

Navigating Together



2024
Annual Report



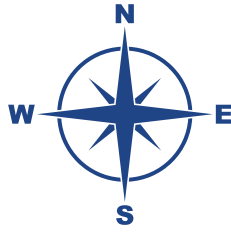
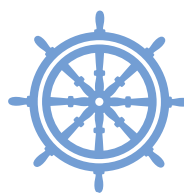


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Navigating Together



We are proud to present our 2024 Annual Report. We invite you to explore the highlights from our Company on the following pages.

It is a privilege to serve as leaders of this organization. We work together to serve our members where they need us through collaboration, cooperation, and synergy. By navigating together Mutual operates from a position of strength characterized by an outstanding member partnership and strong financials. We prioritize underwriting excellence, data and technology capabilities and our member-centric culture. With a focus on cost discipline and efficiency we continue to keep our expense ratio below 10%, a reduction from 2023, and well below most traditional reinsurance commercial carriers.

Our focus on underwriting discipline benefits our members by providing stable premiums over the long term. As a mutual organization, we tailor premium to each pool's exposures and claims experience. This reinforces our ability to deliver on our mission and continue to best serve each member.

Our financial position remains very solid with a \$16.6 million, or 7% increase in surplus over last year. The Risk Based Capital (RBC) ratio, which measures the capital adequacy of insurance companies - anything above a 200% indicates sufficient capital to cover losses - now sits at a robust 546% and continues to increase. This ensures our ability to pay claims and fulfill our promise to our members.

Financial Highlights

\$82M

Gross
Premiums

26%

Gross
Premium
Growth

546%

RBC
Ratio

\$16.6M

Surplus
Growth



Despite what continues to be a challenging claims environment, including police liability, nuclear verdicts and extreme weather events, we again demonstrated our value to our members in 2024 with \$46.7 million in paid losses. Even with that, we were able to allocate \$10 million back to policy holders' surplus.

The Mutual team continues its hard work and their dedication to our objectives is superlative. Many of you have heard them called The Dream Team and this year is no different. They excel in being collaborative, stay focused on member needs, and drive initiatives that ensure solvency and resilience. They approach their roles with an enormous sense of responsibility and consistently look for ways to better serve our members.

We have remained true to our purpose and values, even as we evolve to address changing reinsurance needs and new challenges. We will continue to reinforce our position as a dependable, reliable and financially stable organization that creates value by listening to our members and delivering solutions.

Our partnership with the National League of Cities and NLC-RISC continues to remain an integral part of our success.

We are very grateful to our Board, members of our organization, colleagues, and partners for contributing to our success. We thank you for your continued steadfast support, and especially for your passion, energy and dedication to our company.



