

Commitment



Community



Collaboration



Expertise

2022

Annual Report



Table of Contents

Fulfilling Our Promise	1
Mission & Core Values	3
2022 At A Glance	4
Financial Position	5
Investment Highlights	6
Member Earnings	7
Analytics & Technology	8
Claims Management	9
Claims Results	10
Underwriting Overview.....	11
Underwriting Stats.....	12
Our Members	13
Board of Directors	14
Officers	15
Board Committees	16
Our Staff	17
Company Highlights	19

Fulfilling Our Promise

There are no shortcuts to excellence. The path requires patience, persistence, and discipline, combined with ethics and integrity, to adapt to a changing landscape. We are so proud to be at the helm of NLC Mutual and will continue forward with an unwavering commitment to our mission. Despite the many changes over the past two years, we have proven that when we work together, we can make a difference. Our dedication to our member community is at the center of our resolve to look for ways to provide not only reinsurance, but also ancillary services when our members need them.

2022 was a difficult year for the U.S. P&C industry: claim severities surged with inflation; natural catastrophe losses were elevated for a sixth consecutive year; and the lowest realized capital gains since 2009 offset higher fixed income yields. Even within this backdrop in 2022, we were able to build on a foundation of underwriting and operational excellence to produce results we are proud of. Some highlights include a premium increase of \$12.8 million, or 33%, and net investment gains of \$11.1 million, with an average member rate of return at 11%. Our RBC ratio remains strong at 504%, and we were proud to allocate \$5 million back to our members. We remain a financially sound and strong company.

At the heart of Mutual is our team. Our focus on culture, cross-training, and succession planning remains a priority. Our ability to attract and retain employees tells a compelling story as we were successful in hiring new talent to replace retiring staff. The lift for the core team in training new employees is heavy, but it was handled by being thoughtful and purposeful. The Mutual squad today is collaborative, dedicated, and knowledgeable. We continue to raise the bar on delivering professional excellence. Our team values include trustworthiness, respect, collaboration, empathy, and dependability. These values are reflected in our work every day.



We proudly recognized our newest member, Public Entity Partners from Tennessee, and wished our longtime Vice President of Underwriting, and friend, Mike Kruse, good luck on his retirement. Our partnership with the National League of Cities (NLC) continues on a trajectory of mutual esteem built upon our communication and work together. The OneNLC family has never been stronger.

In this report, we highlight four key themes which best summarize the power of Mutual: Collaboration, Commitment, Community, and Expertise. Our “Member Powered” philosophy will continue to guide us as well. We thank you for your support and we look forward to continuing to work together.

Jill L. Eaton
President & CEO

Ian C. Ridlon
Chair, Board of Director

Collaboration

Expertise

Mission

The purpose of NLC Mutual Insurance Company is to meet the reinsurance, risk financing, and risk management needs of the state municipal league sponsored municipal risk pools throughout the United States through:

- Anticipating and responding to the reinsurance needs of its membership in a changing environment;
- Tailoring quality reinsurance and risk management programs to meet its membership's requirements;
- Ensuring the availability of reinsurance programs that reflect adequate pricing and sound loss reserving to promote long term sustainability; and,
- Creating stability in the marketplace by providing required capacity for its membership.

Core Values

Equal Voice

NLC Mutual is a member owned and governed organization, and each participating member has an equal voice in directing NLC Mutual in the successful execution of its mission.

Commitment

All members share a mutual commitment to act in concert to address the challenges and perfect the opportunities encountered by NLC Mutual.

Expertise

NLC Mutual openly shares its information, expertise and resources for the common good of all members.

Financial Strength

NLC Mutual and its membership operate with sound insurance expertise, disciplined decision-making, and expert delivery of services, all of which build financial strength and ensure successful, continued operation.

Committed Team

NLC Mutual is committed to assembling and maintaining a team of professional staff and service providers who are totally dedicated to serving the interests of the entire membership.

Diversity, Equity, & Inclusion

We are a Company that values diversity. We will actively provide opportunities to be inclusive of all people and to build racial equity and diversity into our workforce, especially recognizing the importance of inclusivity with BIPOC employees within our membership, partnerships, the industry, and educational institutions.

Relationship with NLC

Lastly, we value the relationship with the National League of Cities, which is of utmost importance to the success of the Company. The Company will strive to maintain a mutually beneficial relationship with NLC.

