

# The 2021 Annual Report

---





5	The Next Chapter: Achieving Excellence
11	A Collaborative Community
19	An Innovative Atmosphere
25	A Sustainable Future
29	2021 Performance Highlights
41	Contact Information



# The Next Chapter: Achieving Excellence

“

GuideOne's collaborative and innovative track record has proven that the company will continue its sustainable growth well into the future.

---

Over the last few years, GuideOne focused on differentiating itself in the marketplace by delivering intellectual capital and distinct risk insights to its distribution partners and customers. Those efforts helped GuideOne solidify its reputation for providing nimble solutions for niche needs™, building solid relationships with partners worldwide and looking ahead to every challenge with cautious optimism and intellectual curiosity.

As a result, GuideOne was recognized in 2021 – not only for how it manages its business but also for how it treats its people. In addition to earning industry recognition as Best Nonprofit Insurance for Property Insurance and Most Customer-Focused Church & Education Insurance Provider, it was named a Best-in-Class Employer for its commitment to creating organizational structures, workplace policies and total rewards that inclusively engage and motivate its team members.

GuideOne’s collaborative and innovative track record has proven that the company will continue its sustainable growth well into the future. GuideOne believes this, as do its business partners. AM Best, the largest credit rating agency in the world specializing in the insurance industry, recently affirmed the Financial Strength Rating of A- (Excellent) and the Issuer Credit Rating of “a-” of the GuideOne Insurance Companies, effective June 14, 2022.

With the current level of talent, knowledge and capabilities within GuideOne, it’s now a larger, more sophisticated player in the marketplace than ever before. I’m excited to see this company’s story unfold as we take the next step in our evolution toward being known as a great underwriting company.

This is the beginning of GuideOne’s next chapter. This company will continue to strive for underwriting excellence, and it will achieve it.



Bernard Hengesbaugh  
*President & Chief Executive Officer*



# *Board of Directors*

## **H. Lynn Horak**

*Non-executive Chair*

Retired Chief Executive Officer, Norwest Bank/Wells Fargo

## **Diane Bridgewater**

*Chair of the Audit Committee*

Executive Vice President/Chief Financial Officer, LCS Holdings, Inc.

## **Cara Heiden**

*Chair of Human Resources, Nominating and Governance*

Retired Division Co-President, Wells Fargo Home Mortgage

## **Carol Sanders**

*Chair of Risk Committee*

Former Chief Financial Officer, Sentry Insurance Company

## **Robert Hartwig**

Clinical Associate Professor of Finance, University of South Carolina, Darla Moore School of Business; Retired President & Chief Economist, Insurance Information Institute

## **Bernard Hengesbaugh**

Retired Chief Operating Officer, American Medical Association; Retired Chief Executive Officer & Chairman of the Board, CNA Financial

## **Michael Hughes**

Former President of Business Insurance, Liberty Mutual

## **Robert Morette**

Senior Partner, Bain & Company Global Financial Services Practice

## **Karen Shaff**

Retired Executive Vice President and General Counsel, Principal Financial Group



# Leadership Team



**Bernard Hengesbaugh**

*President & Chief Executive Officer*



**Andrew Noga**

*Senior Vice President,  
General Counsel, Corporate  
Secretary & Chief  
Compliance Officer*



**Kenneth Cadematori**

*Senior Vice President,  
Chief Financial Officer*



**Patrick Daley**

*Senior Vice President,  
Chief Underwriting Officer*



**Tim Fleming**

*Senior Vice President,  
Core Commercial Lines*



**Rick Cullen**

*Senior Vice President,  
Programs and Excess & Surplus*



**Brian Nelson**

*Senior Vice President,  
Chief Claims Officer*



**Patti Meyer**

*Senior Vice President,  
Chief People Officer*



**Chris Ward**

*Vice President,  
Distribution Management*



# A Collaborative Community

The second year of the COVID-19 pandemic taught us many things. It taught us that our team members are resilient and can find a way through any challenge. It taught us that our GuideOne community is strong, overcoming time and distance between us. And it taught us that nothing can stand in the way of us serving those who work to make positive change possible.