Jill L. Eaton
President & CEO

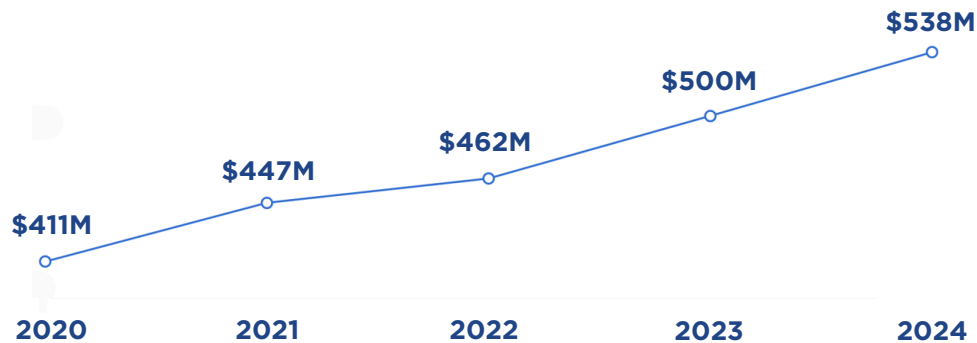


Ian C. Ridlon
Chair, Board of Directors

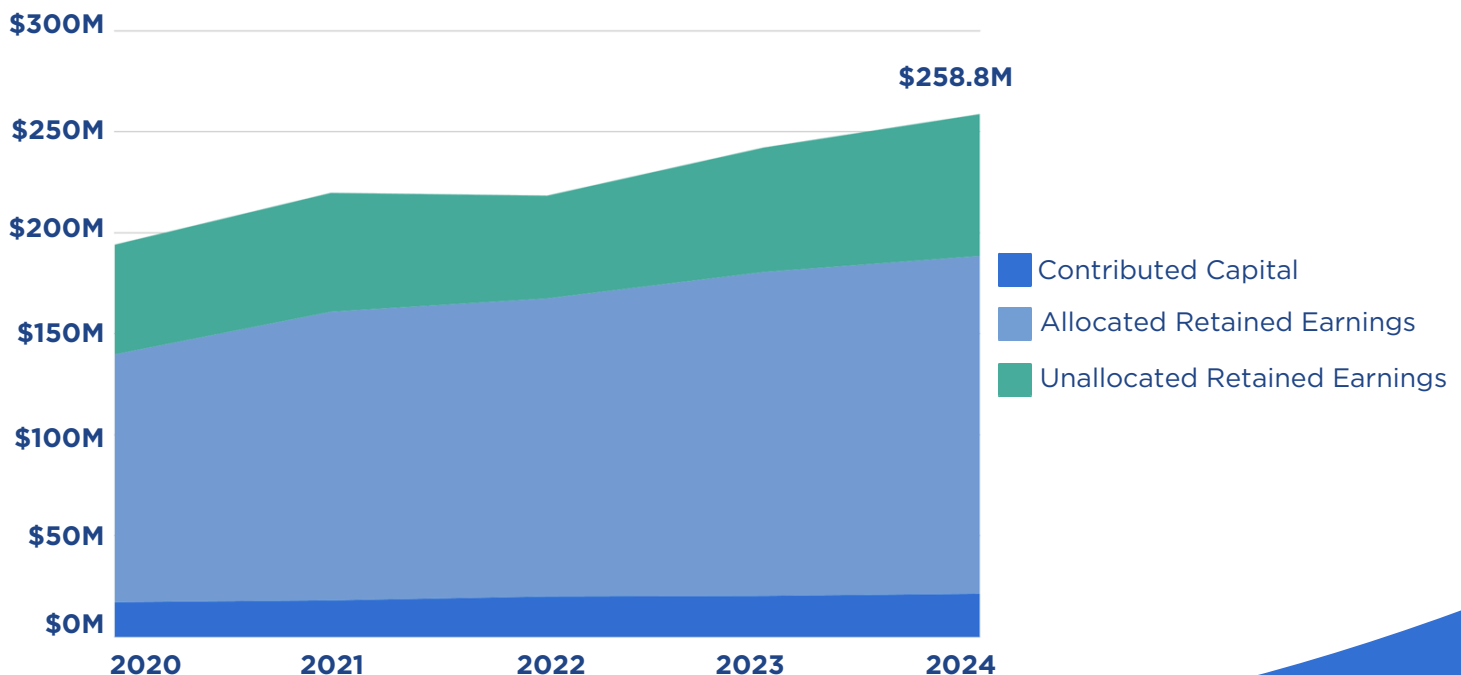
Financial Position

We are proud to report solid financial results for 2024, showcasing growth and commitment to our members. Despite a \$2.9M decline in total earnings to \$13.6M, key gains marked the year: net earned premiums rose 25.3% to \$56.8M, driven by a strong reinsurance market, offsetting higher losses compared to 2023. Strategic investments also yielded \$4.1M in additional net income, leveraging favorable market conditions. Financial resilience was evident in a record statutory surplus of \$258.8M, supported by robust net income and a \$4.3M improvement in unrealized risk asset positions, strengthening long-term stability for our members.

