

the
annual
report
'20



GUIDEONE[®]
INSURANCE

contents

6	A Message from Our President & Chief Executive Officer
8	Our Board of Directors
10	Our Leadership Team
12	Financial Highlights
16	Core Commercial
20	Programs
22	Specialty
26	Our Employees & Community
30	Contact Information

A Message from Our President & Chief Executive Officer



Last year perfectly fit the famous opening paragraph of Charles Dickens' novel, *A Tale of Two Cities*: "It was the best of times, it was the worst of times ..." It goes without saying that 2020 was a year that tested everyone and one in which we made further progress toward our strategic ambition to become "That Mutual Company."

We started the year in a position of financial strength and capability that allowed us to stay resilient during an unprecedented pandemic, a significant derecho and other devastating weather events, civil unrest and riots. Through it all, we were guided by our brand promise to make positive change possible and proudly delivered on that promise for our policyholders, distribution partners, employees, and communities when it mattered most.

In our quest to become "That Mutual Company," we added incremental building blocks and effective ways to profitably grow the company, diversify revenue sources, create value and flexibility in our platform, and access capital by creating a Mutual Holding Company (MHC) and Managing General Underwriter (MGU). We have built a company that has three distinct segments: Core, Programs and Specialty; a company that is diversified in risk. The MGU represents the fourth leg of our diversified revenue stool.

Diversifying our segments brings balance to exposures and lines of business, new distribution relationships and generates fee income from the MGU to supplement underwriting income. Every inch, every component, every strategic decision matters. It all has to align for us to build the platform required to be the insurance and affiliation provider of choice, attract capital and thrive in our target markets.

Our premium growth has been significant and favorable in terms of profit and diversification. A.M. Best's decision in early 2020 to revise our outlook to stable and affirm our Financial Strength Rating of A- (Excellent) reinforces all of the actions we have taken and the opportunities that lie ahead.

After almost four years with GuideOne, I am proud of where we are today and where we are heading. Our results speak for themselves: we have grown topline 50% and survived multiple stress events (the pandemic, weather events, civil unrest, etc.), and our growth in Programs and Specialty generated an average combined ratio of 85%. Our true 2020 story lies outside the numbers and more on longer-term and sustainable value creation. We have matured quickly and accomplished more in a shorter amount of time than I could have imagined. We have transformed a company and achieved scale by growing profitably, putting us on the road toward becoming "That Mutual Company."

Jessica Snyder



Our Board of Directors

DIANE BRIDGEWATER

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

MARLYSS GAGE

Former Executive Vice President and Chief Underwriting Officer, Travelers Insurance Companies

ROBERT HARTWIG

Clinical Associate Professor of Finance, University of South Carolina, Darla Moore School of Business

Retired President & Chief Economist Insurance Information Institute

CARA HEIDEN

Retired Division Co-President, Wells Fargo Home Mortgage

BERNARD HENGESBAUGH

Retired Chief Operating Officer, American Medical Association

Retired Chief Executive Officer & Chairman of the Board, CNA Financial

H. LYNN HORAK

Retired Chief Executive Officer, Norwest Bank/Wells Fargo

ROBERT MORETTE

Senior Partner, Bain & Company Global Financial Services Practice

KAREN SHAFF

Retired Executive Vice President and General Counsel, Principal Financial Group

JESSICA SNYDER

President & Chief Executive Officer, GuideOne Mutual Holding Company



Our Leadership Team

Bringing a wealth of insurance, financial, business and leadership experience to GuideOne, our Leadership Team also demonstrates a passion for doing good and a fierce commitment to community. Our leaders are actively involved with local nonprofits, schools and boards — organizations that make our communities better places to live.