# Employee Engagement

Our long-standing history of protecting the people who strengthen our communities is only made possible by our most-valued asset — our team members.

Since 1947, GuideOne has been an advocate and an innovator for our customers and team members. Volunteer time off, employee gardens and flexible work schedules are a few ways GuideOne drives team member collaboration and engagement. Today, we are just as committed as ever to creating an environment that champions positive change. But to make positive changes, we must identify where change is needed.

Each year, we ask our team members for their feedback on how we can improve and move forward as a company. Our Employee Engagement Survey is an opportunity for us to identify areas for improvement while working toward creating a more engaged, satisfied workforce.

One key measurement in this survey is our overall Employee Engagement score, which represents the level of enthusiasm and connection our employees have with GuideOne. It helps us understand our team members' thoughts, views and experiences so we can create a culture where everyone is fully engaged and wants to go the extra mile for each other and our customers. At GuideOne, our August 2021 Employee Engagement score was 77 percent, which compares to the Finance & Insurance Industry average of 76 percent. Highlights included:

**79%**  
ALL-TIME HIGH

Our 2021 company goal, sharing a motivating vision of the future, increased from 77 percent agreement to an all-time high of 79 percent.

Our 2020 company goal, improving communication, rose from 73 percent agreement to 80 percent.

**80%** **+7%**

“

We're devoted to cultivating a culture that engages, motivates and truly supports our team members.

---

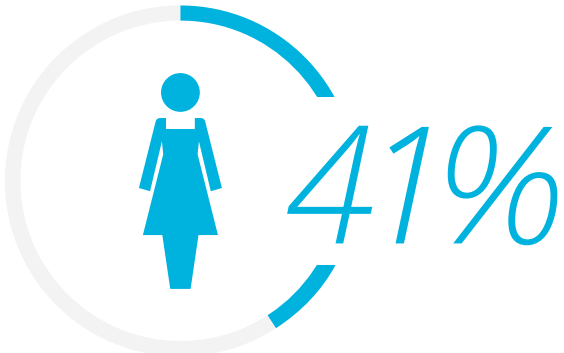
Our proactive and structured approach to creating and implementing HR programs and benefits sets GuideOne apart from other employers. In fact, GuideOne was one of only five Iowa employers to receive the Best-in-Class Employer designation out of the nearly 4,000 large and midsize employers that participated in Gallagher's 2021 Benefits Strategy & Benchmarking Survey.



Our team members are our strongest asset. That's why we're devoted to cultivating a culture that engages, motivates and truly supports them.



GuideOne team members located within 35 states and the District of Columbia



of GuideOne's leaders are women

# *We Help Make Positive Change Possible<sup>®</sup>*

That's our brand promise, and we're proud to live it. We believe that being a responsible corporate citizen means working to shape our company, our communities and our world for the better. Every one of our nearly 600 team members takes this responsibility seriously. It's shown through their generosity, both of time and charitable contributions.

**\$120,000+**  
in team member  
donations during  
our Charitable  
Giving Campaign

**\$199,950**  
in total GuideOne  
Foundation grants

**1,629**  
volunteer hours

**39**  
nonprofits  
impacted by our  
charitable giving

**\$30,000**  
in total GFAC  
sponsorships



Our team's charitable giving demonstrates the great depth of our caring, concern and belief in the future of our communities. Each year, the GuideOne Foundation and GuideOne Foundation Employee Advisory Committee (GFAC) make a positive impact by collectively awarding approximately \$200,000 to a variety of local, regional and national charities that meet eligibility standards for GuideOne contributions.