Total Assets



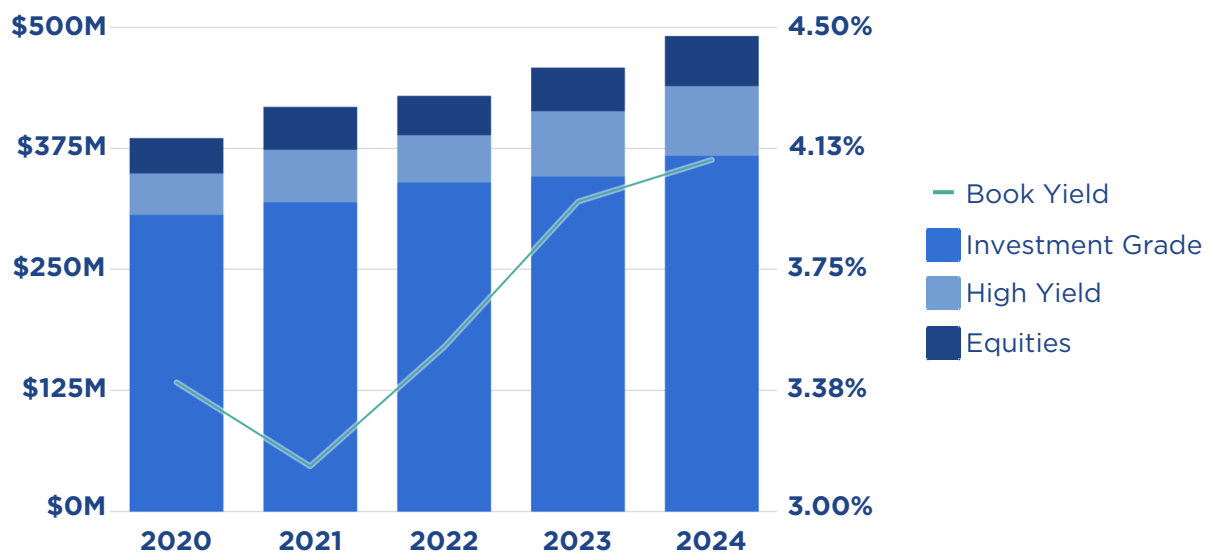
Total Surplus



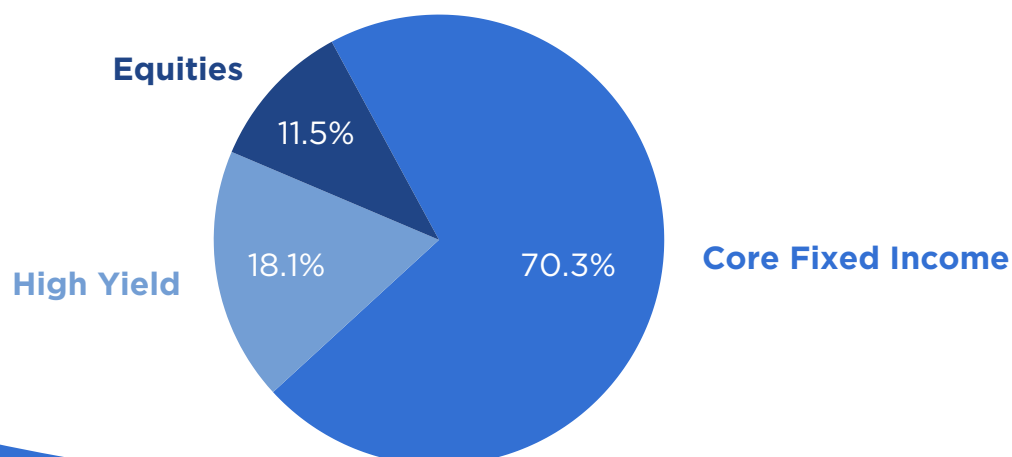
Investment Overview

Our investment portfolio has continued to grow as has the book yield of the portfolio. As a result, investment income earned in 2024 was \$19.2M, a 17.7% increase year over year. Book yield grew to 4.09% as we continued to invest new money in the higher interest rate environment and strategically allocate to the high yield sector. Investment grade fixed income remains the largest segment of our invested assets. The portfolio remains robust, characterized by high quality and diversification. The average credit quality of the portfolio is A+, and the portfolio is prudently managed with a maturity profile and composition that aligns with our anticipated future claims obligations.

Investment Portfolio Growth



Investment Allocations Market Values



Member Earnings

Our commitment to the financial prosperity of our members continued strongly in 2024. We proudly maintained our tradition of distributing dividends, marking the ninth consecutive year with a dividend payout totaling \$672K. Furthermore, we prioritized member equity by allocating \$9.3M of our surplus to member accounts. These initiatives highlight our dedication to supporting and enhancing our members' financial success.

Annual Member Earnings

Year	Declared Dividend	Declared Allocation	Member Earnings
2024	\$672,153	\$9,327,847	\$10,000,000
2023	\$2,097,248	\$12,903,643	\$15,000,891
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

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

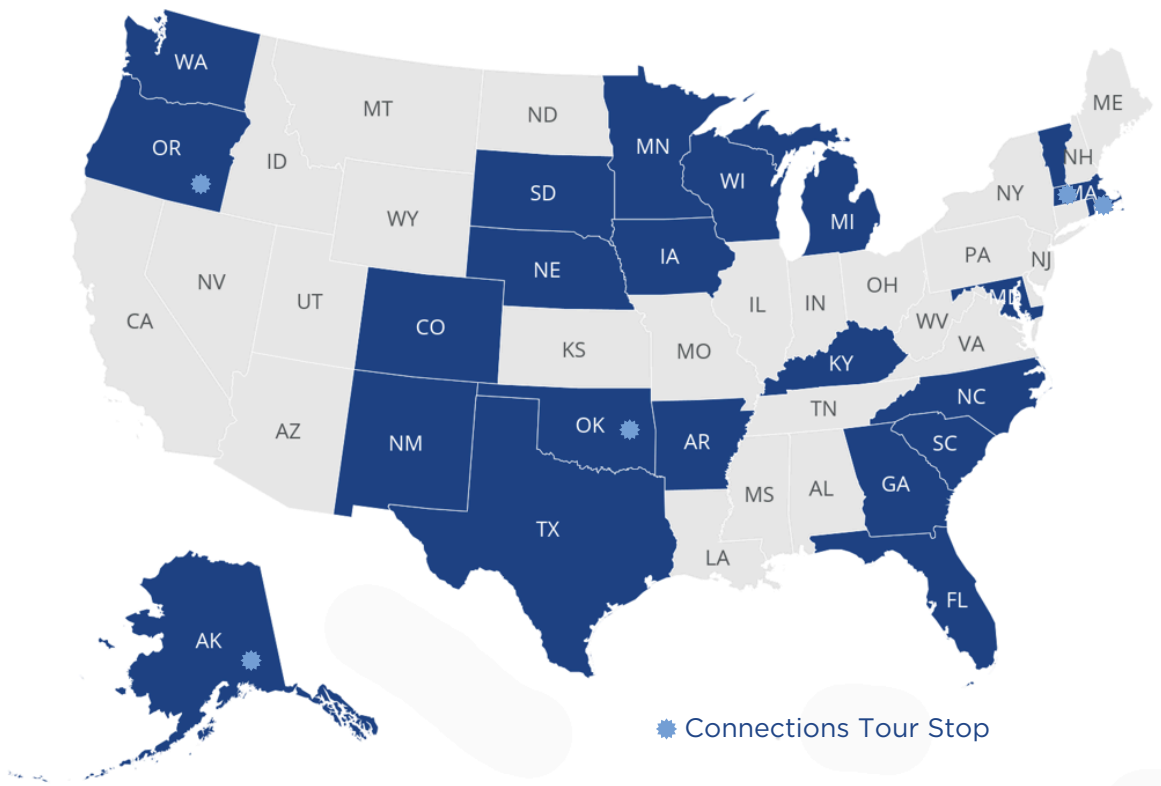
9th Consecutive Year of Dividends

2024 Average Member Rate of Return: 5.5%

Mutual Insights

Mutual Insights Connections Tour

The Mutual Insights Connections Tour was established to deliver in-person training to members utilizing the Domo platform. This initiative, led by Mark Snodgrass and Ryan Draughn, aimed to equip pool staff with the necessary skills to enhance their proficiency in using this prominent data analytics tool. The tour commenced in July with a session in Rhode Island, followed by another in Massachusetts the subsequent day. It then proceeded westward with training sessions conducted in Alaska and Oregon, concluding with a final session in Oklahoma. Each training was tailored to address the specific needs of the attending staff, covering topics such as creating initial visualizations and leveraging Domo's AI capabilities. The inaugural 2024 tour encompassed five member meetings and provided training to over 60 pool staff, introducing new concepts for improving operations through the utilization of Domo.