JESSICA SNYDER

President & Chief Executive Officer, GuideOne Mutual Holding Company



RICK CULLEN

Senior Vice President, Programs



DAVE DIETZ

Senior Vice President, Core Commercial Lines



MICHELLE GLASL

Senior Vice President, Chief Operating Officer



MARK GROENHEIDE

Senior Vice President, Specialty & President CGA



BRIAN NELSON

Senior Vice President & Chief Claims Officer



ANDREW NOGA

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



DOUG PEARSON

Senior Vice President, Chief Underwriting Officer



KENNETH CADEMATORI

Senior Vice President & Chief Financial Officer



TIM FLEMING

Vice President & Chief Actuary



PATTI MEYER

Senior Vice President, Chief People Officer



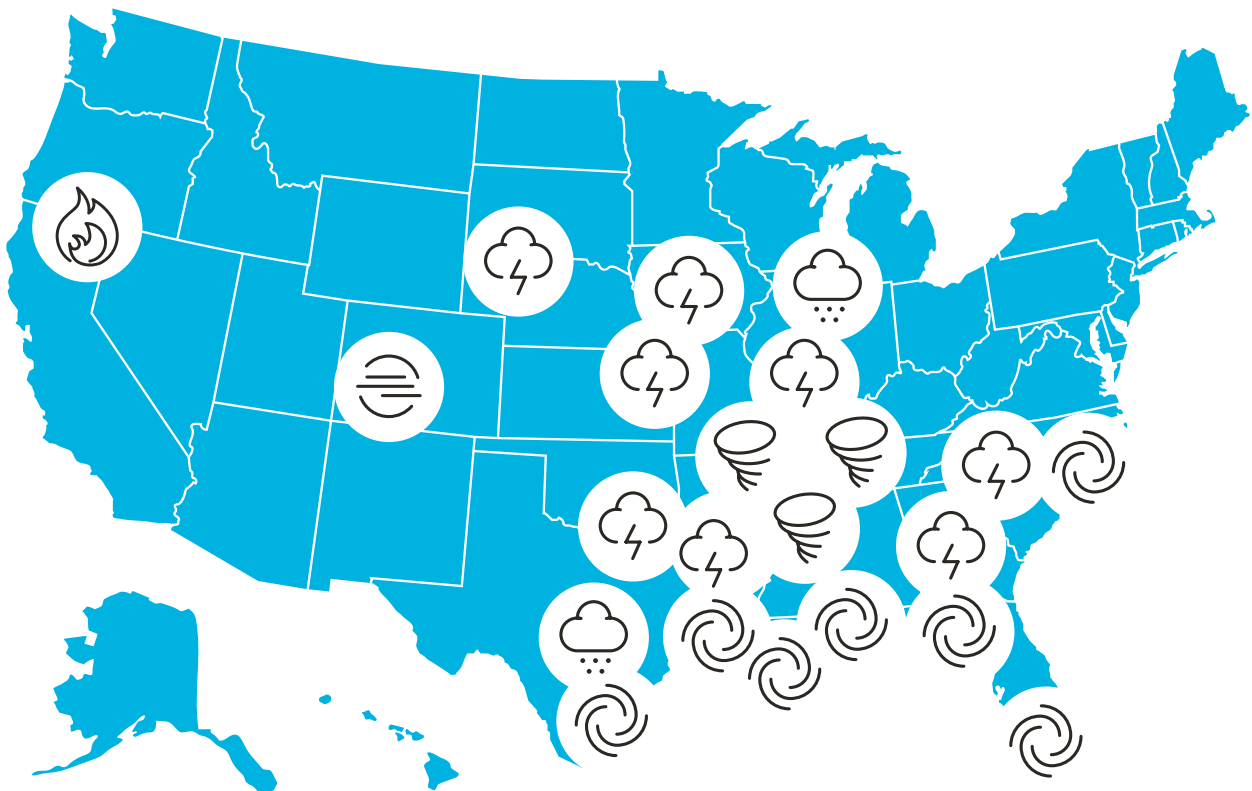
CHRIS WARD

Vice President of Distribution Management

Financial Highlights

GuideOne's 2020 statutory financial results reflect accelerated growth and diversification as we navigated our way through widespread industry challenges related to the global pandemic, multiple catastrophic (CAT) events, social inflation and civil unrest. Despite this, **our overall written premium reached \$790M, increasing 38% over 2019.** The insurance industry experienced increased frequency and severity of CAT losses in 2020, including the Midwest Derecho and Hurricane Laura, both of which adversely impacted profitability. As a result, **we ended the year with a combined ratio of 102.9%**, which includes seven combined ratio points of excess CAT events.

U.S. 2020 Billion-Dollar Weather and Climate Disasters



This map denotes the approximate location for each of the 22 separate billion-dollar weather and climate disasters that impacted the United States during 2020.

Source: NOAA and NCEI

Several factors contributed to our overall success for the year:

- Diversified premium growth, especially in our new Specialty E&S segment
- Burgeoning rate increases during the second half of the year
- Continued focus on underwriting excellence and discipline
- Continued conservatism with Sexual Abuse and Molestation limits
- Improvements in claims handling and reserving practices

Specifically, here are the key factors that combined to produce a favorable financial result for 2020.

DIVERSIFICATION

Our diversification strategy afforded us flexibility to tactically optimize the risk tolerance of our Core book and modestly grow production. As a result, we are no longer financially dependent on a single class or distribution source. Diversifying our segments into non-correlated businesses brings balance to exposures and lines of business, new distribution relationships and generates fee income from the MGU to supplement underwriting income with underwriting risk-free revenue and organic surplus growth.

Our premium growth has been significant and favorable in terms of profit and diversification — ending 2020 with direct written premium total of \$790M, which is 22% higher than the original plan of \$650M. Our growth in Programs and Specialty generated a combined ratio in those segments of 85%, and this was tremendously accretive to our results. Further, increased scale and reduced spending have improved our expense ratio by two points.

STABILITY

Our balance sheet remained strong in 2020, supported by invested assets and stable reserves. 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. On a full-year basis, our net investment income was \$5.1M better than the original plan. This was primarily because of realized gains offset by slightly lower yields due to the persistently low interest rate environment.

Our end-of-year surplus was \$441.6M, reflecting a premium-to-surplus ratio of 1.79 to 1.