The GuideOne Foundation awards grants of \$2,000 or more to registered 501(c)(3) organizations whose missions align with ours. In 2021, the GuideOne Foundation awarded \$199,590 in charitable contributions to 15 nonprofit organizations, specifically in locations where our employees live and work. A few include:



Empowering people to save starving children



United Way of Central Iowa



GFAC is our committee of employee volunteers who are liaisons with the Foundation and determine charitable donations of \$2,000 or less. In 2021, GFAC gifted a total of \$30,000 to 24 organizations, including:

- *Alzheimer's Association*
- *Animal Rescue League of Iowa*
- *Best Buddies*
- *Children & Family Urban Movement*
- *Good Vibes Movement*
- *National Alliance on Mental Illness*
- *Wildwood Hills*
- *American Red Cross*
- *Business Horizons*
- *Children's Cancer Connection*
- *Lutheran Services of Iowa*
- *Orchard Place Foundation*
- *Project Iowa*
- *Beacon of Life*
- *Children & Families of IA*
- *Dream Team Des Moines*
- *Music Under the Stars, Inc.*
- *Single Parent Provision*
- *Young Women's Resource Center*
- *Everybody Wins! Iowa*
- *Dorothy's House*
- *Huntington's Disease Society of America*
- *Pinky Swear Foundation*
- *Girl Scouts of Greater Iowa*

In an ever-changing world,  
we're proud to remain  
committed to our mission –

*We Help Make Positive  
Change Possible.*



# An Innovative Atmosphere

The COVID-19 pandemic stretched us in many ways and, in doing so, revealed how flexible we are. Thanks to our team members' collaborative and innovative spirit, we successfully moved our workforce to a remote model in 2020, and then rolled out new digital solutions in 2021 to better meet their dynamic needs and those of our customers.

“

GuideOne has been creating innovative solutions for our customers since 1947, and we will keep doing so for many more years to come.

---

# Digital Payment Platforms

GuideOne's legacy billing system served us well for many years, but to improve our ability to meet our customers' expectations, we implemented new digital platforms for sending and receiving payments. Our new billing system brings many updated features to GuideOne policyholders, including:

- ▶ Flexible payment plan options
- ▶ 24/7 self-service in customer portal
- ▶ All plans can enroll in automatic payments
- ▶ Ability to pay via credit card or e-check
- ▶ View payment history and future billing schedule

*But wait, there's more!*

We also implemented a digital system for claim payments so we can swiftly help our customers when they need it most. Instead of waiting up to 11 days to receive a check by mail, policyholders can now choose how they receive claim payments, including:

- Push to debit — average wait of 1 day
- ACH/Direct deposit — average wait of 3 days
- Virtual card — average wait of 7 days
- Physical check — average wait of 11 days

*These enhancements address the payment pain points we've heard from our customers and employees, and we're excited to now have a platform that can accommodate our evolving needs as we head into the future.*

# *Integrated Finance & Human Resources System*

When we choose to invest in technology, we're also choosing to invest in our potential. By giving our teams the resources they need to do their jobs better, we can experience unmatched collaboration, creativity and courage. We can dream bigger. Work faster. And we can win together.

We recognized that our dated, unsupported finance and human resources systems stood in the way of keeping up with the industry standards. So, we knew it was time to implement a modern solution.

Our business units worked together to think past the processes that were in place to bring more flexibility to our teams. Enter Workday — a cloud-based platform that integrated our finance and human resources data and opened a new world of self-service for our team members. In addition to launching Workday on time and under budget, we were excited to:

- ⤵ **Adopt a cloud-based platform, with minimal customizations**, that allows us to receive vendor-delivered upgrades twice a year with far less management effort on our end.
- ⤵ **Deliver self-service capabilities for managers and team members**, as well as improved reporting capabilities and process efficiencies.
- ⤵ **Replace tedious manual finance processes** using spreadsheets and ledger cards with faster reporting driven by system and data integrations.

“

We can experience  
unmatched collaboration,  
creativity and courage.

---





# A Sustainable Future

GuideOne was founded upon two key philosophies: a dedication to serving customers who strengthen the community and a commitment to social responsibility. For more than 70 years, we have believed that being a responsible corporate citizen means melding social conscience with sound business practice.

