celebrated our 25th anniversary, the solid foundation we've built allowed us to sustain the challenges of COVID-19 and remain a steady and dependable resource for our policyholders, injured workers and agents.

Since 1995, we've built our reputation on service and stability. Time after time, it gives us the confidence to say: when you need us, we'll be there.

James C. (Jim) Owen
President and CEO

FINDING A WAY FORWARD IN 2020

We began 2020 focused on celebrating our history and 25 years as an insurance provider. We soon would find ourselves in the middle of a new kind of historic event for Missouri and the country.

The COVID-19 pandemic brought many changes, but what didn't change was our commitment to helping businesses and their employees. The year provided an opportunity for us to live out our values and help our policyholders and communities be healthy, safe and more confident.



▲ CELEBRATED 25 YEARS BY PAYING IT FORWARD

As MEM celebrated 25 years, we also wanted to give back: MEM made a \$25,000 gift to organizations working to improve Missouri's skilled workforce: Job Point in Columbia, Missouri, and the Safety Council of Greater St. Louis. MEM also asked employees to Pay it Forward by contributing to a need in their respective communities.



"As insurance providers, we are often there during a crisis to provide support in both the short and long term."

— Jim Owen
President and CEO, MEM

HELPED BUSINESSES RECOVER

MEM offered small policyholders the chance to restart coverage at the same rate or better if they closed their doors due to the pandemic and later restarted their operations.



▲ STAYED HOME TO VOLUNTEER

More than 50 employees volunteered at home to make blankets for domestic violence shelters, children's organizations and nonprofits supporting the homeless.

RAISED FUNDS VIRTUALLY FOR NONPROFITS

MEM employees hosted a virtual music festival and campaigns to raise funds for United Way of Greater Kansas City, Heart of Missouri United Way, United Way of Greater St. Louis,

and the United Way of the Ozarks. In total, MEM employees donated and raised more than \$69,000 for the United Way.

SUPPORTED KIDS OF INJURED WORKERS

Employees came together virtually to raise \$11,000 for scholarships to children of injured workers by Missouri Kids' Chance during MEM's WorkSAFE Week.

DELIVERED HOLIDAY CHEER

MEM sponsored the Voluntary Action Center's Holiday Program with a \$5,000 donation. The nonprofit served more than 950 families in 2020.



▲ CONNECTED PATIENTS TO FAMILIES WITH IPADS

In December, COVID-19 cases were rising and so were the needs of the health care providers caring for patients. MEM donated 20 iPads to Truman Veterans' Hospital to allow patients to connect with their families outside the walls of the hospital that serves veterans in 43 counties in Missouri and Pike County, Illinois.



"We're grateful to have community partners like MEM who can act quickly to help us meet that need."

— Heather Brown
Strategic Partnership Officer with Truman Veterans' Hospital



▲ SCORED AGAINST HUNGER WITH A \$25,000 MATCH

For the third year, MEM hosted a matching donation campaign with The Food Bank for Central and Northeast Missouri, raising more than \$80,000 to aid in the fight against hunger in Missouri.

▼ SUPPORTED HEALTH CARE WORKERS AND FIRST RESPONDERS

MEM donated 1,280 ounces of hand sanitizer and N95 masks to Boone County Emergency Management to keep health care workers safe. MEM also partnered with area insurance companies and donated \$5,000 to provide 12,000 meals from Culver's of Columbia to area health care workers and first responders. MEM also donated over \$1,000 in protein shakes and snacks to hospital workers in Springfield, Missouri.





SAFETY IS #1 AT SHELTERED WORKSHOP



At 3:30 p.m., Valley Industries' expansive, once-empty parking lot now bustles with activity. The first group of employees, all adults with developmental disabilities, have finished their shift. Employees head through the parking lot, knowing exactly where to meet their rides – some to OATS Transit buses, some to parents' cars or vans, some to metro buses. It's an organized scene, with each vehicle in its designated spot on a smooth parking lot free from trip hazards.

It wasn't always like this, though. Jim Guyre, executive director at the sheltered workshop, explained: "We used to have all 200 employees leaving the building at once, to 18 different buses and 40 different parent cars, and metro buses." Several years ago, Guyre and his team realized that morning arrival and afternoon dismissal carried serious safety risks.

Valley Industries completely redesigned their parking lot, adding a circle drive and designating a spot for every vehicle. They began releasing employees in shifts and allocating staff resources to help manage the flow of both vehicles and people to and from the building.

The result? A drop in trip-related injuries and a much safer environment for employees navigating the lot.