Summary Income Statement

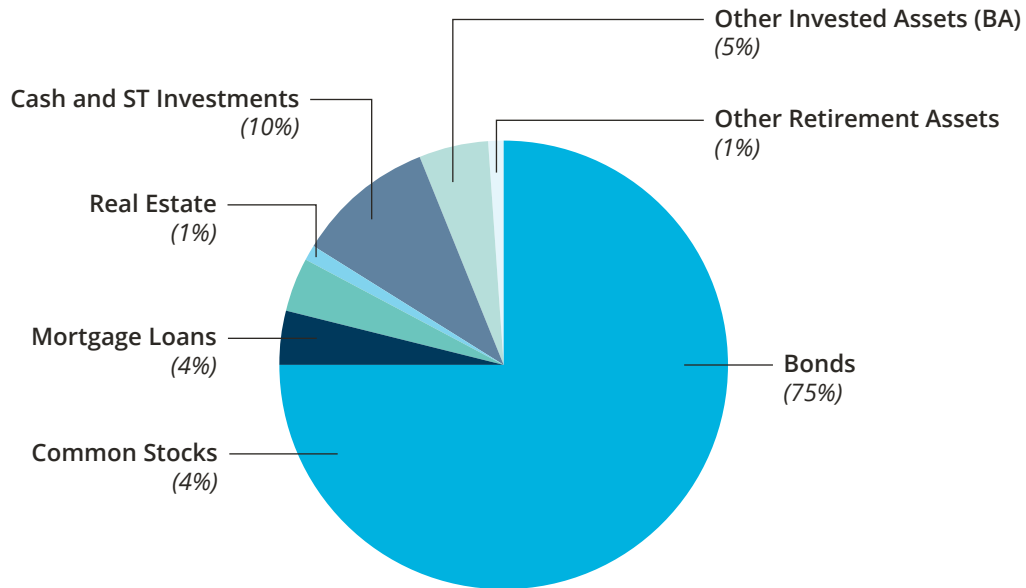
<i>in millions</i>	2018	2019	2020
Direct Written Premium (DWP)	\$520	\$573	\$790
Net Earned Premium (NEP)	\$427	\$458	\$558
CY Net Loss Ratio	57.9%	56.1%	65.0%
Net General Expense Ratio	41.5%	42.5%	37.9%
Combined Ratio	99.4%	98.6%	102.9%
Net Underwriting Income (Loss)	-\$3	-\$10	-\$44
Net Inv Income + Capital Gains	\$36	\$27	\$25
Other (write-offs, retroactive reins.)	-\$31	\$0	\$0
Taxes	-\$2	\$2	-\$1
Net Income/(Loss)	\$0	\$19	-\$19
Ending Surplus	\$433	\$455	\$442
YoY DWP Growth	-3.1%	14.2%	37.9%

Statutory Balance Sheet

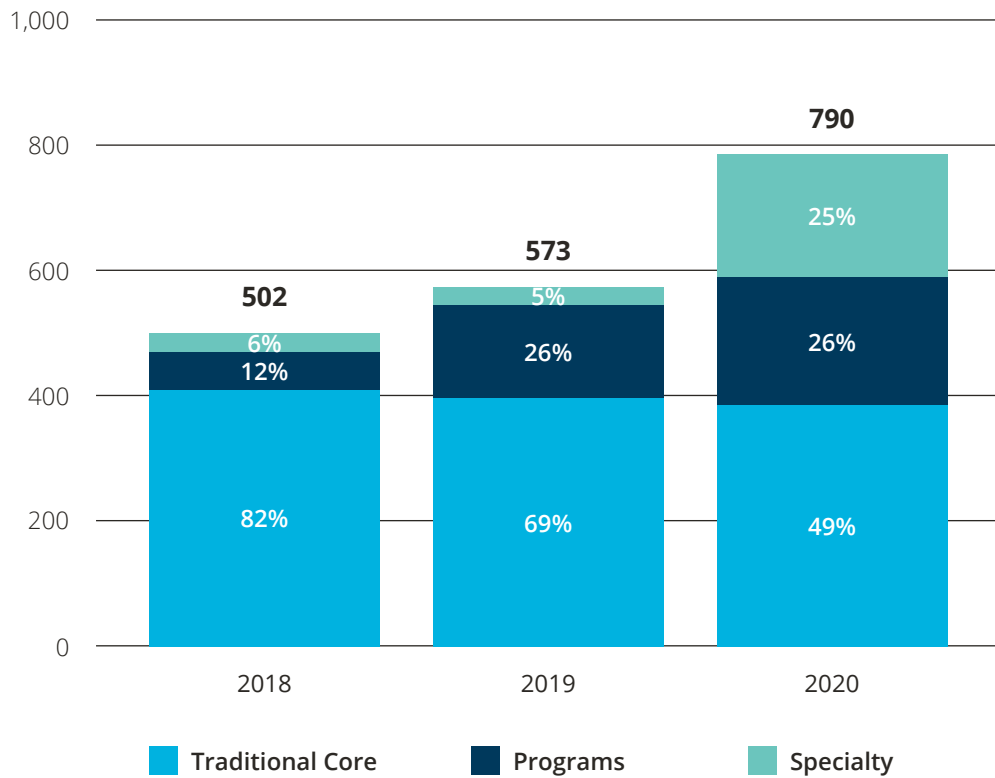
<i>in millions</i>	12/31/2018	12/31/2019	12/31/2020
Invested Assets	\$1,089.9	\$1,072.8	\$1,187.0
Premiums in the course of collection	\$162.3	\$177.8	\$206.5
Reinsurance recoverables	\$18.9	\$10.5	\$28.8
Deferred Tax Assets	\$59.0	\$61.9	\$59.9
Other Assets	\$10.4	\$10.8	\$12.4
Total Assets	\$1,340.3	\$1,333.8	\$1,491.6
Loss and loss adjustment reserves	\$644.9	\$574.1	\$611.6
Unearned premiums	\$225.5	\$264.1	\$336.5
Retroactive reinsurance recoverable ¹	-\$120.5	-\$99.6	-\$81.0
Other liabilities	\$157.9	\$139.7	\$182.9
Total liabilities	\$907.7	\$878.3	\$1,050.0
Surplus	\$432.5	\$455.5	\$441.6
Total liabilities and surplus	\$1,340.3	\$1,333.8	\$1,491.6