Our Environmental, Social and Governance (ESG) approach shows our commitment to making positive change possible. GuideOne takes a values-neutral approach to including ESG factors into our everyday business practices. We view material ESG factors as potential risks that can and should be monitored and mitigated in our investments, underwriting and business practices. These factors may include:



Environmental

- Climate
- Carbon footprint
- Water issues
- Waste Management
- Sustainable development
- Alternative energy



Social

- Diversity and inclusion
- Employee engagement
- Consumer protection
- Community relations
- Human rights
- Working conditions



Governance

- Transparency
- Board accountability and makeup
- Director Independence
- Accounting practices
- Reporting and disclosure
- Shareholder and policyholder rights

We have a responsibility to our customers to be a good partner in both supporting their goals and ensuring that GuideOne remains a reliable partner going forward. We are committed to being transparent about our activities and goals, and we will continue to have an active, engaged and diverse board of directors with backgrounds from both insurance and non-insurance companies. GuideOne’s senior leaders and board of directors are dedicated to working to address our ESG risks and opportunities. We will be open and transparent with our policyholders, regulators and rating agencies, and we will continue to use our annual reports to share what we see as successes and setbacks.

“

We believe that being a responsible corporate citizen means melding social conscience with sound business practice.

---



# 2021 Performance Highlights



# *Diversification*

Balancing our overall portfolio allowed us to achieve profitable exposure and growth. Our diversification strategy affords us flexibility to refine our Specialty book, while still generating strong production in our Core and Programs business segments. Moving forward, we will continue to leverage our profitability in those segments so we can calibrate our Specialty exposure appetite to find the best book of business for us.

Our company's premium growth has been significant and favorable in terms of profit and diversification — ending 2021 with direct written premium total of \$1.069B.

GuideOne's 2021 statutory financial results show continued growth and diversification, despite industry challenges related to the ongoing global pandemic and multiple catastrophic (CAT) events. Our overall written premium reached \$1.06B, increasing 35% over 2020. The insurance industry experienced increased frequency and severity of CAT losses in 2021, including Winter Storm Uri and Hurricane Ida, both of which adversely impacted profitability. As a result, we ended the year with a combined ratio of 101.9%, which includes seven combined ratio points of excess CAT events.

This is where we saw success:

- Diversified premium growth, especially in our Programs segment
- Balancing our Core, Programs and Specialty books of business
- Continued focus on underwriting excellence and discipline

Here's a closer look at the key strategies that shaped our 2021 performance results:

## Stability

Strengthened by invested assets and stable reserves, our balance sheet remained solid in 2021. Invested assets maintain an appropriate combination of risk/return with a diversified mix of asset classes. Additionally, claims handling improvements and reserving practices have resulted in balance sheet stability and consistent favorable prior-year reserve development. Our end-of-year surplus was \$458M.

Our continued focus on underwriting excellence and discipline will help us reinforce our strength as an organization. Being selective about our risks, having a deep knowledge of our books of business and bringing in tools and capabilities to further research and develop our underwriting practices will be of immense value to our customers, our team members and our company's sustained growth.

### Summary Income Statement

<i>in millions</i>	2019	2020	2021
Direct Written Premium (DWP)	\$573	\$790	\$1,069
Net Earned Premium (NEP)	\$458	\$558	\$572
CY Net Loss Ratio	56.1%	65.0%	66.5%
Net General Expense Ratio	42.5%	37.9%	35.4%
<b>Combined Ratio</b>	<b>98.6%</b>	<b>102.9%</b>	<b>101.9%</b>
Net Underwriting Income (Loss)	-\$10	-\$44	-\$38
Net Inv Income + Capital Gains	\$27	\$25	\$46
Other (write-offs, retroactive reins.)	\$0	\$0	-\$1
Taxes	\$2	-\$1	\$4
<b>Net Income/(Loss)</b>	<b>\$19</b>	<b>-\$19</b>	<b>\$11</b>
Ending Surplus	\$456	\$442	\$458
YoY DWP Growth	14.2%	37.9%	35.3%