2022 At A Glance

93%
Purchasing
Members

29
Member Pools
in 28 States

\$25.7M
Losses Paid to
Members

14.4%
Expense
Ratio

35%
Net Written
Premium
Growth

\$11.9M
Gross
Premium
Growth

21 States
in Mutual
Insights

TN
New Member
Added

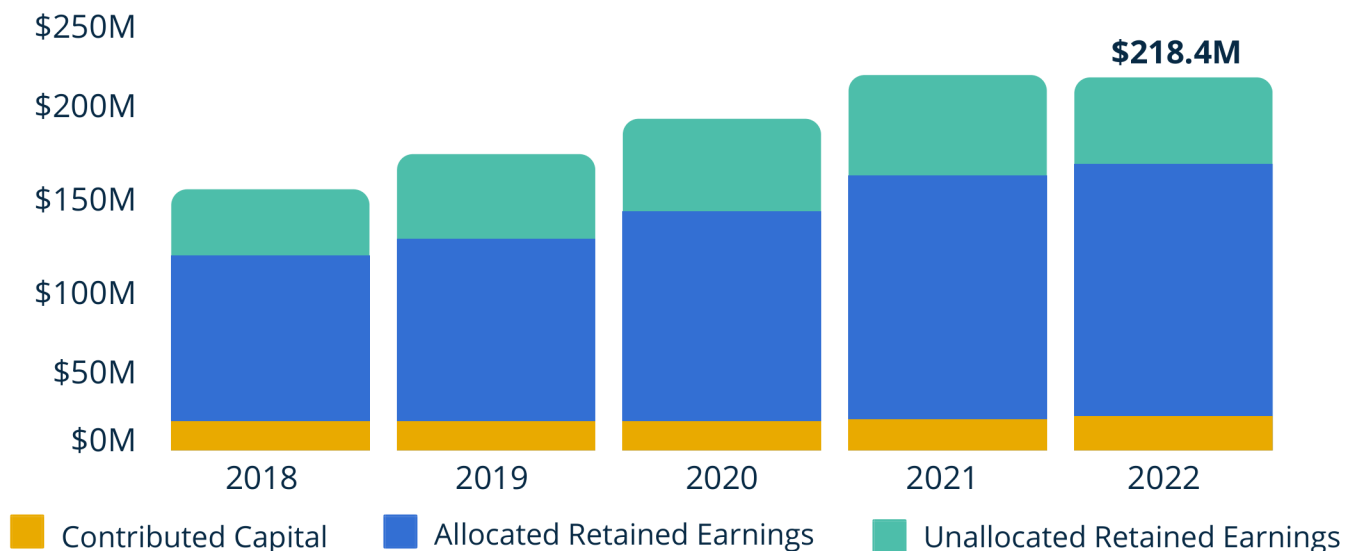
Captive
Solutions
Founded

Financial Position



We posted total earnings in 2022 of \$7.6 million. Together we wrote \$51.5 million in gross premium, which is 33% higher than last year and reflective of significantly more collaboration with members. 2022 was a challenging year for losses and investments. For the first time in a decade, losses incurred were higher than expected due to several large property and liability claims within our membership community. Additionally, our statutory surplus experienced a \$10.2 million decrease due to unrealized losses associated with risk assets. However, our capital remained strong at \$218.4 million, only down \$1.4 million from 2021. This is largely due to positive investment earnings and capital contributions from members related to new coverage placements. Our Risk-Based Capital ratio of 504% exceeded our commitment to members to maintain a minimum ratio of 400%.