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

Invested Assets



Direct Written Premiums



Traditional Core includes Religious Organizations, Nonprofit & Human Services, Education, Senior Living Care and Small Business.

Core Commercial

The challenges of 2020 have been widely articulated. If you believe author James Lane Allen's quote, "Adversity does not build character, it reveals it," then there is much to celebrate in a year that has tested each of us.

Our GuideOne employees moved to remote work in March and adapted to a new world in which they connected virtually with their teammates and distribution partners while juggling the pandemic's impact on family life. They passed this test with flying colors — providing excellent service to our distribution partners and policyholders.

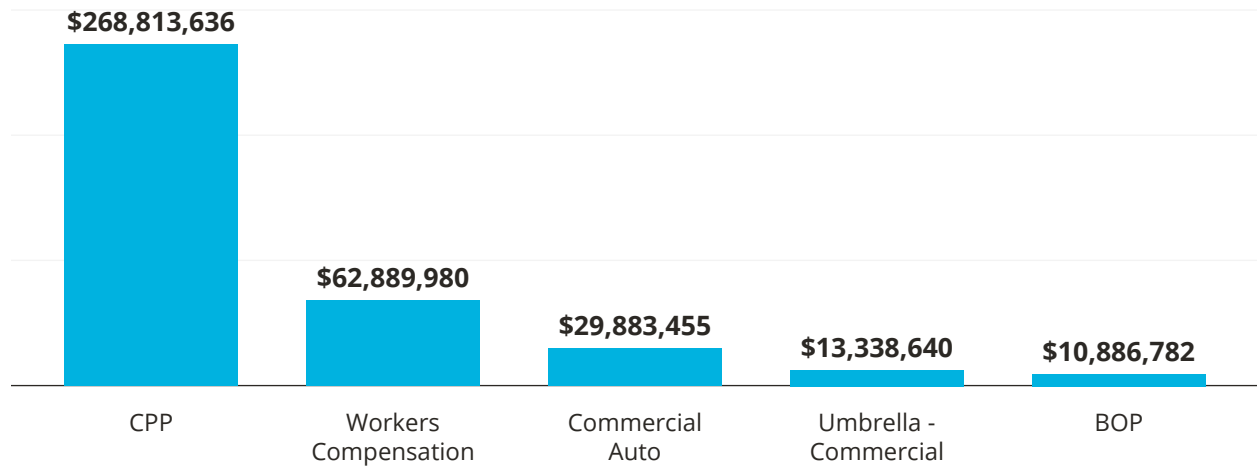
Our GuideOne distribution partners shared the challenges of remote work while staying connected to their customers — many of whose organizations and businesses were dealing with the difficult task of simply staying open.

Our GuideOne policyholders displayed true heroism on the front lines — tending to the spiritual needs of their congregations, adapting to educating our youth through online learning, caring for the elderly and providing a range of social and community services to clients who needed them more than ever.