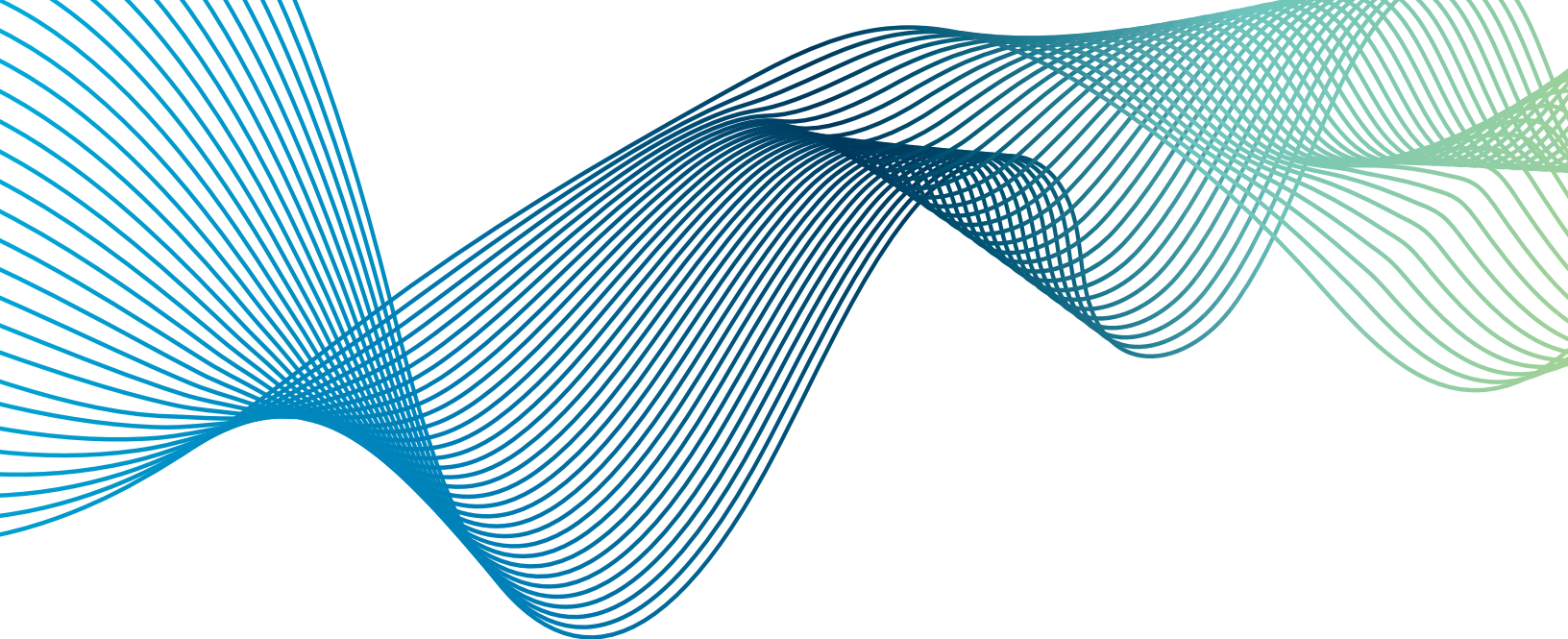


## Statutory Balance Sheet

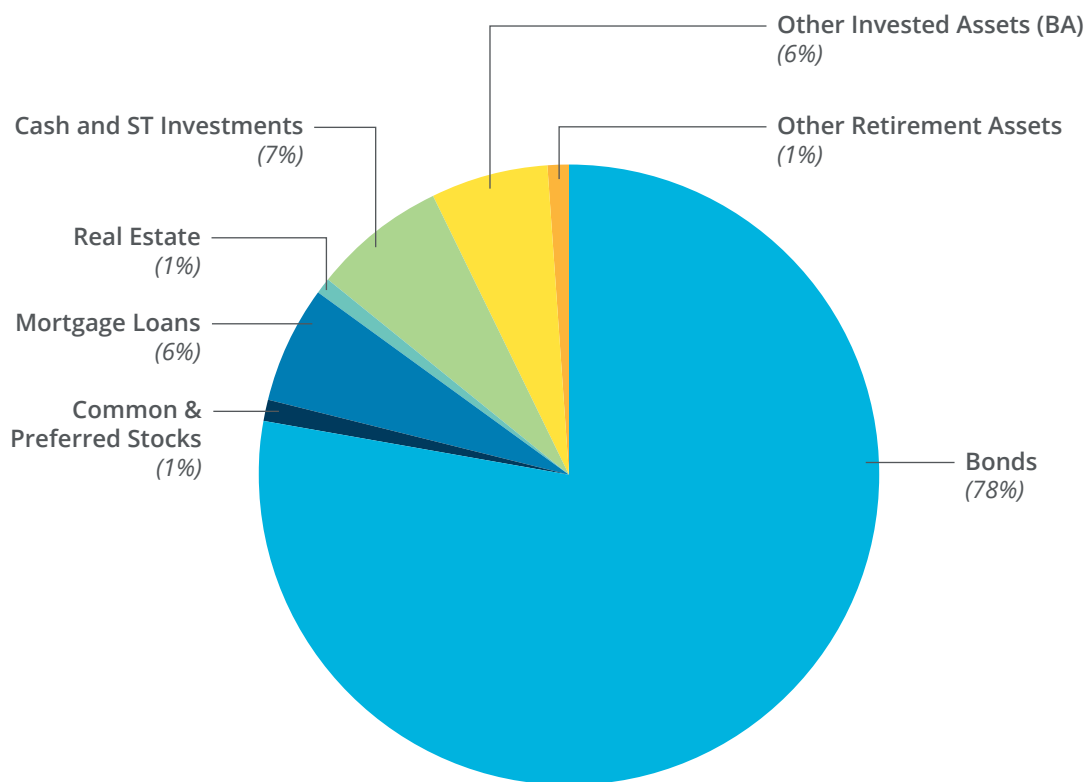
<i>in millions</i>	12/31/2019	12/31/2020	12/31/2021
Invested Assets	\$1,072.8	\$1,184.0	\$1,355.4
Premiums In The Course Of Collection	\$177.8	\$206.5	\$271.6
Reinsurance Recoverables	\$10.5	\$28.8	\$23.7
Deferred Tax Assets	\$61.9	\$59.9	\$57.0
Other Assets	\$10.8	\$12.4	\$21.0
<b>Total Assets</b>	<b>\$1,333.8</b>	<b>\$1,491.6</b>	<b>\$1,728.7</b>
Loss And Loss Adjustment Reserves	\$574.1	\$611.6	\$666.0
Unearned Premiums	\$264.1	\$336.5	\$414.6
Retroactive Reinsurance Recoverable <sup>1</sup>	-\$99.6	-\$81.0	-\$69.5
Other Liabilities	\$139.7	\$182.9	\$259.0
<b>Total Liabilities</b>	<b>\$878.3</b>	<b>\$1,050.0</b>	<b>\$1,270.2</b>
Surplus	\$455.5	\$441.6	\$458.5
<b>Total Liabilities And Surplus</b>	<b>\$1,333.8</b>	<b>\$1,491.6</b>	<b>\$1,728.7</b>