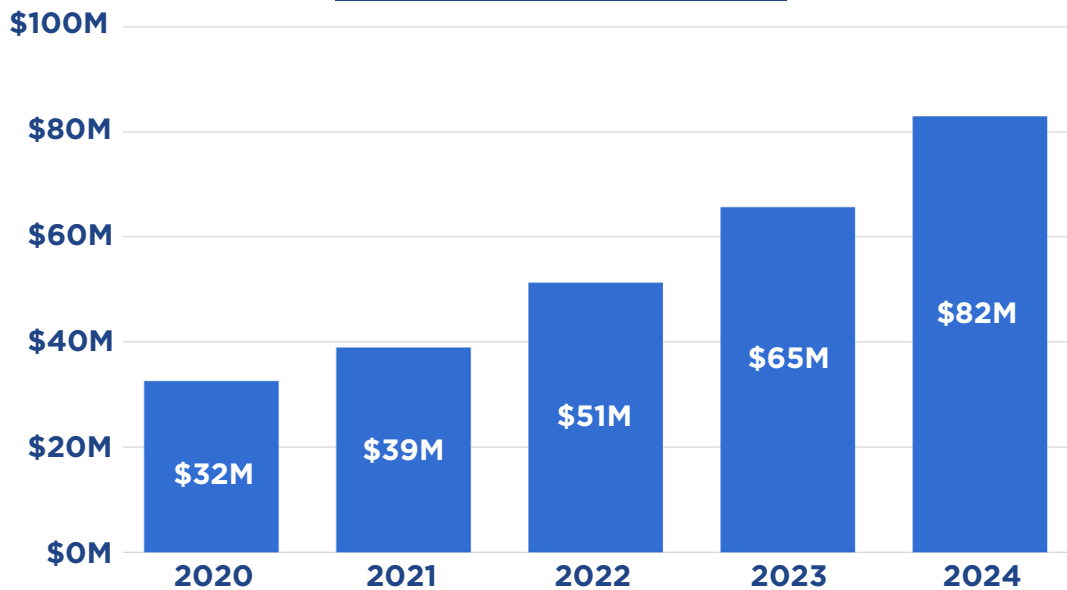


23 Mutual Insights Members

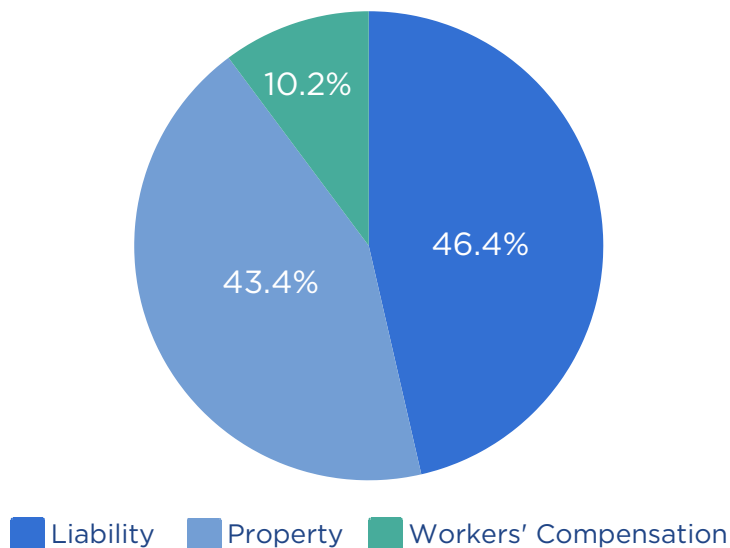
Underwriting

Our 2024 underwriting year was nothing short of remarkable. We continued to experience positive rate momentum, welcomed new members, regained members to purchasing status, all while achieving a record high in written premiums of \$82M. We proudly provided risk transfer contracts to 32 members across 31 states. Our continued success reflects the strength of our purpose for assuming a manageable level of risk, strong profitability, and meaningful coverage.