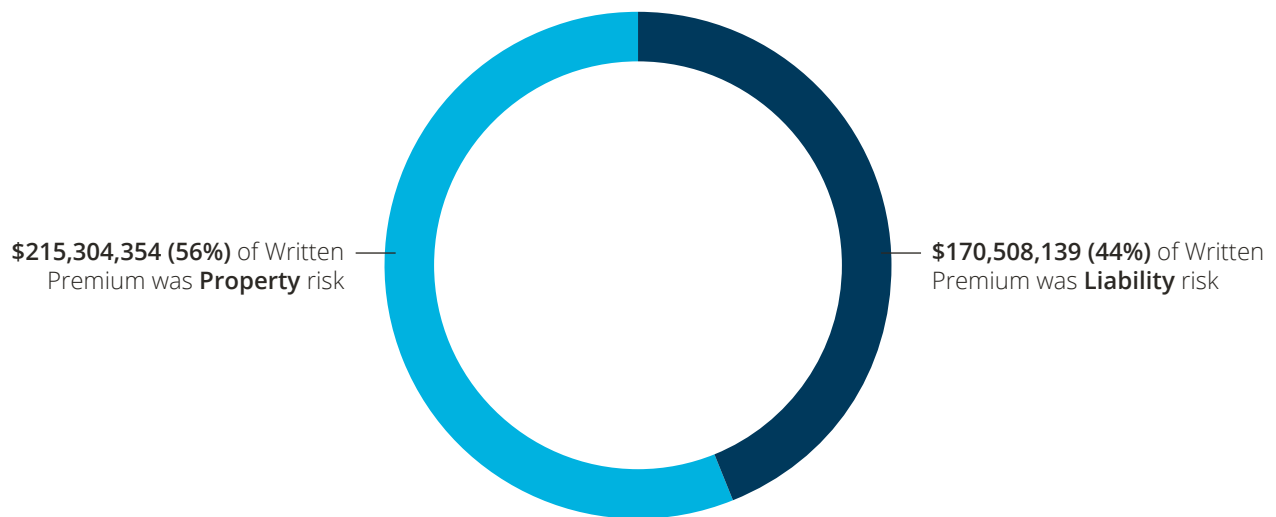
Our core business performed well in 2020 with the exception of catastrophic property losses due to severe weather. Hurricane Laura and the highly unusual derecho event in the Midwest resulted in costly damages for this segment of our business.



Written Premium by Policy Type



Written Premium by Property Liability

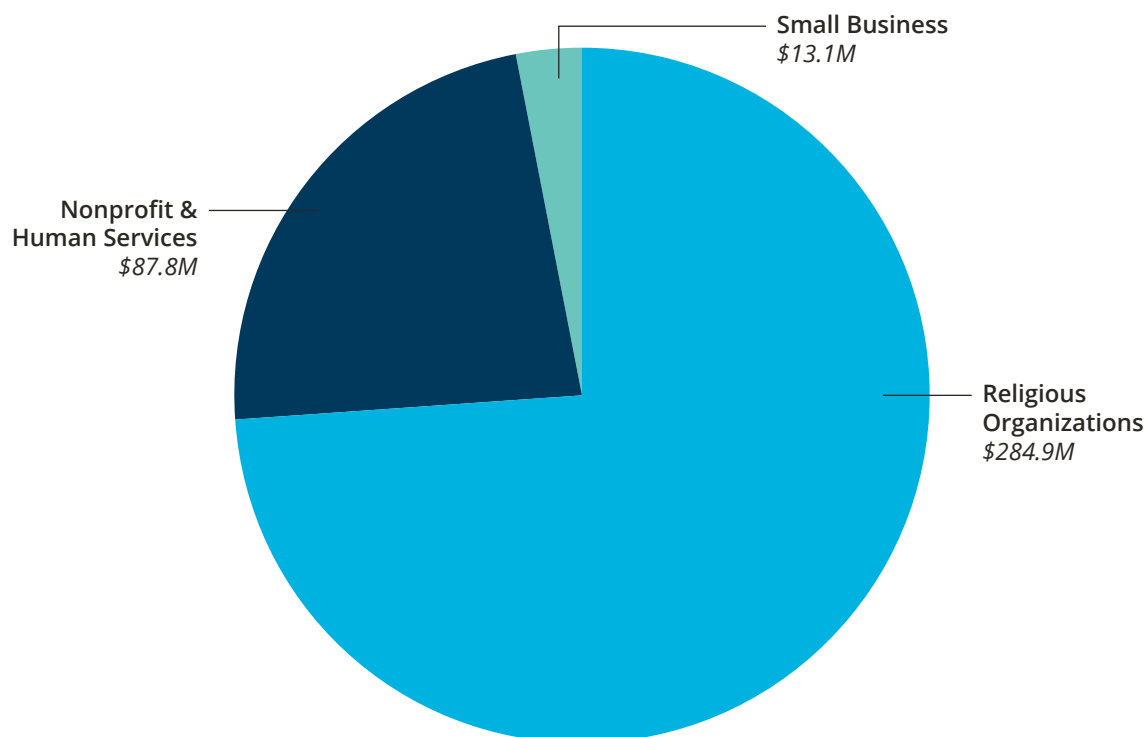


Highlights of 2020 include:

- **36% year-over-year growth** in our Nonprofit & Human Services new business premium driven by the further expansion of our new Professional Liability product
- **90% renewal retention** of our Religious Organization policyholders
- **Second half of the year rate growth** in our property and auto books of business, reflecting the reality of a firming commercial lines market
- **Our first Agency Summit in February 2020**, where we spent three days with select distribution partners sharing our strategy and listening to their ideas and feedback
- **The launch and expansion of our strategic alliances** with Subsplash Giving, Crisis Prevention Institute, Roost and Livegenic
- **Implementation of several initiatives*** designed to improve the “ease of doing business” with GuideOne, based on feedback received in our Distribution Partner Survey

*Improvements included a new billing system, policyholder claims portal, underwriting changes and more.