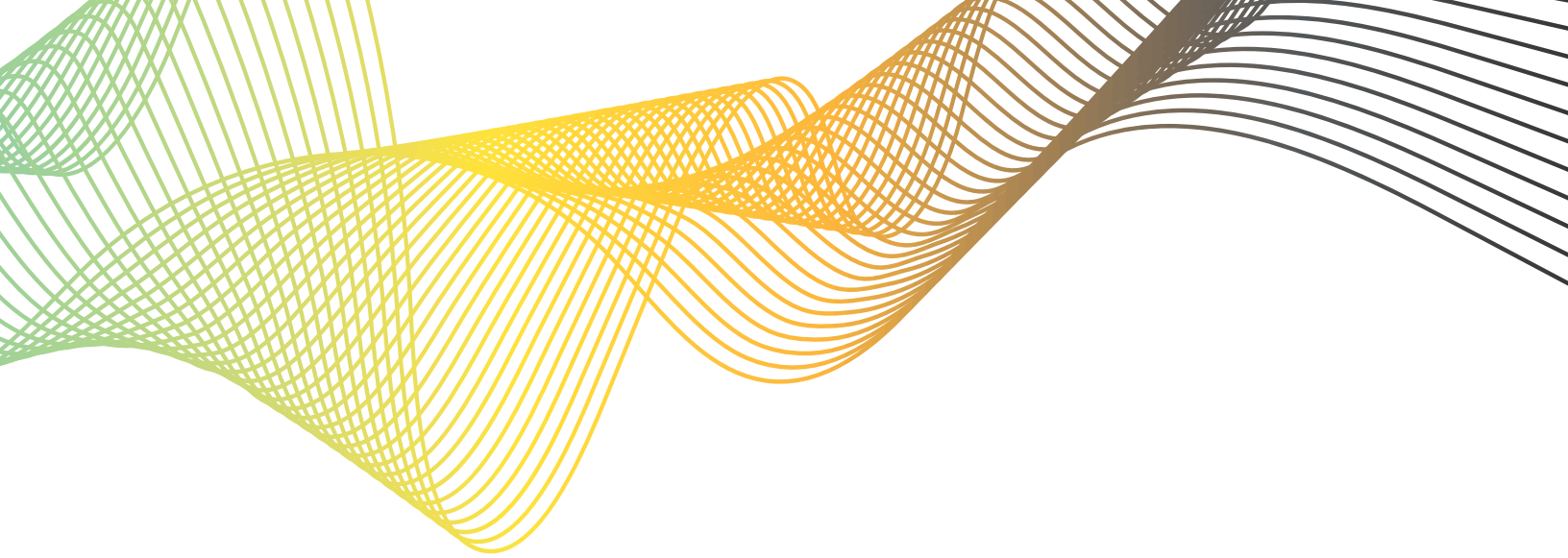
<sup>1</sup>ADC/LPT on SLC general liability run-off.



