

**ANNUAL  
REPORT**



**2023**

## FROM THE CHAIR

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*Neil A Allredge*

Neil Allredge  
Chair of the Board

NAMICO has had another excellent year with solid leadership provided by President and CEO Jen Hamilton. In every respect, 2023 brought solid performance and achievement in all of the important areas of NAMICO operations: financial results, operational efficiency, excellent customer service, and strategic initiatives. This report provides details of that performance and NAMICO is well served by its board of directors and its professional staff.

NAMICO is now into the second year of its three-year strategic plan with progress on all elements of that plan. That plan addresses not only the financial stability and security of the company, but the commitment to policyholder service and support. New product development and implementation of upgraded systems technology is fully underway and will support continued improvements in the value provided by NAMICO to mutual insurance companies and insurance agents.

With each year NAMICO demonstrates its ability to meet existing or new challenges facing insurers – whether generated in the marketplace or in regulatory oversight or in operations. I remain confident, that NAMICO is not just positioned, but also prepared and committed to continue its excellence as a provider of critical professional liability coverages for member companies and agents.

I thank you for your continued support as a policyholder/shareholder of NAMICO and look forward again, with you, to a successful 2024 and beyond.

## FROM THE PRESIDENT AND CEO

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*Jen Hamilton*

Jen Hamilton  
President & CEO

2023 has been a successful year for NAMICO. NAMICO was created to provide a stable and competitive professional liability market for NAMIC members and that endeavor has not changed. In 2023, NAMICO strove to meet policyholder needs for critical risk management, customized coverages, and stability during times of change and challenge. As a shareholder, you may count on the organization's financial strength and commitment.

Net Underwriting Income increased to \$462,918 from \$139,045 in 2022, and NAMICO maintained a combined ratio of 94% in 2023. Surplus also increased 12% to a record high of \$34.6 million. These financial successes are directly correlated to excellence in NAMICO Finance, Underwriting, and Claims. NAMICO's underwriters strive through education and training to provide excellent coverage uniquely tailored to our policyholders, while always mitigating risk. NAMICO's Claim Department continues to achieve early resolution to limit excess/extra contractual damages, including interest and attorneys' fees.

2024 will see the introduction of a new software system and with any new system there will be a learning curve for the entire staff. However, NAMICO's staff is a uniquely dedicated group; dedicated to the professional liability niche and to the mutual insurance industry and that dedication will not waiver. NAMICO looks forward to continuing its success story and founding purpose...to be of benefit to NAMIC members and the mutual industry, and to assist them in better serving their policyholders. We wish to express deep gratitude for the support from the NAMICO policyholders and members of our Reinsurance Pool, our reinsurance partners, and the NAMICO Board of Directors. Your support is vital as we face the future with confidence.

# FINANCIAL REPORT (2023 DATA UNAUDITED)

ASSETS	2023	2022	% Change
Cash & Cash Equivalents	11,247,965	5,929,833	
Bonds	46,066,622	45,765,783	
Stocks	18,008,425	14,673,277	
Other Invested Assets	317,808	263,893	
Agent Balances	2,582,561	2,762,013	
Federal Income Tax - Current	71,800	170,972	
Federal Income Tax - Deferred		347,629	
Accrued Investment Income	525,159	391,260	
Other Assets	56,137	104,269	
<b>Total Assets</b>	<b>78,876,478</b>	<b>70,408,929</b>	<b>12%</b>

## LIABILITIES AND SHAREHOLDERS' EQUITY

Reserve for Losses / Loss Adjustment Expenses	10,252,960	9,373,391	
Reserve for Unearned Premium	3,407,458	3,446,320	
Accrued Expenses & Other Liabilities	1,692,343	1,108,982	
Reinsurance Premiums Payable	124,000	347,000	
Federal Income Tax - Deferred	339,089		
Funds Held Under Reinsurance Treaties	28,476,000	25,378,000	
<b>Total Liabilities</b>	<b>44,291,851</b>	<b>39,653,694</b>	<b>12%</b>

