

# ANNUAL REPORT 2016

*Personal Attention...*  
*Peace of Mind*



**FORWARD**  
Mutual Insurance Company

# To Our Policyholders

*...in the tradition of neighbor helping neighbor*



## **MISSION STATEMENT**

*The mission of Forward Mutual Insurance Company is to provide quality insurance products and services in a profitable manner with a commitment to integrity, honesty and the highest ethical standards at all times.*

## **On behalf of the Directors of Forward Mutual Insurance Company, I am pleased to present the 142nd Annual Report for the year ended 2016.**

On December 31, 2016, there was \$880,765,336 of insurance in force with \$1,778,186 of premiums written for a decrease of 2.75%.

Forward Mutual recorded a net income of \$270,815. Our surplus increased by 9.2% or \$542,414 to \$6,422,859. The surplus gain is attributed to fewer claims reported with less severity of loss and a favorable rate of investment return on our equity portfolio. Our premiums written to surplus ratio remains very favorable at .28 to 1. The lower the ratio, the greater the company's financial strength. Forward Mutual is sound, secure and strong for our policyholders.

## **Fewer Losses in 2016**

Thirteen less property claims were reported in 2016 than in 2015. Losses paid were down by \$416,225. Our insureds submitted 63 claims, totalling \$341,669 of property loss dollars paid in 2016.

In 2015, 35% of our losses or \$266,358 (12 claims) resulted from water damage due to plumbing failures and freezing pipes. In addition, overflowing dishwashers or washing machines along with refrigerator ice and water dispenser failures wreak havoc on flooring and other materials in the kitchen or laundry room. The Forward Mutual loss experience in 2016 improved with only \$15,000 (6 claims) in water damage losses. To assist homeowners in protecting themselves, plumbing products have surfaced in the marketplace to help homeowners monitor their water usage and/or shut off the water completely if a leak is discovered by smart sensors. Homeowners can also purchase "smart sump pumps" that email or send a text message when the power goes out, alerting the owners to check and engage a backup sump pump. Prevention eliminates frustration.

This year:

- 62% or \$213,500 of losses paid (8 claims) were due to fire.
- 22% or \$74,500 of losses paid (22 claims) were due to wind/hail.
- 16% or \$54,000 of losses paid (33 claims) were miscellaneous in nature.

*We want to be sure we take specific actions to continue our long term success.*

# Committed and Caring

*...confident about the future*

## Strategic Plans for Our Future

Your board of directors and management met in July with a facilitator to formally and strategically plan ahead for the future. We want to be sure we take specific actions to continue long term success.

Our guiding vision:

- We are strong, progressive, and true to our company's original tradition of "neighbor helping neighbor."
- We are dedicated to our policyholders and agents through fair, prompt, and courteous service.
- We are committed to protecting the financial strength and stability of our company.
- We are proud of our leadership in the insurance industry as a Wisconsin Town Mutual.

## Branding and Image

As part of our 3-year vision plan, we want to brand Forward so the public knows exactly who we are, the products we offer, and the services we provide. It is part of our "Personal Attention... Peace of Mind" image.

May our product delivery and service to you always offer an inviting "Customer Front Door". We can say this because relationships still matter at Forward Mutual Insurance Company.

We are:

Committed to customers. Committed to quality. Our promise to you.



Lois A. Wiedenhoef, PFMM, FMDC  
President and CEO, Forward Mutual Insurance Company



### Join Us Online!



[facebook.com/forwardmutual](https://facebook.com/forwardmutual)



[twitter.com/Forward\\_Mutual](https://twitter.com/Forward_Mutual)



[forwardmutual.com/news](https://forwardmutual.com/news)