Written Premium by Business Segment



As we move into 2021, we will focus on:

- **Introducing new GuideVantage alliances** that will offer our policyholders enhanced sexual abuse and molestation training; an integrity-based pre-hire screening tool; and a telematics solution for policyholders who want to manage their auto exposure more effectively.
- **Enhancing a Business Owner's Policy (BOP)** for our small Religious Organization policyholders
- **Launching our new National Agency Council** with select distribution partners
- **Implementing a new Performance Bonus Plan** that provides a greater financial upside to our larger distribution partners

Overall, the year brought change and challenges; we responded with perseverance, resiliency, nimbleness and consistency. We aimed at serving clients in a "business as usual" manner when it was anything but that. In the end, we achieved positive results for 2020 and demonstrated strength and commitment in doing so.



"I'm continuously impressed with GuideOne's ability to adapt and tackle the problems that we faced here in the year of 2020. Everyone's creative problem solving and passion to help our customers successfully drove our transition from an in-the-office environment to our homes seamlessly."

– Shawn Novak, *Commercial Lines Underwriting Assistant*



Programs

GuideOne has transitioned from a relative newcomer in the world of specialty insurance programs to arguably one of the fastest-growing Program shops in the marketplace over the past three years. Since its inception, our Program business segment has produced more than \$400M in premium. GuideOne's commitment to this space was further solidified in 2020 with the addition of four new programs.

The GuideOne Programs segment continues to outperform the marketplace from a profitability perspective. For the third consecutive year, Programs ended the year with a combined ratio of 95% or less. During a time when our country has seen a global pandemic, devastating wildfires, looting and rioting and a nearly unprecedented storm season, the performance of our Program Administrators has been an important pillar in the overall success of GuideOne.

GuideOne's panel of Program Administrators represents what we believe is the top tier of Program Administrators in the United States. Our in-depth due diligence process, which includes the participation of the entire Senior Leadership Team, has been developed to ensure strong technical underwriting and to minimize exposure to the execution risk often found in the Program insurance world.

Our claims-handling approach also continues to be a strength, despite the various environmental and public health challenges posed in 2020. Our strong capabilities of technical expertise in casualty product lines, our diligent oversight of third-party administrators and our unique ability to respond to storms serve altogether to improve our bottom line.

We have positioned our Programs segment to profitably expand and diversify in the coming years through the combination of a robust portfolio of niche-exclusive Programs, relationships with top-tier Program Administrators, a continued commitment from our Board of Directors and Senior Leadership Team as well as the technical expertise of our experienced team.

Composition of Programs Book

Year	Number of Programs	Gross Written Premium	Calendar Year Combined Ratio
2018	7	\$58.2M	61.7%
2019	11	\$146.7M	90.5%
2020	13	\$203.2M	95%



“Our small but mighty team added four new programs to our portfolio in 2020. This, combined with successful management and oversight of our existing business, contributed a growth of over \$200 million in profitable and diversified premium to GuideOne’s overall results. What we’ve accomplished together in the past couple of years is amazing!”

– Jen Castle, *Program Operation Analyst*

Specialty

Specialty Lines launched during the Fourth Quarter of 2019, which was a huge step toward our company goal of diversifying our business and laid a foundation to support future profitable growth. Though the events of 2020 impacted the strategic focus for this niche, our nimbleness as an organization allowed us to adapt well to the changing environment. We established our portfolio in this segment by expanding into new markets, onboarding exceptional underwriting talent and implementing efficient technologies. Together with cross-departmental collaboration and exclusive industry relationships, our Specialty business grew significantly — finishing the year with \$200.9M in direct and assumed premium and achieving a net combined ratio of 77.6%.

Focusing on three key industry sectors — Infrastructure, Construction and Energy — we quickly grew our Specialty Lines business in the first few months of 2020. However, when several catastrophic weather events added up to be one of the worst seasons the industry has faced, we courageously pursued opportunities that proved to be advantageous. By late summer 2020, we had entered the London market, established a robust team of underwriting and risk engineering professionals, developed a Managing General Underwriter program (MGU) and made a name for ourselves in the Specialty industry.

In August 2020, GuideOne National became the first U.S. carrier to write on Whitespace, a digital global (re)insurance trading platform. The Whitespace platform enables brokers and underwriters to offer, negotiate, place and bind (re)insurance contracts with each other, in an agile setting. The decision to work with Whitespace opened up opportunities for our Specialty Lines such as forming connections with the London market and having real-time access to the insurance trading process, both of which improved the quality of service we could provide our customers.

In the Fourth Quarter of 2020, we organized our Managing General Underwriter program. The formation of the MGU once again demonstrated that our company can diversify its business and be recognized by our focus on underwriting excellence. Set to launch through CGA Insurance Service's newly developed CGA Energy Division in early 2021, the MGU will allow us to produce consistent profitable growth. The MGU program enables our team of Specialty experts to underwrite tailored insurance



solutions for policyholders with complex risks on behalf of the specialized insurance carriers the program represents.