Member Surplus

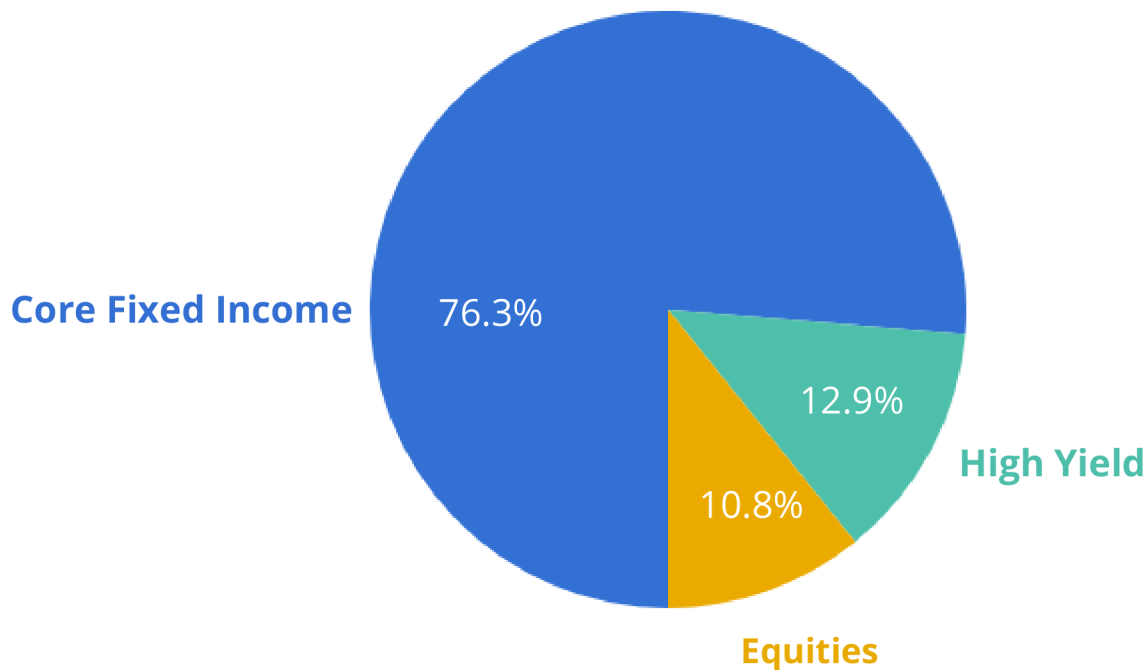


Investment Highlights



In 2022, we recognized net investment gains of \$11.1 million on our statutory income statement. The market value of our investment holdings decreased in 2022, however the portfolio's book yield increased to 3.51%, up from 3.14% last year. Leveraging investment expertise during a period of rising interest rates proved to be important for our results, which were ultimately shared with members.

Investment Allocation



Member Earnings

7th
Consecutive
Year of
Dividends

7-Year
Average Member
Rate of Return
11%

As a reinsurance company we expect our results to fluctuate year to year because the timing of large loss events can vary as can shifts in the investment marketplace. However, as a mutual insurance company, we are committed to sharing profitability with our members over the long term. We are proud to report that members' average rate of return has been 11% over the past seven years. This year, we declared dividends of \$538 thousand and allocated an additional \$4.5 million of surplus to member accounts.

Annual Member Earnings

Year	Declared Dividend	Declared Allocation	Member Earnings
2022	\$538,198	\$4,461,802	\$5,000,000
2021*	\$4,107,033	\$17,342,694	\$21,449,727
2020	\$3,676,334	\$15,615,943	\$19,292,277
2019	\$1,891,809	\$10,150,399	\$12,042,208
2018	\$1,782,884	\$9,342,057	\$11,124,941

*A one-time special allocation of \$5M was declared to all current members in recognition of the difficulties pools were facing during the pandemic.

Analytics & Technology

Mutual Insights Highlights

NLC Mutual Insights continued its expansion in 2022 with 21 states participating in the program. This has produced a robust and credible database of public entity claims for national trend analysis and member comparisons. Major efforts were conducted within member environments to produce operational efficiencies and significant time savings. Namely, stewardship style dashboards or “Member Scorecards” were developed to better assess specific municipal member experience. The dashboard structures are available and can be deployed to other states alleviating the need for each state to create their own. This tool was extremely popular with Loss Control staff and other executive management looking to quickly understand the loss experience, premium collected, etc. from a particular member.



Member Comparison Dashboards

Members frequently want to determine which of their members need more support from Loss Control. Member Comparison Dashboards were created in Domo, which dynamically compare cities of similar size (based on population, employee count, or premium) and show their loss ratio and claims activity. Thanks to the dashboard, Loss Control staff can compare the performance of similar cities and have more informed conversations to help members reduce risk.

Domo Tip Videos

A series of videos were created to walk users through various features of Domo. These videos help member staff to become more proficient in Domo. Videos are available on our website and YouTube @MarkOnDomo.

