

# MEMIC

## STAYING ON COURSE

2020 Annual Report





Dear Policyholders,

One-on-one, personal relationships have been MEMIC's specialty for the past 28 years. We built our success by creating partnerships — with one another, policyholders and their employees, independent agents,

and injured workers. So, when the worst happened, in the space of one weekend in March 2020, we did what came naturally: we helped each other.

**Our task, moving forward, is to do what we've always done: keep sharing our culture with employers and employees in all kinds of industries, to create safe environments that put people first.**

First, we made sure our people were safe physically and emotionally, using our technology to connect and communicate. We provided the tools, knowledge, and support they needed to address daily challenges in new ways. Never have we employed or served more people, handled more claims, or upgraded so many internal plans and processes — all while working to help one another get through the stresses of a year like no other.

And, because we are a company that believes in facts, compassion, and caring about people, we engaged our teams, allies, and policyholders through the disruptions of COVID-19, national unrest, and transformative upheavals.

While we are always working to “make workers’ comp work better,” 2020 brought an all-company strategic planning process that included a review and refinement of our mission, vision, and values. Though conducted through video technology, it has been thoughtful work informed by the turbulence of our times with an eye toward new opportunities for change, growth, and profitability.

MEMIC was created to serve employers and workers under the “grand bargain” that protects workers from debilitating injuries and financial hardship while providing employers the indemnification necessary to minimize litigation. Today we serve more than 20,000 employers and their approximately 300,000 employees in 46 states and D.C. Our vision is to be the most trusted insurance partner for employers who believe protecting and strengthening their workforce is critical to success. I am confident we will fulfill that vision with unmatched talent and resolve.

On behalf of our board of directors and my teammates at MEMIC, thank you for trusting us as your workers’ compensation insurer, especially during this past, difficult year. The future is bright and we remain on course to make workers’ comp work better — for all.

**Michael P. Bourque**  
President and CEO

89

Leadership  
Messages<sup>1</sup>

600

Pandemic Safety  
Webinar Attendees<sup>2</sup>

\$17M

Dividend Return<sup>3</sup>

4,651

COVID-19 Claims  
Handled<sup>4</sup>

We're the safety experts. So during those first days in March of 2020, when no one felt safe, we went to work.

<sup>1</sup> To keep their own employees safe, MEMIC moved to a remote workforce on March 16, 2020. Daily updates from senior leaders were sent by email every morning to keep employees informed, updated, and connected.

<sup>2</sup> MEMIC's Pandemic Recovery Workplace Safety Training live webinar held on May 20, 2020.

<sup>3</sup> In recognition of the economic stress being experienced by many of its 18,000 Maine workers' compensation insurance policyholders, the Board of Directors of MEMIC authorized the immediate distribution of a \$17 million dividend to eligible employers.

<sup>4</sup> Total claims reported to MEMIC from March to December 2020 were 29,856, of which 4,625 were the unprecedented claims related to COVID-19.

### Putting our masks on first ...

As a company that built our success by "thinking ahead," we moved quickly to work remotely and find ways to keep us all connected, motivated, and feeling safe in the uncertain days to come. In addition to daily briefings from the senior leadership team and our president and CEO, we created an internal, online COVID-19 Information Center to make sure everyone stayed up to date on best safety practices.

### ... then taking care of our policyholders

With everyone on our team in place and taken care of, we reached out to our policyholders to see how we could help them. We issued Safety Alerts about the new risks facing workers performing new duties and taking on new jobs, and offered ways to work safely, along with educational webinars, safety trainings, virtual ergonomic assessments, and parking lot safety assessments. Finally, we were able to offer financial relief through premium payment options and an early dividend return — our way of letting our policyholders know we are in this together.

### ... and processing an unprecedented amount of claims, like none we'd ever seen.

The impact of COVID-19 meant that helping injured and infected workers required whole new protocols, new processes, and the untiring efforts of our dedicated claims teams, who were rotated out regularly to lessen the emotional and physical strain of the unfolding crisis.