The insurance industry continued to face challenges throughout the year, but the Specialty talent we onboarded was key in demonstrating our resilience and contributing to our success. We focused on assembling a team with exceptional expertise and background as we sought to keep expanding our business in the niche. Transitioning near seamlessly to operating entirely remotely, we were grateful to be able to recruit and integrate nine employees during an ongoing global pandemic. These experienced professionals joined our Specialty team in 2020, contributing to our goal of providing superior technical consultive support and expertise within specialized classes of business: Adam Berger, Senior Vice President, CGA Insurance Services; Nigel Spain, Head of Property; Derek Schiavone, Head of Casualty; Dan Conway, Head of Financial Lines; Tim Zwigart, Head of Risk Engineering; Lisa Chines, Lead Underwriter, Energy.

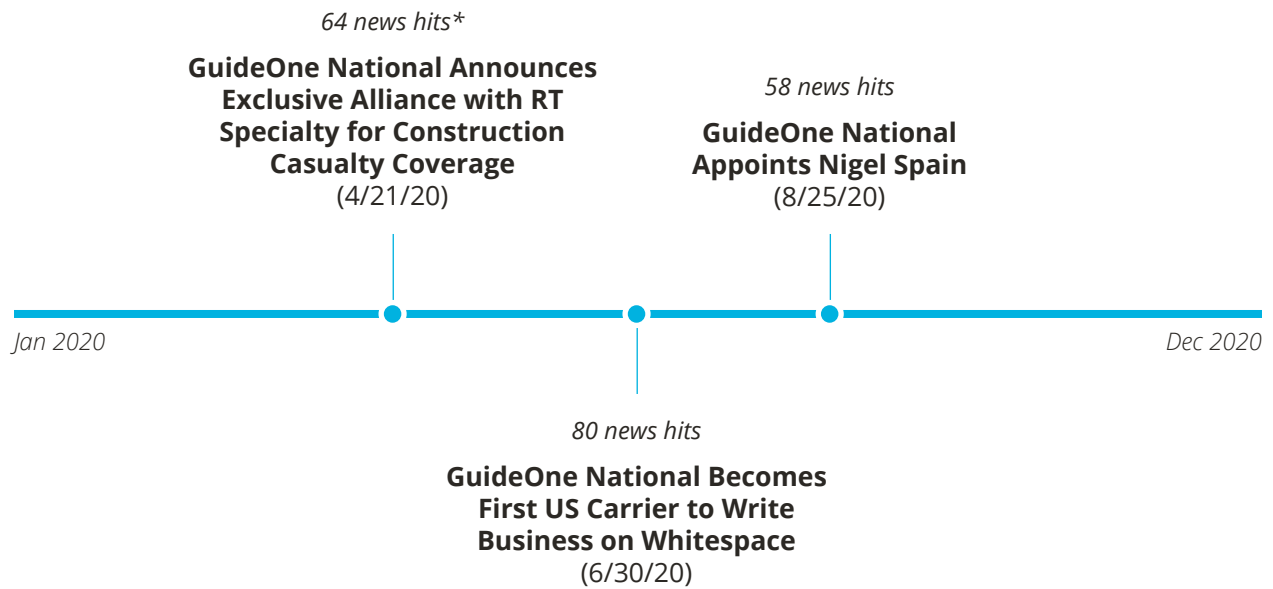
We could not have achieved the results we saw without the collaboration between Specialty team members and the support of other departments. Working entirely digitally, it was necessary that we had reliable structures, platforms and processes in place. With the help of our information technology team, we successfully implemented AIM, an agency management system that brings underwriting, accounting and claims operations together in one application to help handle complex risks with more accuracy and efficiency. This software, in addition to our Claims department's expertise and ongoing support from IT, allowed us to provide an enhanced customer service experience during a time when our policyholders needed it most.



“This year was challenging for many, and it was more important than ever for us to help make positive change possible for our customers. GuideOne was courageous and stood up to the challenge. We found ways to support our customers and provide resources to help them continue to carry out their mission in the hardest of times – that is truly what it means to Make Positive Change Possible.”

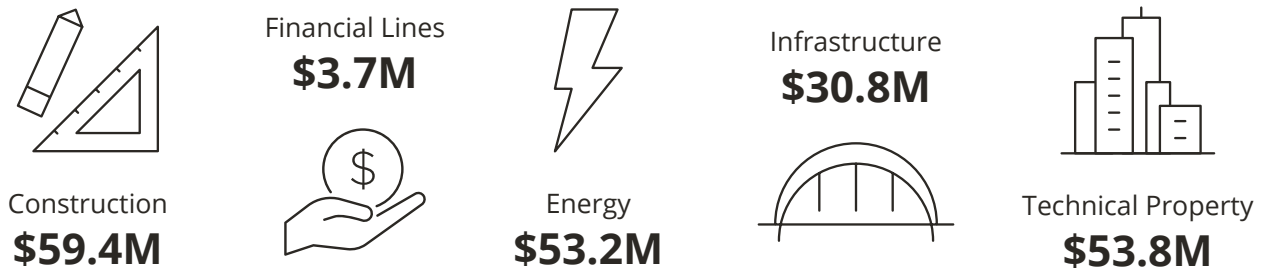
– Lindsay Taylor, *Marketing Strategy Specialist*

GuideOne National in the News



**news hits = number news articles covering our press release*

Total Direct & Assumed Premium by Niche



Our Employees & Community

If 2020 taught us anything, it is that uncertainty is certain. Our employees adapted personally and professionally as the COVID-19 pandemic uprooted normal routines and altered working conditions. Transitioning to a remote work environment became the new normal for many of our employees. In these times, our brand values can serve as a grounding rod — providing consistency for what the company believes and stands for, even as the world around us changes. Despite it all, our employees showed their nimbleness, courageousness, and their ability to get through trying times.