Gross Premium



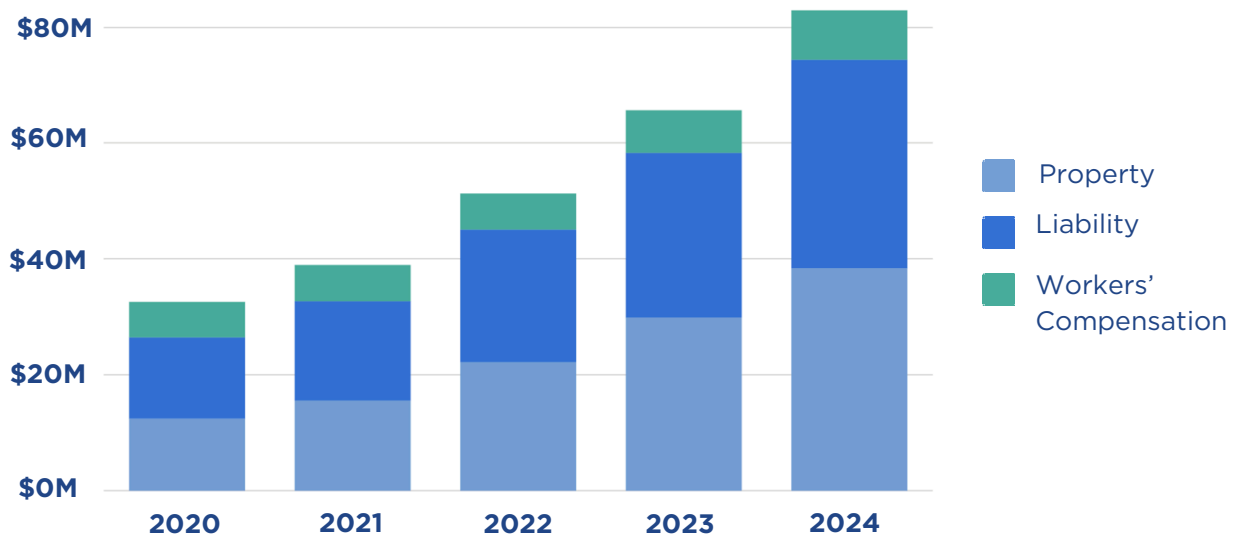
Gross Premium by Line



Underwriting

Supported by continued growth in both property and liability, our strong capital position and operational efficiency demonstrate our stability, while our expense management and disciplined underwriting have ensured a course of continued profitability.

Premium History by Line of Business



Calendar Year Ratios

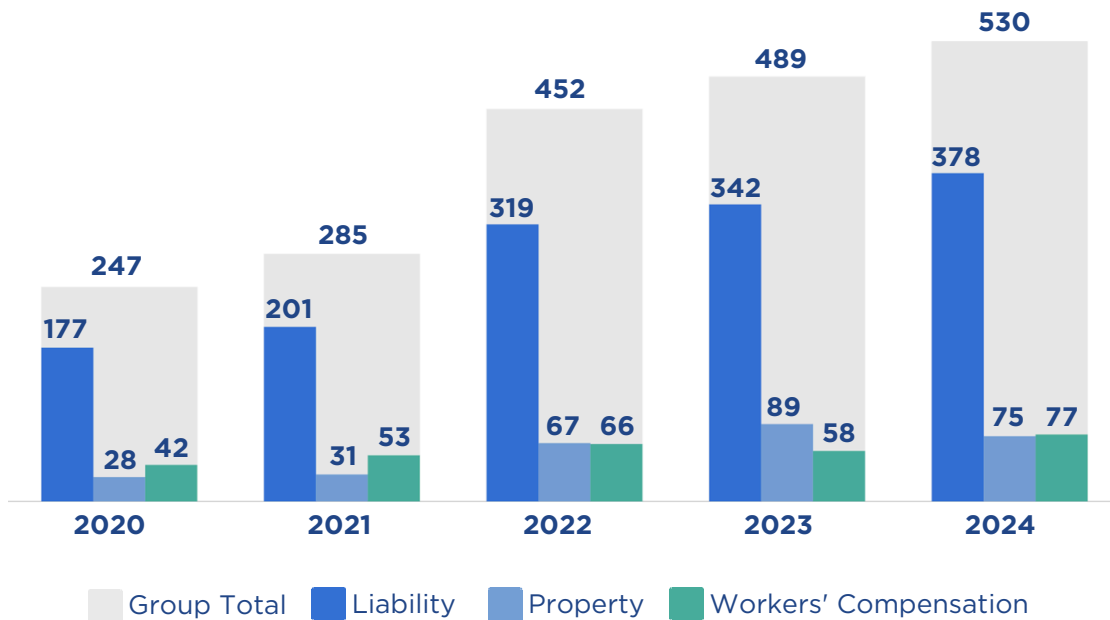
Year	Net Expense Ratio	Loss Ratio	Combined Ratio
2024	9%	99%	108%
2023	11%	82%	93%
2022	14%	94%	108%
2021	17%	54%	71%
2020	19%	54%	73%

Claims Overview

Our commitment to paying claims remains steadfast. In 2024, we paid \$46.7M in claims to members. We recognize that our members depend on us during their most challenging moments. This unwavering commitment to prompt claim payments underscores our dedication to serving our members and ensuring their peace of mind. Together, we look forward to continuing to support and protect communities in the years to come.

\$46.7M in Claims Paid to Members in 2024

Claims Reported by Line of Business

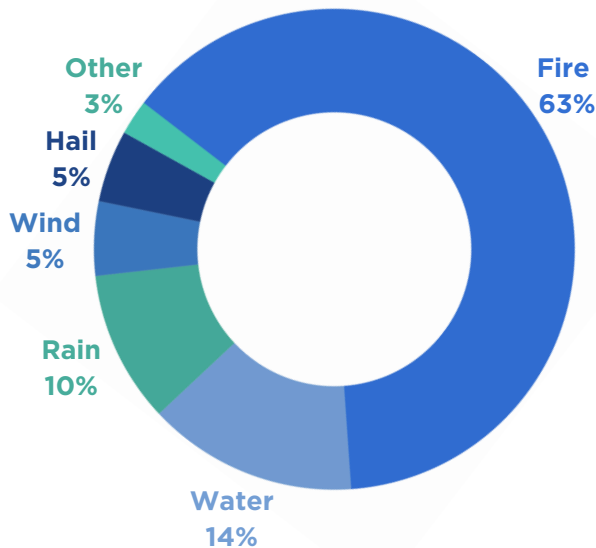


The increase in the number of claims reported correlates with the increase in premium written and the number of contracts in effect.