Claims Management

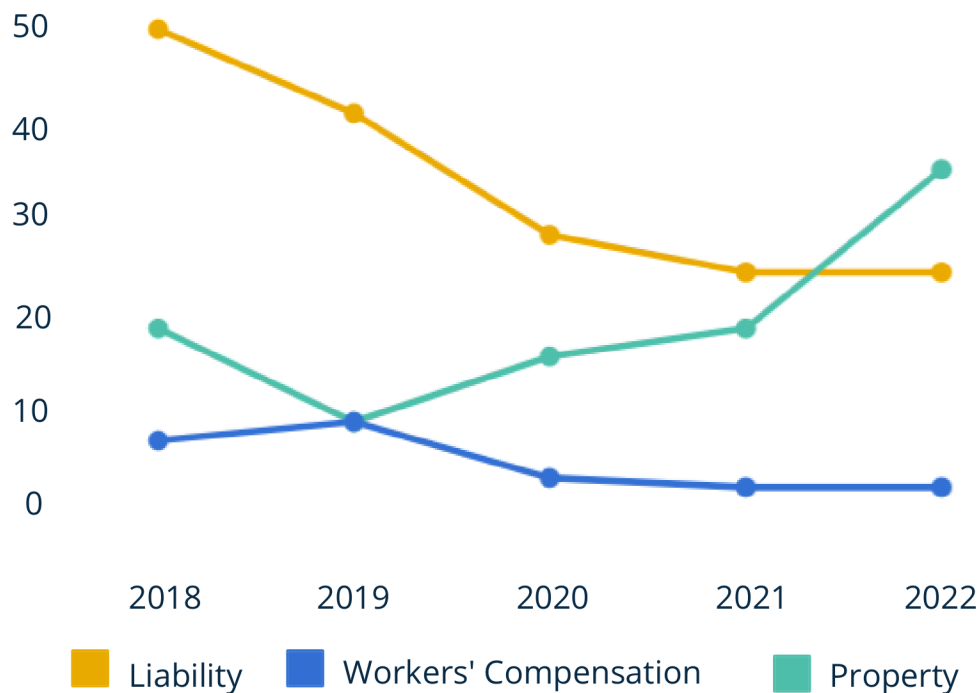
490
Total Open
Exposure Claims
All Years

\$14.4M
Climate Related
Incurred Losses
in 2022

\$25.7M
Losses Paid
to Members
in 2022

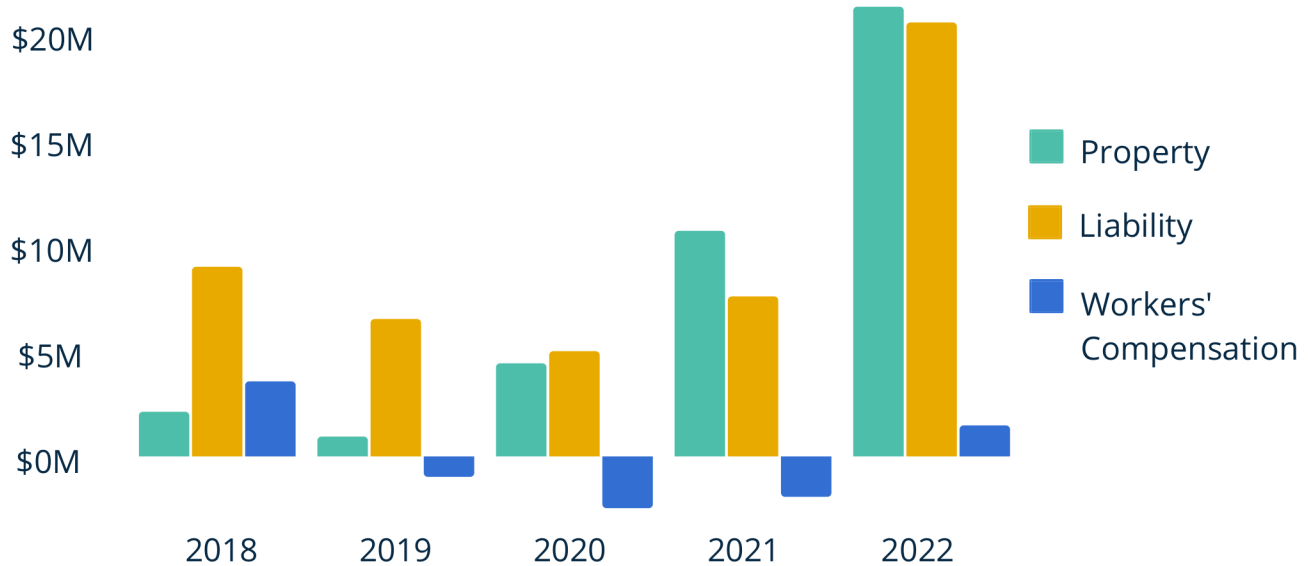
Our approach to collaborative claim resolution with members continues to support the mission of our member powered organization. As public entities and the pools who insure them are facing more complex claims, we provide claim management support and expertise when needed, and stand by our members when losses occur.