PARTNERS IN SAFETY 25 YEARS AND COUNTING

Valley Industries is one of Missouri's 89 sheltered workshops – supervised

workplaces employing adults with developmental disabilities. When MEM began in 1995, Valley Industries was one of our first policyholders. They've been working with their agency, Yates Insurance Services, even longer than that.

"We've really gotten to grow with them, from two employees to two hundred," commented Ed Yates Jr., vice president of the agency. According to Yates, Valley holds itself to an even higher standard than most when it comes to workplace safety. He's seen them go to great lengths to ensure employees with special needs are set up to perform their jobs safely and successfully. For example, they might need to provide specialized safeguards or customized tools based on the individual.

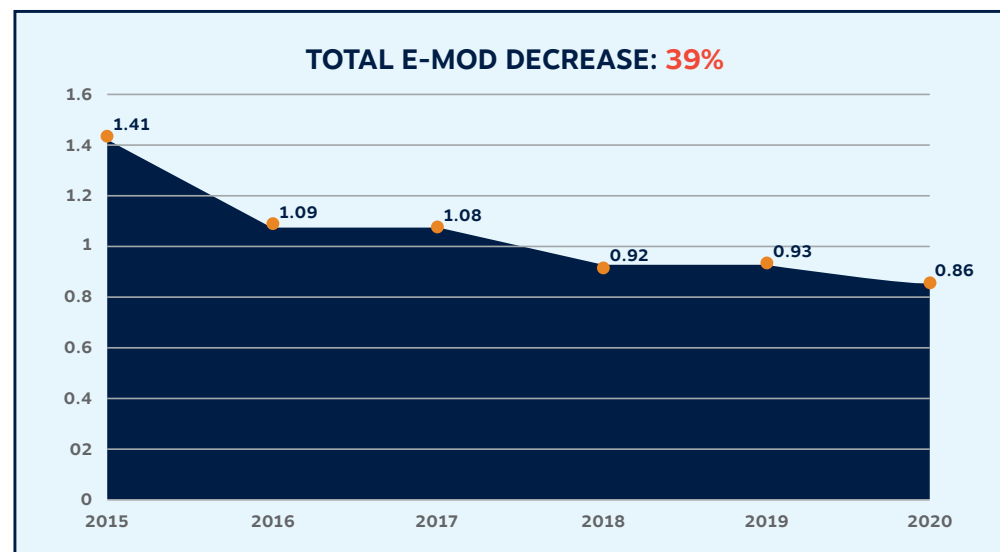
Through long-term partnerships built on putting safety first, Valley has found that year after year, a work comp policy with MEM provides the

most value for their organization. According to Guyre, most sheltered workshops have work comp insurance through a mutual that's specific to their type of workplace. However, Valley has stuck with MEM for all 25 years and has no plans to switch carriers. "Over the last five years, our premium has gone down every single year," Guyre shared. Valley's low number of work comp claims has lowered their e-mod, contributing to premium well below the industry average.

KEEPING SAFETY TOP OF MIND

At MEM, we really can't take the credit for Valley's downward trend in premium. That goes to the leadership team and the employees at the facility.

Valley Industries is a shining example of what you can achieve with a dedication to safety and strong partnerships with your agent and work comp provider.



CULTURE DRIVES DRILLING COMPANY'S SUCCESS



When you drink a refreshing glass of water, do you think about where that water came from? If you're drinking from a well in Missouri, you might have Flynn Drilling Company to thank.

Since Mike Flynn Sr. founded the company in 1954, Flynn Drilling has been providing complete water services throughout the state. The Flynn family – first Mike Sr., then his wife Katy, now their son Danny – has run a tight ship since the beginning. Their objective: 100% customer satisfaction.

WORKPLACE CULTURE MATTERS

Fostering this high-achieving culture is something Flynn Drilling does very well. "We have very little

turnover," explained Kurt Harke, Chief Operations Officer. "Many of our guys have been here 10 to 20 years." That kind of loyalty isn't common, especially in their industry. Higher-risk industries like construction and utilities see annual turnover as high as 50-60%.

What's their secret? "They hire the right people, and they treat them well," said Kevin Flynn, the company's insurance agent and – you guessed it – Danny Flynn's brother. However, it takes some effort to look past the drilling industry's overall risk profile and see this company's culture of excellence. In the early days, that wasn't something Flynn Drilling's insurance carrier was willing to do.

Kevin explained: "Before we moved them to a policy with MEM, it was hard to find a carrier because of their high-risk industry." When MEM was founded in 1995, Flynn Drilling became one of our first policyholders.