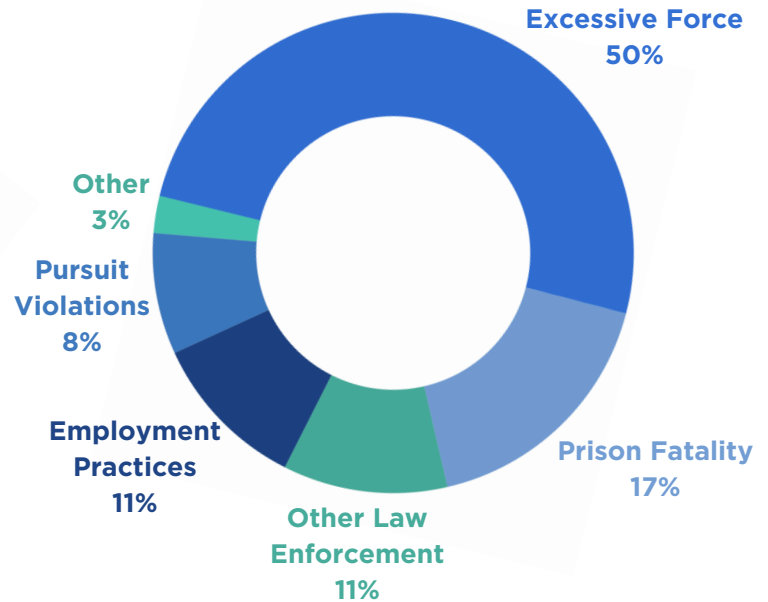
Claims Overview

Incurred Losses in 2024

Property



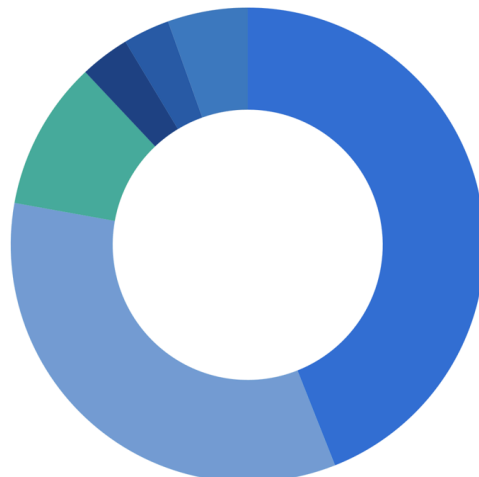
Liability



In 2024, fire losses were the leading cause of property incurred losses, followed by weather and other climate-related causes. On the liability side, 78% of incurred losses were attributed to law enforcement-related incidents. While heart related claims reflect the highest incurred losses for workers' compensation, presumptive cancer claims emerged as the predominant claim type reported.

Workers' Compensation

Heart Attack/Disorder	44%
Paraplegia	34%
Fatality	10%
COVID	3%
Gunshot Wounds	3%
Other	6%



Membership

Alaska Municipal League Joint Insurance Association, Inc.

Kevin Smith, Board Member

Arizona Municipal Risk Retention Pool

Tom Belshe, Board Member

Arkansas Municipal League

Mark Hayes, Board Vice Chair

Association of Washington Cities Risk Management Service Agency

Carol Wilmes, Board Member

Citycounty Insurance Services (OR)

Patrick Priest, Board Member

Colorado Intergovernmental Risk Sharing Agency

Tami Tanoue, Board Member

Connecticut Interlocal Risk Management Agency

David Demchak, Board Member

Florida Municipal Insurance Trust

Jeannie Garner, Board Member

Georgia Municipal Association Risk Management

Stan Deese, Board Member

Illinois Municipal League Risk Management Association

Brad Cole, Board Member

Iowa Municipalities Workers' Compensation Association

Jeff Hovey, Board Member

Kentucky League of Cities Insurance Services

J.D. Chaney, Board Member

League Association of Risk Management (NE)

L. Lynn Rex, Board Member

League of Minnesota Cities Insurance Trust

Dan Greensweig, Board Member

League of Wisconsin Municipalities Mutual Insurance

Matt Becker, Board Member

Local Government Insurance Trust (MD)

Theresa Kuhns, Board Member

Maine Municipal Association Property and Casualty Pool

Michelle Pelletier, Board Member

Massachusetts Interlocal Insurance Association, Inc.

Stanley Corcoran, Board Member

Michigan Municipal League

Michael Forster, Board Member

New Mexico Self Insurers' Fund

AJ Forte, Board Member

North Carolina League of Municipalities

Bryan Leaird, Board Member

Oklahoma Municipal Assurance Group

Suzanne Paulson, Board Member

PennPRIME Insurance Trust (PA)

John Brenner, Board Member

Public Entities Pool of Ohio

Kent Scarrett, Board Member

Public Entity Partners (TN)