New Open Exposure Claims

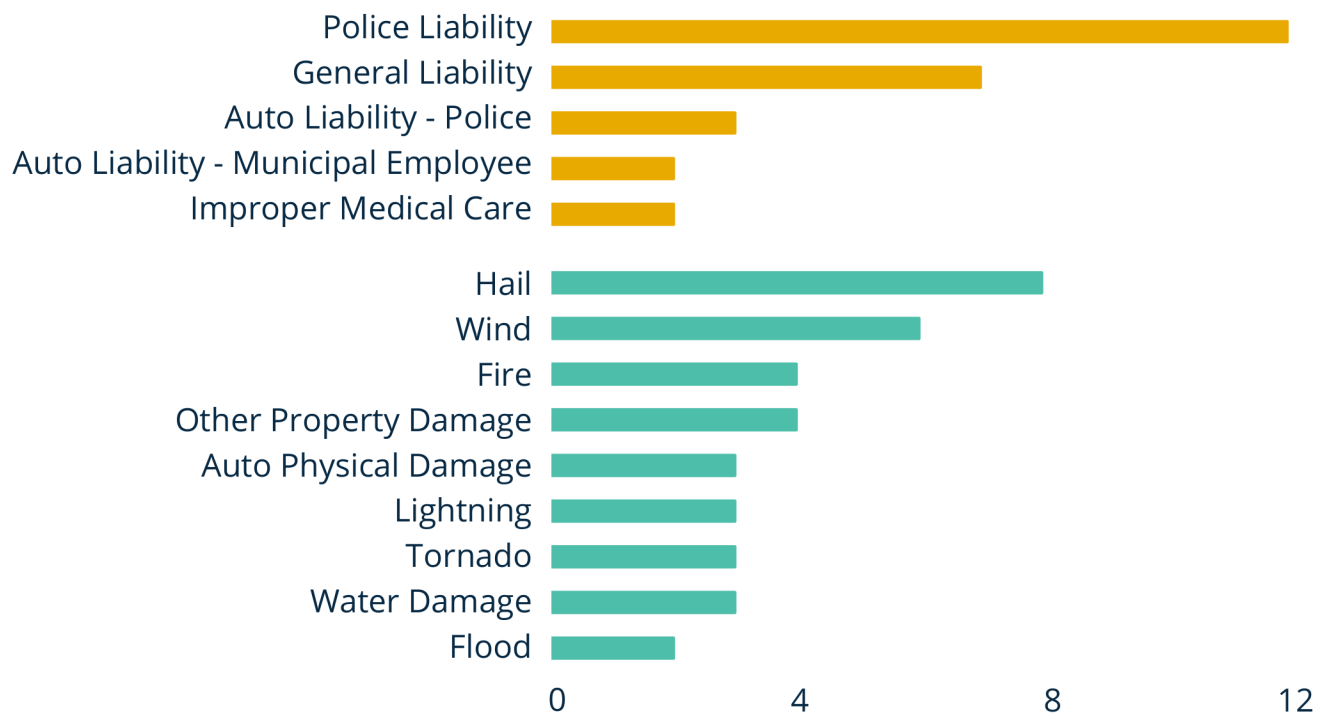


Claims Results

Actual Losses



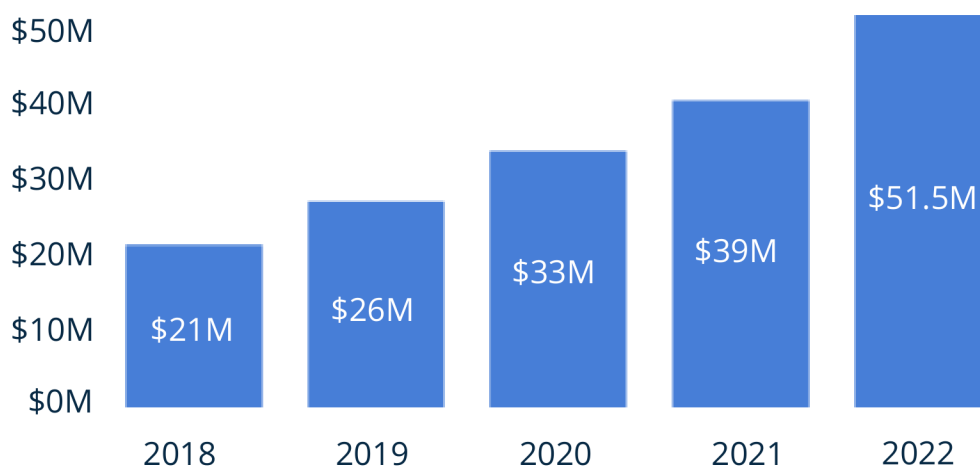
Loss development in 2022 is the result of adverse claim results in the property line caused by climate related events. Immunities granted to public entities are being challenged and more intense scrutiny of law enforcement activities has put added pressure on liability results. Workers' compensation continues to perform favorably.