EMPLOYEE ENGAGEMENT DURING COVID-19

Our employees are our most valued company asset, regardless of where they work. Our annual Employee Engagement Survey is a great opportunity for us to see where areas for improvement are, while working toward creating a more engaged, satisfied workforce. Seeking employee feedback on how we can improve and move forward as a company is imperative.

One key measurement in this survey is our overall Employee Engagement score. This number represents the level of enthusiasm and connection our employees have with GuideOne. It helps us understand our employees' thoughts, views and experiences so that we can create an employee experience where employees are fully engaged and want to go the extra mile.



In the Finance & Insurance Industry, the average employee engagement score is 76%. At GuideOne, our February 2020 Employee Engagement score was 74%. This increased to 81% after the August 2020 Pulse Employee Engagement Survey. Not only did this metric increase and exceed the industry average, but so did all of our results across the board.

Our employees found creative ways to interact with one another during the pandemic, which helped us to maintain the GuideOne community despite the distance. From photo-sharing contests to virtual happy hours, we made new memories as a team.



“GuideOne has always been a place where I can let my creativity truly shine. I am able to propose outside-the-box solutions and collaborate with my fellow employees who bring their own creativity to the table as well. From my time here at GuideOne, I’ve also learned to approach problems with more creative and prospective solutions. I believe that GuideOne and all of its employees are truly committed to creating a better future, not just a stable present.”

– Scott St. Onge, *Actuarial Assistant I*

OUR BRAND PURPOSE

We are fiercely committed to making the world a better place.

OUR BRAND PROMISE

We Help Make Positive Change Possible.®

OUR BRAND VALUES

Nimble

Reliable

Fun

Passionate

Courageous

Creative

WE HELP MAKE POSITIVE CHANGE POSSIBLE

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 employees takes this responsibility seriously.

Our employees live out our brand promise every day by going above and beyond to make positive change possible and improve lives and communities. They recognize that diversity makes us stronger and better able to serve our stakeholders. Even in the midst of the global pandemic they gave generously of their time, delivering more than 1,480 volunteer hours this past year.

Beyond the value of our time and talents, our charitable giving through the GuideOne Foundation demonstrates the great depth of our caring, concern and belief in the future of our communities. The GuideOne Foundation made more than \$108,000 in charitable contributions to nonprofit organizations in 2020, specifically in locations where our employees live and work.

A few of the recipients include:



The GuideOne Foundation Advisory Committee (GFAC) is a group of GuideOne employee volunteers who assist the GuideOne Foundation by reviewing and granting smaller sponsorship requests to charities that have made a positive impact in the lives of our employees. The GFAC granted \$30,000 in sponsorships to these 501(c)(3) nonprofit organizations in 2020:

Alzheimer's Association of Iowa, Best Buddies, Bridges of Iowa Substance Abuse, Children's Cancer Connection, Community Hand Up, CultureALL, Des Moines Area Religious Council, Des Moines Metro Opera, Food Bank of Iowa, Give Grace Give Hope, Habitat for Humanity of St. Charles, MO, Iowa Red Cross, Lutheran Services of Iowa, Meals from the Heartland, Orchard Place, Pinky Swear Foundation, Single Parent Provision, Sleep in Heavenly Peace, Variety Children's Charity and Youth Emergency Services & Shelter (YESS).



"As a full-time working mom of a 2- and 3-year-old, 2020 and a lack of childcare was interesting to say the least! My family and career mean so much to me as do my teammates, agents and insureds. Balancing family and work was no easy feat. I may have been quoting accounts with applesauce flinging in the background, but we made it happen!"

- Katie Turner, *Underwriting Specialist*

Positive Change by the Numbers



580+

GuideOne employees are located within 33 states and the District of Columbia



44%

of GuideOne's leaders are women



5th

Place in the Division 2 Bracket of the Des Moines Corporate Games



\$138k+

The total giving amount of the GuideOne Foundation to charities in 2020



1,485

volunteer hours through our Volunteer Time Off program in 2020



\$150k

Our employee donation match during our 2020 United Way Campaign



"2020 was a year of flexibility, adaptation and uncertainty. Working hard was a priority, but remembering to play hard sometimes fell through the cracks. GuideOne hosted a couple virtual Happy Hours to help people reconnect and take time to just relax and enjoy a "face-to-face" conversation. It was a great reminder of how much fun we can have together and helped us forget about everything for a little while."

- Andrea Arthur, *Commercial Senior Underwriter*

Contact Information

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