Michael Fann, Board Member

Rhode Island Interlocal Risk Management Trust

Ian Ridlon, Board Chair

Municipal Association of South Carolina Risk Management Services

Heather Ricard, Board Member

South Dakota Municipal League Workers Compensation Fund

South Dakota Public Assurance Alliance

Lynn Bren, Board Member

Texas Municipal League Intergovernmental Risk Pool

Jeff Thompson, Board Second Vice Chair

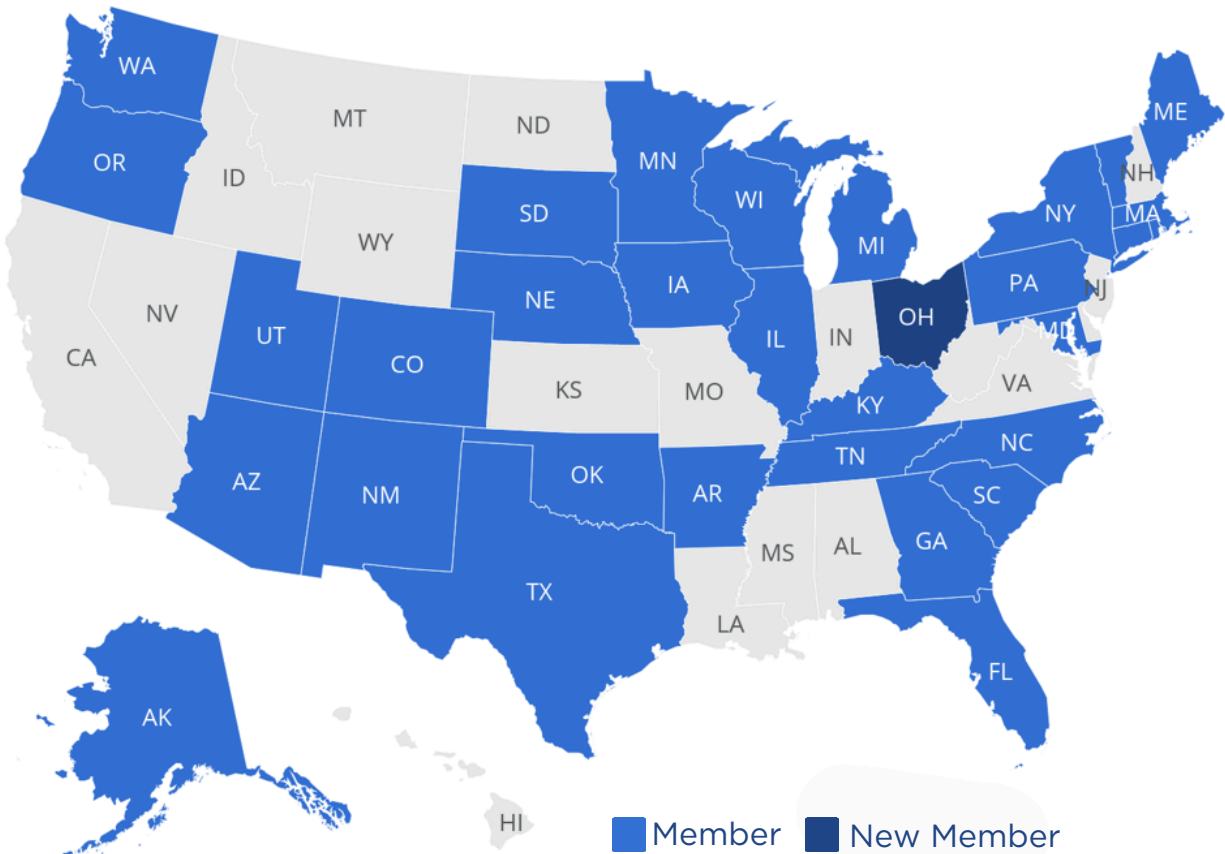
Utah Local Governments Trust

Steve Hansen, Board Member

Vermont League of Cities & Towns

Joe Damiata, Board Member

32 Members in 31 States



Anniversaries

10 Years

Arizona

25 Years

Wisconsin

30 Years

South Carolina

35 Years

Massachusetts

New Member in 2024

Public Entities Pool of Ohio

In December 2023, the Board voted to approve Ohio as a new member, with business effective January 1, 2024. Kent Scarrett, Executive Director, Ohio Municipal League, became the first Board member representative for Ohio.