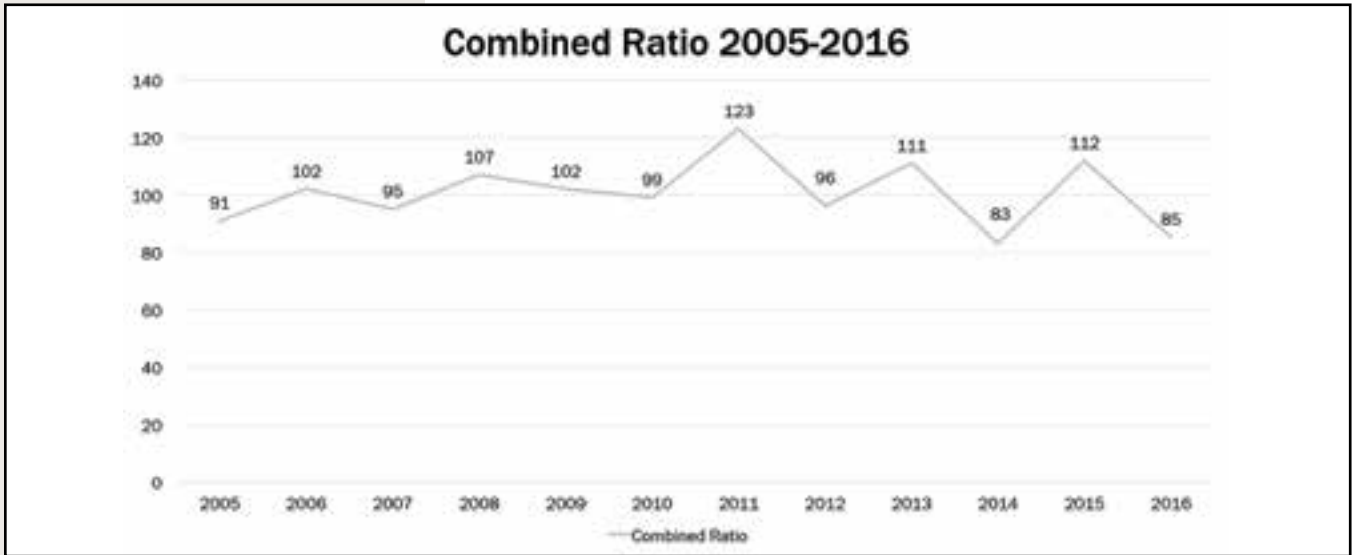
[linkedin.com/company/  
forward-mutual-insurance-  
company](https://linkedin.com/company/forward-mutual-insurance-company)

*Committed to customers. Committed to quality. Our promise to you.*

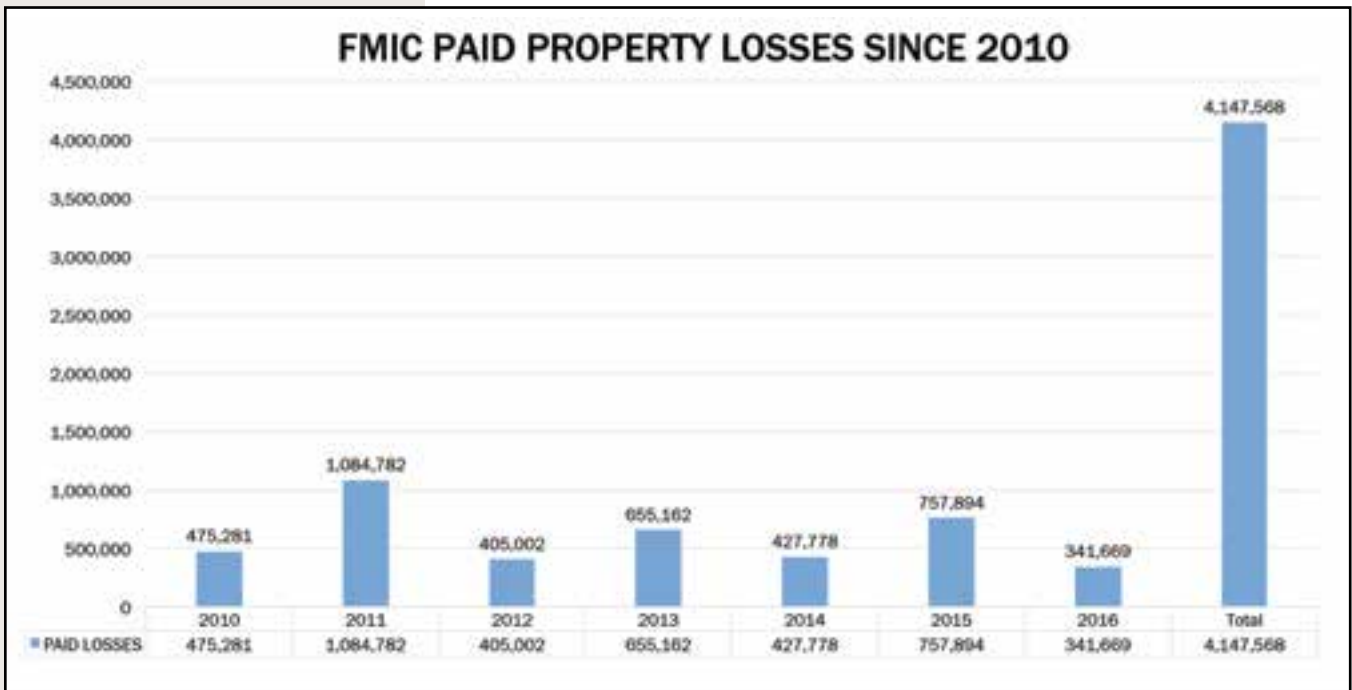
# Personal Attention

*A strong, growing and friendly company*

## Key Financial Figures



*Combined Ratio is a measure of profitability used to indicate how well an insurance company is performing in its daily operations. A ratio below 100% indicates the company is making an underwriting profit while a ratio above 100% means it is paying out more money in claims than it is receiving from premiums.*