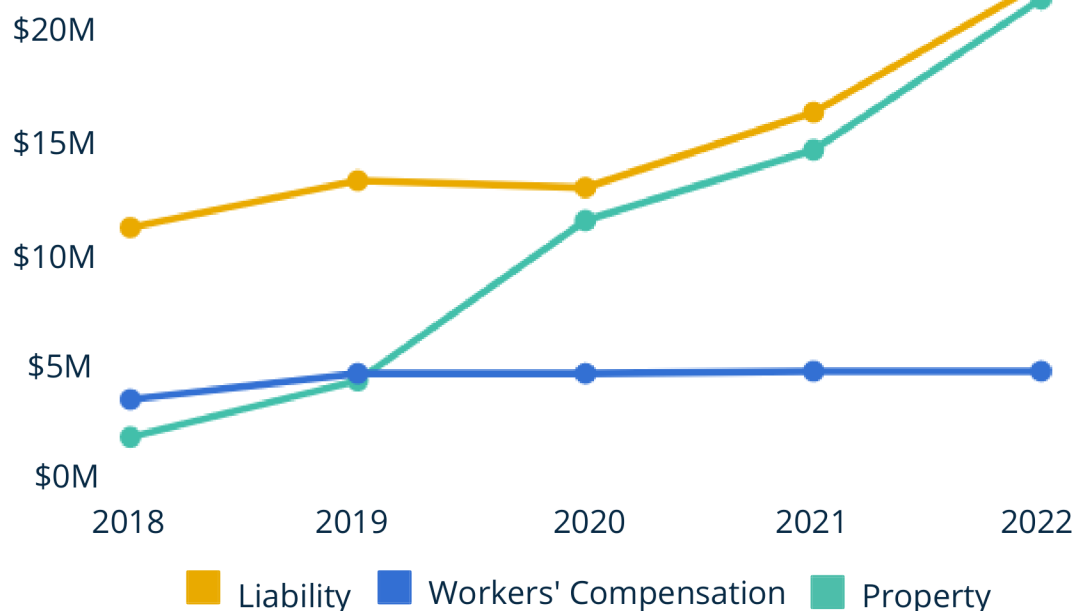
Underwriting Overview

In preparation for the retirements of our longtime Director of Underwriting, Mike Kruse, and Reinsurance Associate, Sheila Lane, we hired three new team members: two Reinsurance Underwriters and our first Underwriting Analyst. We revised internal processes and worked closely with IT to replace our legacy claims and underwriting system. And, when the property market was struck hard by Hurricane Ian, we doubled down on efforts to create solutions and provide continued relief.

Gross Written Premium

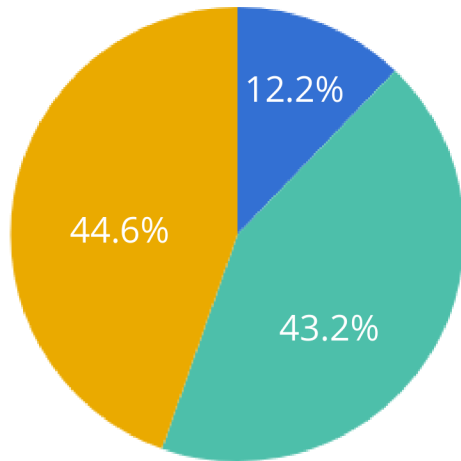


Premium History by Line of Business

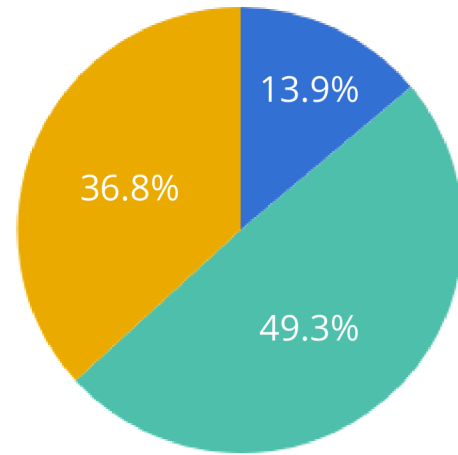


Underwriting Stats

Gross Premium by Line



Net Premium by Line



■ Liability
 ■ Workers' Compensation
 ■ Property

Calendar Year Combined Ratios

Year	Net Expense	Net Loss	Total
2022	14%	94%	108%
2021	17%	54%	71%
2020	19%	54%	73%
2019	28%	67%	95%
2018	31%	65%	96%

Our Members

Serving 29 Members in 28 States!