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



VICE PRESIDENT
ERIN RIAN
NLC MUTUAL



SECRETARY
CLARENCE ANTHONY
NLC



TREASURER
KATY GIFFORD
AIG

Board Committees

Executive

Ridlon, Chair

Hayes, 1st Vice Chair

Thompson, 2nd Vice Chair

Corcoran | Deese | Forster | Garner | Greensweig | Rex

Claims Management & Loss Control

Becker

Bren

Corcoran, Chair

Damiata

Fann

Forster

Hansen

Kuhns

Leaird

Paulson

Ridlon, ex-officio

Scarrett

Wilmes

Nominating

Corcoran

Deese, Chair

Fann

Smith

Wilmes

Donald Jones Scholarship

Brenner

Damiata

Deese

Demchak

Pelletier

Priest, Chair

Ridlon

Wilmes

Investment

Belshe

Brenner

Cole

Demchak

Garner, Chair

Hayes

Ridlon, ex-officio

Smith

Tanoue

Thompson

Underwriting

Chaney

Deese

Demchak

Forte

Greensweig, Chair

Hovey

Pelletier

Priest

Rex

Ricard

Ridlon, ex-officio

Our Staff



JILL EATON
PRESIDENT & CEO



CARLTON AVENT
COMPTROLLER



CLAIRE BUCHWALD
SR. MANAGER, EDUCATION
& TRAINING, NLC-RISC



HEATHER BURGESS
REINSURANCE
OPERATIONS MANAGER,
2 VP



CHRIS CADWELL
REINSURANCE
UNDERWRITER



RYAN DRAUGHN
CHIEF INFORMATION
OFFICER



AMY GABORIAULT
REINSURANCE
ACCOUNTANT



MOIRA KENAH
REINSURANCE CLAIMS
ADVISOR, VP



SUSANLISA KESSLER
CHIEF ACTUARY



ERIN PETERSON
SENIOR PROGRAM
SPECIALIST, NLC-RISC



ERIN RIAN
CHIEF OPERATING
OFFICER



LENA SCARPULLA
SENIOR MEMBER
ENGAGEMENT SPECIALIST



MARK SNODGRASS
DIRECTOR OF BUSINESS
INTELLIGENCE



JENNY WADE
GOVERNANCE MANAGER

Staff Celebrations

In January, Ryan Draughn was promoted to Chief Information Officer, and Mark Snodgrass was promoted to Director of Business Intelligence. Their dedication and exceptional contributions have been key to our success. We look forward to their continued leadership. At our December Board meeting, Erin Rian was honored with the distinguished John G. Stutz Award from the National League of Cities. This prestigious award recognizes her 25 years of dedication and service to strengthening local government.



*Mark Hayes, Erin Rian, Jill Eaton, and Ian Ridlon at the December Board Meeting in Nashville, TN.

One NLC Partnership

The National League of Cities (NLC) was founded in 1924 by ten state municipal leagues who wanted to create a new, national organization to serve as a clearinghouse for information about municipal government. Over the next 100 years, the organization has grown in size and influence, serving as a trusted resource for municipal government leaders, providing them with unparalleled research and technical expertise. NLC also serves as a relentless advocate for the nation's cities, towns, and villages, and has played a historic role in shaping some of the country's most significant pieces of public policy.

NLC-RISC was formed as a program of the National League of Cities in 1982 at a time when the insurance market stopped providing coverage to local governments. In response, state municipal leagues formed risk and insurance pools and looked to NLC for information sharing, education, networking, and other resources. More than 40 years later, NLC-RISC serves 38 members across the United States by providing a dynamic hub of mutual support and problem-solving for state league sponsored risk pools.

NLC Mutual was formed in 1986 to provide public entity pools with necessary insurance support in Liability, Property, and Workers' Compensation. Over the years, NLC Mutual has continued to enhance member services and staff expertise. We consistently pursue innovative approaches to better serve our members, including the implementation of Mutual Insights powered by Domo, the Cyber Pilot, and many other efforts.

NLC Mutual collaborates with our One NLC partners to share information, expertise, thought leadership, and key solutions to meet member needs. Together, we develop crucial programming and resources designed to help members face the critical issues at their organizations and within the communities they serve.



NLC 100 Anniversary

1924 - 2024: A Century of Strengthening Cities

With 100 years of dedication to the strength and advancement of local governments, NLC has gained the trust and support of more than 2,700 cities across the nation. Their mission is to relentlessly advocate for, and protect the interests of cities, towns, and villages by influencing federal policy, strengthening local leadership and driving innovative solutions.

The Centennial Roadshow kicked off in February at the site of NLC's founding, the University of Kansas in Lawrence, Kansas. Our COO, Erin Rian, had the opportunity to attend the kick-off event at her alma mater (pictured below). The NLC 100 celebrations concluded at City Summit. Our CEO, Jill Eaton was able to attend the 100th Anniversary Gala with our members (pictured below).



The NLC Roadshow visited more than 130 communities in every region of the country. Some NLC Mutual staff were able to participate in the events hosted in their hometown. Additionally, NLC-RISC celebrated the milestone anniversary during their Staff Conference held in Burlington, Vermont. During our December Board Meeting, we were also able to celebrate 100 Years of NLC.



2024 Highlights

Board Internship

Shymir Coakley, rising senior at the University of Maryland Eastern Shore, was NLC Mutual's fourth Board Intern. From eight strong candidates, this Maryland resident impressed us with his work experience, extra-curricular activities, strong interests in finance, insurance, mentoring, and "empowering individuals through education and access to resources." The Minnesota State Visit "proved to be an enriching and transformative experience... that reshaped [his] perspective on insurance and solidified [his] commitment to a future where [he] can contribute actively to community well-being through local governance and strategic insurance practices."



* Shymir Coakley (middle) attending the LMCIT Board meeting with Board Chair Dave Callister (left) and LMCIT Administrator Dan Greensweig (right).

Careers in Public Entity Risk

In 2024, NLC Mutual completed a significant project focused on educating individuals about careers in public entity risk. This initiative was led by our summer intern, Chris DeVecchio, a Risk Management & Finance student at the University of South Carolina. Through a short presentation, Chris highlighted how a career in this industry can best serve both professionals and the communities they live in. This project exemplified our commitment to guiding and supporting future talent while fostering a deeper understanding of the vital role of supporting municipalities throughout the United States.

Donald L. Jones Scholarship Award

For the 2024-2025 academic year, NLC Mutual awarded \$17,400 to 16 recipients of the Donald L. Jones Scholarship. Applicants from 11 member states (AK, AR, CT, GA, KY, MD, MN, OR, RI, SC, WA) received funds in honor of Don Jones' service to the Company and to state league pooling. This scholarship program exemplifies our commitment to education and developing the future workforce. Together as a membership we are enhancing the skills of individuals interested in our industry and navigating the challenges of recruitment.

Mission Statement

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.



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