By doing what we always do — putting people first — MEMIC stayed on course through the most challenging year in our history.

"To ensure the safety and well-being of each other, those we serve, and our business partners, beginning tomorrow, all those whose jobs do not require their physical attendance in the office, and who are able to work remotely, are being encouraged to do so..."

...Please be patient and kind with each other as we work through the challenges that will result from this important strategy to help keep our fellow workers healthy while also doing our part to flatten the curve of the pandemic. Things will not always go perfectly but, ultimately, I believe we are up to this challenge as an organization, particularly if we all communicate and treat each other with respect and understanding."

Excerpted from an email sent to all employees on March 15, 2020 from MEMIC President and CEO Mike Bourque.

## Our employees set the course.

When it comes to workplace safety and taking care of one another, leading by example has always been our way. This proved true this past year more than ever.

**“We have learned that compassionate claim management of this disease is not just about proving causal relationships and making timely and appropriate compensability decisions.**

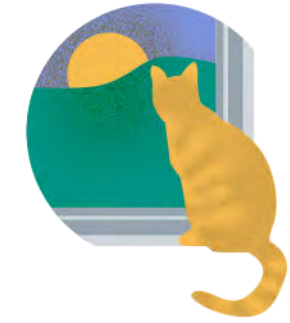
We learned that it’s about being there for our policyholders, injured employees, and agents, and providing them with instruction and direction during these difficult and confusing times. We’ve learned that our compassionate claims management approach is just what is needed, now more than ever, when dealing with this crisis.”

**Gus Gonnella**  
Vice President, Claims



**“We are like a M.A.S.H. unit; we just picked up, moved home, and kept on working.** One thing I am reminded of daily is that this pandemic does not impact everyone equally. I have learned from other challenges in my life to be thankful, appreciate what I have, and look out for those who are in need and have been dealt a tougher hand. I’m proud to work for a company that from day one has focused on how we can help our team members, our agencies, and their policyholders. I am confident that there will come a time when we will look back and say, ‘Wow, that was a tough time we all went through. ‘What I think will stick with me the most is how the MEMIC team acted with such integrity and courage though this tough time.”

**Jeff Funk**  
President, Eastern Region



**“We do have cases where a policyholder’s employee has infected a family member, leading ultimately to their death.** Our claims professionals are helping these injured workers who are suffering from fear, grief, and anger, on a regular basis, which can have an emotional toll. So please keep them in mind as they are handling these claims, and thank them for the work they are doing.”

**Tom Wiese**  
Vice President, Claims



**“I know I speak for the entire Senior Management Team and Loss Control Department when I say: Please remain safe and continue to be vigilant in doing the things that put you and your family in the best possible position to stay healthy.** Follow the guidelines in your state, take full advantage of our Work-from-Home Policy, and practice social distancing. Take a look at the pandemic safety resources we’ve put together for policyholders — these same principles apply in our everyday lives. And don’t forget to stretch — we all have the best of intentions for getting the job done, but taking those stretch breaks at 10:00 and 2:00 really helps to reduce static postures, promote good blood flow, and keep you healthy.”

**Karl Siegfried**  
Senior Vice President, Loss Control and Safety Services

Highlights from senior leadership team messages sent to employees throughout 2020.

Driven by our mission, inspired by our vision, and guided by our values, we are on course to create a better, safer world for a more diverse and inclusive workforce.

2020 asked each and every one of us to re-evaluate our values and priorities. So that's what we did. We started the way we tackle every challenge, by asking ourselves tough questions and anticipating the worst that could happen — and we learned that in spite of all that was changing around us, the fundamental beliefs that have made MEMIC so successful remained rock solid. Best of all, through this process, and the challenges we've overcome in the past year, we've become a more cohesive company, from Maine to Florida and beyond. An organization that has always valued partnerships has found new ways to connect and grow stronger, putting us in the perfect position to navigate whatever lies ahead.