*Paid Property Losses is the amount paid to policyholders to cover their claim of damage or loss.*

*...continuously learning and improving*



*Jessica Hill*



*Sarah Mueller*

## Professional Growth

In March Jessica Hill and Sarah Mueller completed Grinnell Mutual Reinsurance Company's second Mutual Underwriting Academy in Grinnell, Iowa. They joined 35 other participants from throughout the Midwest to learn more about a variety of topics including common home and farm property and liability exposures, loss control safety tips, and available underwriting tools.

## Our Friendly and Helpful Staff



*Left- right: Jessica Hill, Customer Service Assistant; Sarah Mueller, Customer Service Manager; Howard Wiedenboeft, Claims Manager; Sharon Wolff, Office Assistant; and Lois Wiedenboeft, President & CEO*

# Forward Mutual Insurance Company

## STATEMENT OF ADMITTED ASSETS, LIABILITIES, AND POLICYHOLDERS' SURPLUS - STATUTORY BASIS

December 31, 2016 and 2015

### ADMITTED ASSETS

	<u>2016</u>	<u>2015</u>
Cash and invested cash	\$ 592,139	\$ 405,583
Bonds	4,236,404	3,986,561
Stocks and mutual funds	2,099,904	1,837,747
Real estate	<u>325,456</u>	<u>340,965</u>
Total cash and investments	7,253,903	6,570,856
Uncollected premiums	190,416	201,847
Investment income due or accrued	37,303	37,522
Fire dues recoverable	597	572
Federal income taxes recoverable	—	59,653
Furniture and fixtures	<u>993</u>	<u>2,688</u>
Total assets	7,483,212	6,873,138
Less nonadmitted assets		
Furniture and fixtures	<u>(993)</u>	<u>(2,688)</u>
<b>TOTAL ADMITTED ASSETS</b>	<u><u>\$ 7,482,219</u></u>	<u><u>\$ 6,870,450</u></u>

### LIABILITIES AND POLICYHOLDERS' SURPLUS

#### LIABILITIES

Net unpaid losses	\$ 40,100	\$ 50,750
Unpaid loss adjustment expenses	2,575	2,500
Commissions and accounts payable	90,595	74,723
Unearned premiums	772,779	786,092
Premiums received in advance	45,815	33,484
Reinsurance premiums payable	45,366	42,456
Federal income taxes payable	<u>62,130</u>	<u>—</u>
Total liabilities	1,059,360	990,005
<b>POLICYHOLDERS' SURPLUS</b>	<u><u>6,422,859</u></u>	<u><u>5,880,445</u></u>
<b>TOTAL LIABILITIES AND POLICYHOLDERS' SURPLUS</b>	<u><u>\$ 7,482,219</u></u>	<u><u>\$ 6,870,450</u></u>

## STATEMENT OF OPERATIONS - STATUTORY BASIS Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
UNDERWRITING INCOME		
Premiums written	\$ 1,778,186	\$ 1,828,406
Net unearned premium change	13,313	2,402
Reinsurance ceded	<u>(605,742)</u>	<u>(611,226)</u>
Net premiums earned	<u>1,185,757</u>	<u>1,219,582</u>
LOSSES INCURRED		
Losses incurred	351,001	775,129
Reinsurance recovered	<u>(20,732)</u>	<u>(60,185)</u>
Net losses incurred	330,269	714,944
NET LOSS ADJUSTMENT EXPENSES	75,680	75,008
OTHER UNDERWRITING EXPENSES	<u>598,719</u>	<u>574,640</u>
Total losses and expenses incurred	<u>1,004,668</u>	<u>1,364,592</u>
NET UNDERWRITING INCOME (LOSS)	181,089	(145,010)
INVESTMENT AND OTHER INCOME		
Investment income earned	191,347	183,942
Investment expenses	(53,092)	(51,712)
Net realized capital gain	96	53,348
Other income	<u>19,975</u>	<u>18,852</u>
Net investment and other income	<u>158,326</u>	<u>204,430</u>
Income (loss) before federal income taxes	339,415	59,420
FEDERAL INCOME TAX EXPENSE (BENEFIT)	<u>68,600</u>	<u>5,750</u>
NET INCOME (LOSS)	<u>\$ 270,815</u>	<u>\$ 53,670</u>