A few years into the partnership, however, the company had three major claims in one year. "It was an anomaly, and I advocated for MEM to keep them despite the setback," Kevin recalled. If MEM canceled the policy, they would have likely gone to the pool, or the state-assigned plan for businesses unable to get coverage from a standard carrier.

"If they'd been sent to the pool, they wouldn't have gotten the safety services they needed to get back on their feet," Kevin explained. "MEM



believed in them. Part of their success in terms of safety has been MEM."

INDUSTRY LEADER IN SAFETY

Today, nearly 20 years later, Flynn Drilling joins us in celebrating our 25th anniversary as one of our oldest policyholders. Their safety record is miles above the industry average. The company has about 50 employees, most of whom work on location at job sites, installing and servicing water wells. Employees typically work in small teams. They change job sites as frequently as every few days – or even hours. In this dynamic and dispersed work environment, company leadership must work hard to keep safety top of mind for everyone.

In 2019, the company was selected to receive an MEM safety grant to purchase arc flash safety suits. These protect employees from shocks while working with the electrical components on a well, which can carry high voltage on a municipal job. Flynn Drilling was selected again in 2020 for a safety grant to purchase an articulating boom lift to reduce fall risk.

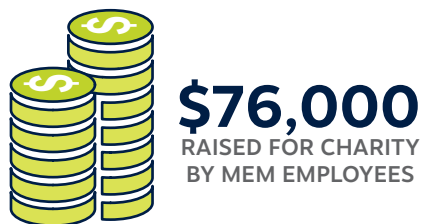
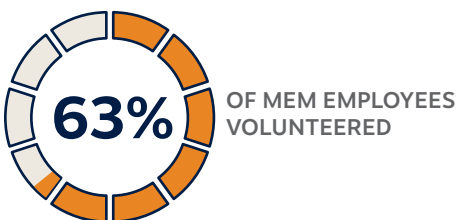
In a high-risk industry, Flynn Drilling breaks the mold by fostering a proactive, safety-first culture. It's clear that leadership treats the company's employees as their most important asset. "It's about more than OSHA compliance here," Harke remarked. "We encourage every employee to go above and beyond compliance to truly put safety first."

"[After three major claims in a year] I advocated for MEM to keep them despite the setback. If they'd been sent to the pool, they wouldn't have gotten the safety services they needed to get back on their feet. MEM believed in them. Part of their success in terms of safety has been MEM."

— Kevin Flynn
Founder and Agent, K. Flynn Insurance

2020 By The Numbers

Missouri Employers Mutual



Financial Statement

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

FINANCIAL HIGHLIGHTS (DOLLARS IN MILLIONS)	2020	2019	2018
UNDERWRITING OPERATIONS			
Net Premium Revenue	\$231.6	\$249.3	\$241.4
Net Losses and Loss Adjustment Expense	\$167.5	\$185.1	\$175.3
Net Income (Loss)	\$19.9	\$2.0	\$10.8
INVESTMENT OPERATIONS			
Net Investment Revenue	\$18.7	\$20.1	\$19.4
Realized Investment Gains (Losses)	\$16.0	\$2.2	\$9.9
Cash and Invested Assets	\$668.5	\$637.3	\$609.5
FINANCIAL POSITION			
Total Assets	\$759.7	\$735.5	\$708.7
Unpaid Losses (Reserves)	\$363.5	\$338.3	\$314.0
Policyholders' Equity	\$252.6	\$247.3	\$236.3
RATIOS			
Loss Ratio	72.3%	74.2%	72.6%
Expense Ratio	32.4%	32.1%	31.9%
Combined Ratio	104.8%	106.3%	104.8%
DIVIDENDS	\$5.2	\$6.1	\$8.5

Find our complete 2020 annual statement at mem-ins.com/about/financial-strength/.



Leadership

EXECUTIVE TEAM



James C. (Jim) Owen
President and CEO



Jennifer Barth
VP, Chief Legal Officer



Rene Tettleton Eslinger
VP, Chief Sales Officer



Sarah Mazzocco
VP, Chief Human Resources Officer



Kevin Miller
VP, Chief Operating Officer



Jennifer Peck
VP, Chief Strategy & Customer Officer



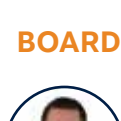
Andy Ribaud
VP, Chief Financial Officer



Roger Walleck
VP, Chief Underwriting Officer



Timothy Smith
VP, Chief Claims Officer



Charles A. Caisley
Chair, Kansas City



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Vice Chair, St. Louis



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Kansas City



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Poplar Bluff

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