Alaska Municipal League Joint Insurance Association, Inc.

Arizona Municipal Risk Retention Pool

Arkansas Municipal League

Association of Washington Cities Risk Management Service Agency

Citycounty Insurance Services

Colorado Intergovernmental Risk Sharing Agency

Connecticut Interlocal Risk Management Agency

Florida Municipal Insurance Trust

Georgia Municipal Association Risk Management

Illinois Municipal League Risk Management Association

Iowa Municipalities Workers' Compensation Association

Kentucky League of Cities Insurance Services

League Association of Risk Management

League of Minnesota Cities Insurance Trust

League of Wisconsin Municipalities Mutual Insurance

Local Government Insurance Trust

Massachusetts Interlocal Insurance Association, Inc.

Michigan Municipal League

New Mexico Self Insurers' Fund

North Carolina League of Municipalities

PennPRIME Insurance Trust

Public Entity Partners

Rhode Island Interlocal Risk Management Trust

Municipal Association of South Carolina Risk Management Services

South Dakota Municipal League Workers' Compensation Fund

South Dakota Public Assurance Alliance

Texas Municipal League Intergovernmental Risk Pool

Utah Local Governments Trust

Vermont League of Cities & Towns

**Public Entity Partners
New Member in 2022**

Board of Directors

Kevin Smith, Alaska
Tom Belshe, Arizona
Mark Hayes, Arkansas
Tami Tanoue, Colorado
David Demchak, Connecticut
Jeannie Garner, Florida
Stan Deese, Georgia
Brad Cole, Illinois
Jeff Hovey, Iowa
J.D. Chaney, Kentucky
Scott Hancock, Maryland
Stanley Corcoran, Massachusetts
Michael Forster, Michigan
Dan Greensweig, Minnesota

L. Lynn Rex, Nebraska
AJ Forte, New Mexico
Bryan Leaird, North Carolina
Patrick Priest, Oregon
John Brenner, Pennsylvania
Ian Ridlon, Rhode Island
Heather Ricard, South Carolina
David Pfeifle, South Dakota
Jeff Thompson, Texas
Steve Hansen, Utah
Joe Damiata, Vermont
vacant, Washington
Matt Becker, Wisconsin

Anniversaries

20 Years
Alaska
Nebraska

30 Years
Iowa
South Dakota

35 Years
Kentucky

Officers

Board Officers



CHAIR
IAN C. RIDLON
RHODE ISLAND INTERLOCAL
RISK MANAGEMENT TRUST



FIRST VICE CHAIR
MARK HAYES
ARKANSAS MUNICIPAL
LEAGUE



SECOND VICE CHAIR
JEFF THOMPSON
TEXAS MUNICIPAL LEAGUE
INTERGOVERNMENTAL RISK POOL

Executive Officers



PRESIDENT & CEO
JILL L. EATON
NLC MUTUAL



VP - UNDERWRITING
MICHAEL J. KRUSE
NLC MUTUAL



VP - ACTUARY
CHRIS MCKENNA
NLC MUTUAL



SECRETARY
CLARENCE ANTHONY
NATIONAL LEAGUE OF CITIES



TREASURER
DAVID WHITE
AIG

Board Committees

Claims Management & Loss Control

Becker	Hansen
Brenner	Leaird
Corcoran, Chair	Pfeifle
Damiata	Rex
Forster	Ridlon, ex-officio

Investment

Belshe	Ridlon, ex-officio
Chaney	Smith
Cole	Tanoue
Demchak	Thompson
Garner, Chair	

Underwriting

Deese	Hovey
Forte	Priest
Greensweig	Ricard, Chair
Hancock	Ridlon, ex-officio
Hayes	

Executive

Ridlon, Chair
Hayes, 1st Vice Chair
Thompson, 2nd Vice Chair
Corcoran
Forster
Garner
Greensweig
Hancock
Ricard