## STATEMENT OF POLICYHOLDERS' SURPLUS - STATUTORY BASIS Year Ended December 31, 2016 and 2015

BALANCE, BEGINNING OF YEAR	\$ 5,880,445	\$ 5,866,191
Net income (loss)	270,815	53,670
Unrealized (loss) on stocks and mutual funds	269,904	(39,551)
Net change in non-admitted assets	<u>1,695</u>	<u>135</u>
BALANCE, END OF YEAR	<u>\$ 6,422,859</u>	<u>\$ 5,880,445</u>

# Support for Our Community

Forward Mutual values its relationship with the people and businesses of our community



**WHATEVER TOMORROW BRINGS, WE'LL BE THERE.**

Everything we do serves a single purpose – to keep the promise to take care of our customers. As we grow and innovate, that will never change. Trust in tomorrow. **Contact your local mutual today.**



"Trust in Tomorrow" and the "A Grinnell Mutual Member" mark are property of Grinnell Mutual Reinsurance Company. © Grinnell Mutual Reinsurance Company, 2017.







Local Company • Local Support

# Organizations We Supported in 2016

Alice in Dairyland

Ambassador Company

Ixonia Lion's Club

Dodge County Fair Meat Animal Project Sale

Jefferson County Fair Meat Animal Project Sale

Jefferson County Fair Beef Project Awards/Trophies

Jefferson County Fair Poultry Project Awards/Trophies

National Fire Safety Council

South Central Wisconsin Tractor Pullers

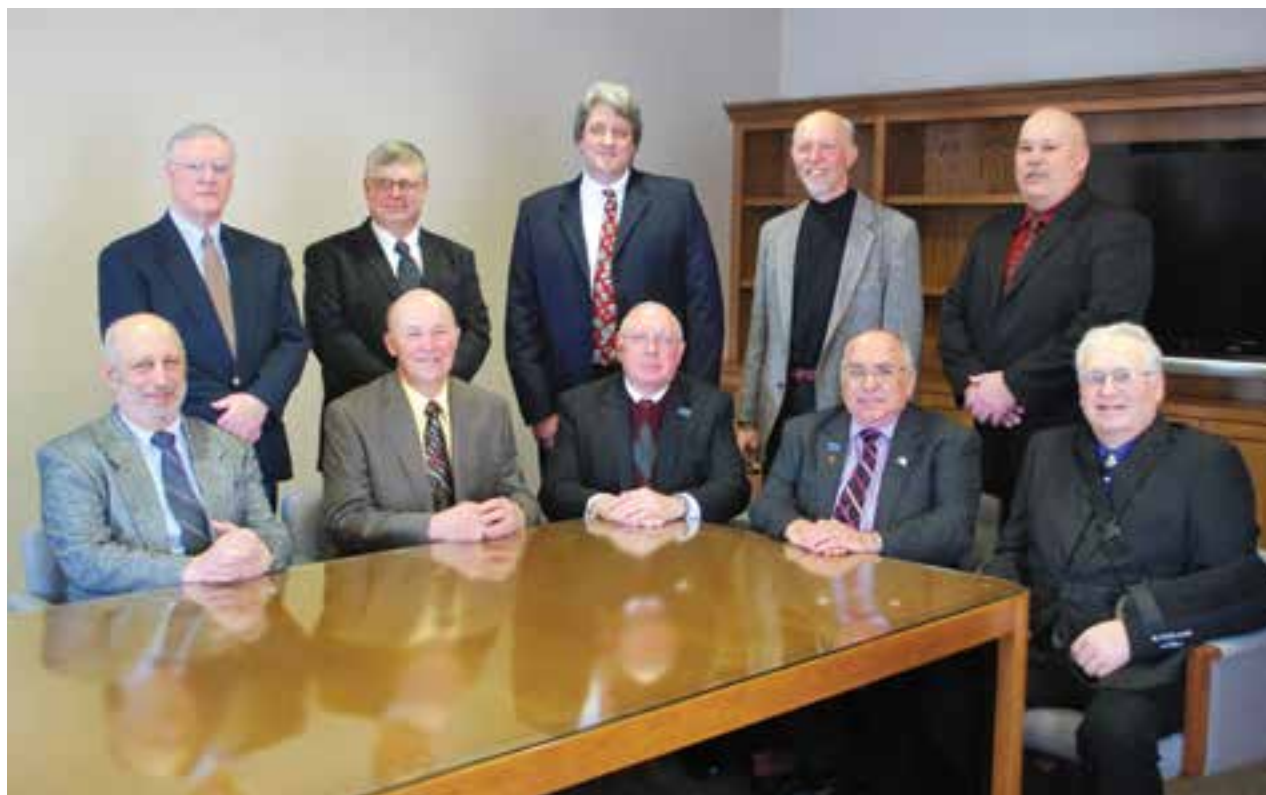
Watertown Agri-Business Club Dairy Breakfast