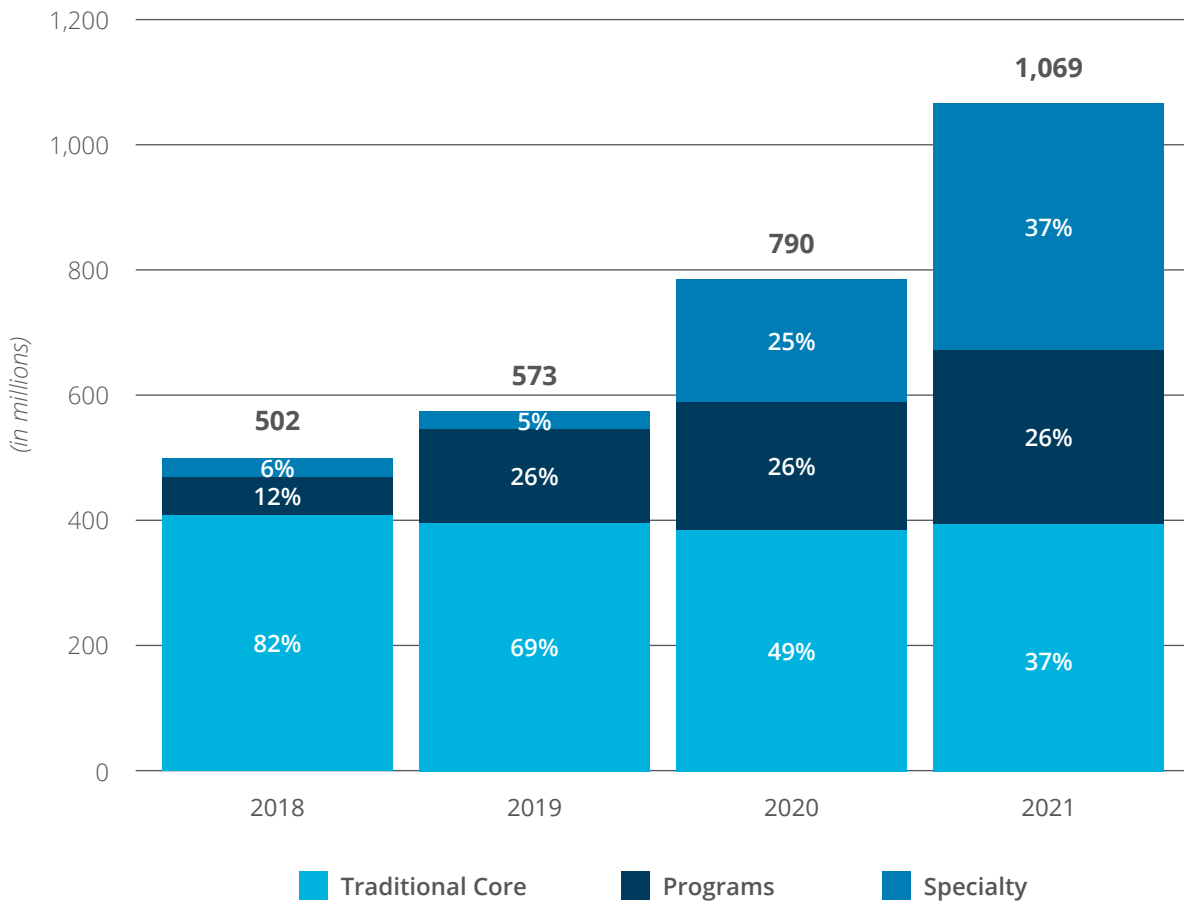


## Invested Assets





## Direct Written Premiums



*Traditional Core includes Religious Organizations, Nonprofit & Human Services, Education and Small Business.*

## Core Commercial Highlights

### Written Premium by Property Liability:

	2021
Property	\$211.3M
Liability	\$182.9M
<b>Total Core GWP</b>	<b>\$394.2M</b>

### Written Premium by Business Segment:

	2021
Nonprofit & Human Services	\$100.3M
Religious Organizations	\$290.9M
Small Business	\$3.0M
<b>Total Core GWP</b>	<b>\$394.2M</b>

# Programs Highlights

## Composition of Programs Book

Year	Number of Programs	Gross Written Premium
2018	7	\$58.2M
2019	11	\$146.7M
2020	13	\$203.2M
2021	12	\$277.5M

## Written Premium by Property Liability:

	2021
Property	\$71.6M
Liability	\$205.9M
<b>Total Programs GWP</b>	<b>\$277.5M</b>

“

Our continued focus on underwriting excellence will help us reinforce our strength as an organization.

---

## Specialty Highlights

### Total Direct & Assumed Premium by Niche:

	2021
Construction	\$111.8M
Financial Lines	\$5.0M
Energy	\$110.6M
Infrastructure	\$48.9M
Technical Property	\$121.3M
<b>Total Specialty GWP</b>	<b>\$397.6M</b>

### Written Premium by Property Liability:

	2021
Property	\$280.8M
Liability	\$116.8M
<b>Total Specialty GWP</b>	<b>\$397.6M</b>





# Contact Information

## **GUIDEONE MUTUAL HOLDING COMPANY**

1111 Ashworth Road  
West Des Moines, IA 50265

## **GUIDEONE INSURANCE**

877.448.4331

[guideone.com](https://www.guideone.com)

## **GUIDEONE NATIONAL**

877.448.4331

[guideone.com/national](https://www.guideone.com/national)



© 2022 GuideOne Insurance. GuideOne® is the registered trademark of the GuideOne Mutual Holding Company. All rights reserved. All Specialty Lines business is placed through licensed specialty lines' brokers. AM Best ratings are for the GuideOne entities, including GuideOne Mutual Holding Company, GuideOne Insurance Group, Inc., GuideOne Specialty Mutual Insurance Company, GuideOne America Insurance Company, GuideOne Elite Insurance Company, GuideOne National Insurance Company and GuideOne Property & Casualty Insurance Company. AM Best ratings range from A++ to S. For the latest rating, access [www.ambest.com](https://www.ambest.com).