Scholarship

Brenner	Hansen
Demchak	Priest, Chair
Greensweig	Ridlon

Nominating

Corcoran	Priest
Garner, Chair	Rex
Hovey	

Fulginiti Legacy Award

Corcoran	Rex
Deese	Smith
Garner	

Our Staff



JILL EATON
PRESIDENT & CEO



CARLTON AVENT
COMPTROLLER



CLAIRE BUCHWALD
PROGRAM MANAGER, NLC-RISC



HEATHER BURGESS
ASSISTANT VP, UNDERWRITING



DAVINA CAIN
UNDERWRITING ANALYST



RYAN DRAUGHN
DIRECTOR OF INFORMATION TECHNOLOGY



AMY GABORIAULT
REINSURANCE ACCOUNTANT



RICARDO GOMEZ
REINSURANCE UNDERWRITER



MOIRA KENAH
REINSURANCE UNDERWRITER



MIKE KRUSE
VP OF UNDERWRITING



SHEILA LANE
REINSURANCE ASSOCIATE



CHRIS MCKENNA
VICE PRESIDENT & ACTUARY



ERIN PETERSON
PROGRAM SPECIALIST,
NLC-RISC



ERIN RIAN
CHIEF OPERATING OFFICER



LENA SCARPULLA
MEMBERSHIP COORDINATOR



MARK SNODGRASS
DIRECTOR, MEMBER DATA
STRATEGIST



JENNY WADE
GOVERNANCE &
LEADERSHIP SPECIALIST

PROMOTIONS

As of January 2022, Heather Burgess was promoted to Assistant Vice President, Underwriting.

NEW HIRES

The Underwriting team welcomed three new staff members to their dynamic team:

- **Davina Cain**, Underwriting Analyst
- **Ricardo Gomez**, Reinsurance Underwriter
- **Moira Kenah**, Reinsurance Underwriter



RETIREMENT

Mike Kruse shared his expertise, commitment, member appreciation, and humor with the Company since 1999. His years of service were appreciated and celebrated before his retirement. We are grateful for his legacy and service!

RECOGNITION

Congratulations to Mark Snodgrass our Director, Member Data Strategist for becoming a Domo Sensei, and achieving the prestigious Dojo Black Belt status! Mark was also recognized at Domopalooza for a Top Product Idea. We are thankful for all his hard work to support our members using Domo.

Company Highlights

NLC Mutual Captive Solutions

The NLC Mutual Board of Directors approved the creation of a Vermont domiciled sponsored captive insurance company that was launched on January 1, 2022. The name of the sponsored captive is 'NLC Mutual Captive Solutions'. From this sponsored captive, cells can be formed that address a specific coverage and are available to groups or for a single member to use. Each cell is a separate legal entity with its own board of directors and bylaws. The first separate cell created on January 1, 2022, was MSL Advantage. This cell supports member health pools with medical stop loss.

William F. Fulginiti Legacy Award

Donald Calvert "Cal" Wray was the second recipient of the **William F. Fulginiti Legacy Award**. The Committee unanimously selected him from the pool of strong applications. With the assistance of nominators Kevin Smith and Stan Deese, Chair Ridlon presented Cal Wray with the award at the July Board dinner in Essex, Vermont. It was a pleasure to honor Cal and celebrate Bill's legacy in front of the membership!



Cal's commitment and growth to the NLC Mutual family and the pooling community exemplifies the spirit of the Fulginiti Legacy Award and exceeded the award's criteria. Like Bill, Cal valued and celebrated the importance of NLC Mutual and its members. At the award presentation, Cal shared the honor of receiving this award in Bill's namesake.

Company Highlights

Board Intern

D'Mia Newell of Jackson State University was selected as NLC Mutual's second Board intern. She attended the July Board meeting in Essex, Vermont and enjoyed discussing both education and career experiences and opportunities with our Directors.

She plans to utilize her new contacts in the future. D'Mia remains engaged with NLC Mutual and has offered suggestions for enhancing the internship program and the student's experience.



Donald L. Jones Scholarship Award

For the 2022-2023 academic year, \$15,200 in scholarship funds were awarded to 15 applicants for their educational endeavors. Four recipients had received funds in previous years, with one reaching her cumulative cap of \$5,000, and six recipients were full-time employees at a state municipal league or its sponsored pool, while the others were children of employees, per the eligibility requirements. Recipients represented 10 member states. Award amounts varied from \$500 - \$2,500 per recipient. The legacy of Donald Jones continues strongly.

Recognition

David Pfeifle's role on the Board concluded in 2022 after over four years of service. David remains active in South Dakota and his contributions to NLC Mutual were greatly appreciated.

Heather Ricard was recognized and thanked for her service and dedication as Chair of the Underwriting Committee. Heather led the Committee through policy changes, new memberships and underwriting needs.

Retirement

Scott Hancock's retirement was celebrated at the Board dinner in Essex, Vermont. Chair Ridlon and others recognized the outgoing Chairman's contributions to NLC Mutual and the guidance he shared during his service since joining the Board in 2011. Scott best summarized his experience with NLC Mutual as, "We work well when we work together."



NLC
MUTUAL
INSURANCE COMPANY

660 North Capitol Street NW, Suite 450
Washington, D.C. 20001

202-626-3110

www.nlcmutual.com