One goal to which we already have pledged ourselves to is to achieve a more diverse, equitable, and inclusive work environment moving forward. In addition to looking at how we recruit, hire, train, and promote, we have begun a thorough review of our benefit structure and corporate policies and procedures to see where we can be better. And in the coming year, we will undertake a company-wide implicit bias training — all initiatives that align perfectly with our compass of values.



## Our Mission

To make workers' comp work better with compassion, trusted partnerships, and relentless commitment to workforce safety.

## Our Vision

To be the most trusted brand for employers who believe that protecting and strengthening their workforce is critical to success.

## Our Values

Be Conscientious

Be an Expert

Be a Partner

Be Curious

Be Transparent

## Financial Highlights

	2020	2019
<b>Assets</b>		
Invested	\$ 1,359,592	\$ 1,290,596
Other	180,865	174,718
<b>Total Assets</b>	<b>\$ 1,540,457</b>	<b>\$ 1,465,314</b>
<b>Liabilities</b>		
Loss and LAE Reserves	\$ 789,115	\$ 750,540
Other	263,597	244,823
<b>Total Liabilities</b>	<b>\$ 1,052,712</b>	<b>\$ 995,363</b>
Policyholders' Surplus	\$ 487,745	\$ 469,951
<b>Key Statistics</b>		
Dividend	\$ 27,937	\$ 31,888
Direct Written Premium	\$ 398,084	\$ 410,853
Premium-to-Surplus Ratio, Direct	.82:1	.87:1
Premium-to-Surplus Ratio, Net	.72:1	.73:1
Number of Policyholders	20,974	21,340
Direct Combined Ratio before Dividends	102.18%	100.60%
Net Operating Ratio	97.10%	97.41%
Change in Asset Base Year over Year	\$ 75,143	\$ 64,057

Visit [www.memic.com/annualreport](http://www.memic.com/annualreport) to view the complete 2020 Annual Report.

**\$488**  
Million Surplus

**\$1.5**  
Billion in Invested Assets

**“A”**  
A.M. Best  
(Excellent) Rating

## Setting the course for the future.

2020 saw The MEMIC Group produce a profit in the face of generally lower rates across our service territory, lower returns on our investment bonds, and unanticipated claims associated with the COVID-19 virus. Looking forward, we expect the technological investments we've made in our loss control services, claims management, and underwriting operations will continue to improve our risk selection and claim outcomes.

With a surplus nearing \$500 million and over \$1.5 billion in invested assets, our ratio of premium to surplus remains favorable, earning us A.M. Best's "A" (excellent) rating — in spite of a global outlook that is currently negative in eight of ten lines of business, including workers' compensation. As we remain focused on profitably growing both our top and bottom lines, we are confident that both The MEMIC Group and our industry are on course to navigate the challenges of today and tomorrow, wherever they may lead us.

### BOARD OF DIRECTORS

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**Meredith Strang Burgess**  
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**Laurie G. Lachance**  
**Hilary A. Rapkin**  
**Lance A. Smith (Chair)**  
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### LEADERSHIP

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*Senior Vice President, Chief Financial Officer and Treasurer*

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*President, Eastern Region*

**Matthew H. Harmon, WCP®**  
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**Catherine F. Lamson, WCP®**  
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**Karl V. Siegfried, WCP®**  
*Senior Vice President, Loss Control and Safety Services*

**John R. Yao, WCP®**  
*Senior Vice President and Chief Information Officer*

**Corporate Headquarters**

261 Commercial Street  
Portland, ME 04101  
1-800-660-1306  
[www.memic.com](http://www.memic.com)

**Office Locations**

Glastonbury, CT  
Tampa, FL  
Manchester, NH  
Weehawken, NJ  
Albany, NY  
West Conshohocken, PA  
Tysons Corner, VA

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