Watertown FFA Chapter

LIVINGROOM 2



# Our Officers and Directors



*Back, left to right: Dale Wolf, Randall Wegner, Mark Mallow, David Blank, Dale Zastrow  
Front, left to right: Robert Salov, Roger Degner, Stephen Zillmer, Donald Reese, David Flood*

## **Our Officers and Directors**

Stephen M. Zillmer, Chairman of the Board

Lois A. Wiedenhoeft, President & CEO

Roger L. Degner, Vice-Chairman

Donald P. Reese, Secretary-Treasurer

David W. Blank, Director

David P. Flood, Director

Mark D. Mallow, Director

Robert D. Salov, Director

Randall L. Wegner, Director

Dale R. Wolf, Director

Dale H. Zastrow, Director



## Advocating for Our Insureds

Being aware and involved in government policies is important for the industry, our mutual and our insureds. Knowing this, Forward Mutual was proud to have participated in a 15-member Wisconsin Association of Mutual Insurance Companies (WAMIC) delegation in Washington, D.C. They met with members of the Wisconsin congressional delegation to educate lawmakers on the issues facing insurers and their policyholders in the state.

Representing Forward Mutual were President and CEO Lois Wiedenhoeft, Claims Manager Howard Wiedenhoeft and Customer Service Manager Sarah Mueller.

The visits were organized by the National Association of Mutual Insurance Companies (NAMIC) as part of their grassroots advocacy program the Congressional Contact Program (CCP). This unique grassroots lobbying effort, now in its 31st year, allows representatives from NAMIC member companies to meet one-on-one with their elected officials and their staff.

Throughout the day Forward's representatives met with Wisconsin lawmakers to discuss protecting the state-based system of insurance regulation, natural disaster mitigation and addressing the regulatory uncertainty regarding insurance company use and coverage for unmanned aircraft systems.



## Our Service Commitment

- Protect our financial strength and stability in a prudent manner in order to ensure a strong, growing and friendly company.
- Provide products that protect our policyholders from unexpected losses at the best value possible and the ability to adapt to their diverse and changing needs. To always provide responsive and knowledgeable service that ensures our policyholders peace of mind through financial protection and personal attention.
- Maintain a fast-paced, challenging and collaborative work environment that values its employees and encourages individual accountability, innovative thinking and continuous learning and improvement.
- Continue to enrich the quality of life within the community in which we work and conduct our business by pledging our support.

## Forward Mutual Insurance available at independent agencies near you

Arttus Insurance Agency	Madison	608-271-9395
Banco Insurance Agency	Whitewater	262-473-7334
D.A. Brown Insurance Services LLC	Fort Atkinson	920-563-5850
David Volenberg Agency	Stoughton	608-877-1296
H&H Insurance Services Inc	Waukesha	262-717-3300
Harms Insurance Group	Sun Prairie	608-837-2484
ISC Inc	Watertown	920-261-5403
Ixonia Insurance Agency	Ixonia	920-261-2493
Monty Homewood Insurance Agency	Madison	608-442-6666
Nolan Insurance Agency LLC	Brandon	920-346-2241
Provident Insurance Group	West Allis	414-810-3520
R & R Insurance Services Inc	Beaver Dam	920-885-5589
R.S. Semler & Associates Insurance Inc.	Hartford	262-673-3160
Sandra Kay Hughes Agency	Williams Bay	262-215-2095
Saxby Insurance Agency LLC	Watertown	920-261-3334
Scheurell Insurance Agency LLC	Delavan	262-728-1956
Service Insurance Agency	Waterloo	920-478-2585
Simon & Associates	Whitewater	920-472-0091



Forward Mutual Insurance Company  
W1202 Glenview Avenue, PO Box 326 • Ixonia, WI 53036-0326  
920-261-6616 • [www.forwardmutual.com](http://www.forwardmutual.com)