## COMMON STOCK

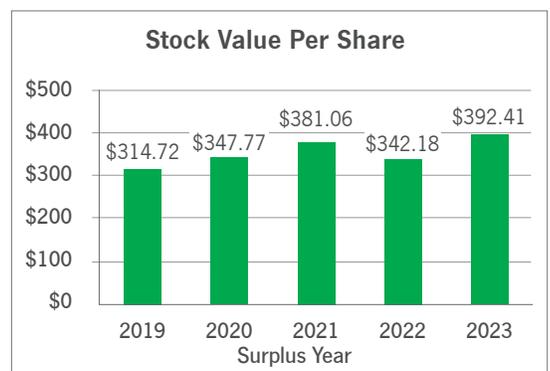
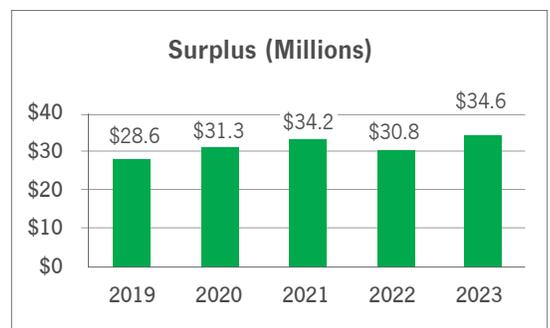
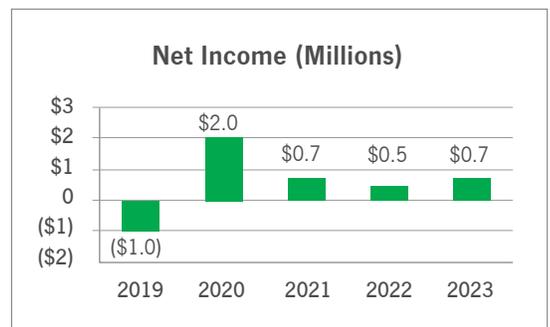
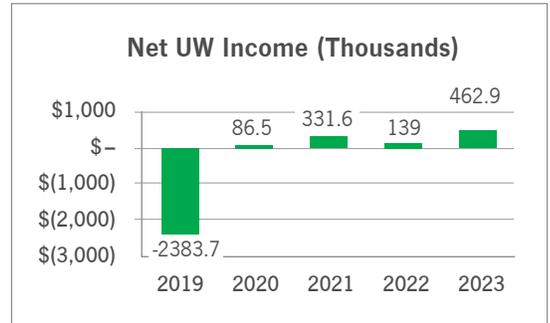
Class A stock	102,000	102,000	
Class B stock	4,441,437	4,481,829	
Unassigned surplus	30,041,190	26,171,406	
<b>Total Shareholders Equity</b>	<b>34,584,627</b>	<b>30,755,235</b>	<b>12%</b>
<b>Total Liabilities &amp; Shareholders Equity</b>	<b>78,876,478</b>	<b>70,408,929</b>	<b>12%</b>

## OPERATING RESULTS

	2023	2022	% Change
Premiums Earned	7,748,354	7,301,761	
Losses and Loss Expenses Incurred	(5,925,648)	(4,768,961)	
Underwriting Expenses Incurred	(1,359,786)	(2,393,755)	
<b>Underwriting Gain (Loss)</b>	<b>462,920</b>	<b>139,044</b>	
Net Investment Income	1,253,138	692,824	
Realized Capital Gain (Loss) (pretax)	(252,971)	111,235.45	
Investment Return Credited to Reinsurance Pool	(389,203)	(296,347)	
<b>Pretax Income (Loss)</b>	<b>1,073,884</b>	<b>646,757</b>	
Federal Income Tax Expense (Income)	349,172	154,666	
<b>Net Income (Loss)</b>	<b>724,712</b>	<b>492,091</b>	<b>47%</b>

## SUMMARY OF CAPITAL AND SURPLUS

Shareholders Equity - Beginning of Year	30,755,235	34,249,054	
Net Income (Loss)	724,712	492,091	
Change in Unrealized Capital Gains	2,904,922	(3,834,030)	
Change in Net Deferred Federal Income Tax	85,476	18,060	
Change in Non Admitted Assets	80,254	(278,957)	
Change in Common Stock & Paid In Capital	(291,575)		
Change in Pension Related Liabilities	325,602	109,017	
Change in Provision for Reinsurance			
Change in Shareholders Equity	3,829,392	(3,493,819)	
<b>Shareholders' Equity - End of Year</b>	<b>34,584,627</b>	<b>30,755,235</b>	<b>12%</b>



# BOARD OF DIRECTORS

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## **DIRECTORS**

**Neil S. Alldredge**  
NAMIC  
Indianapolis, Indiana

**Steven C. Couch, J.D.**  
Texas Lawyers Insurance Exchange  
Austin, TX

**Randall K. Druvenga**  
First Maxfield Mutual Insurance Association  
Denver, IA

**Patrick (Pat) J. Faga**  
Farmers Mutual Hail Ins. Co. of Iowa  
West Des Moines, Iowa

**Kimberly A. Fry**  
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Waterford, VA

**Byron K. Long**  
Allegany Insurance Group  
Cuba, New York

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Farmers Mutual Fire Ins. Co. of Marble, PA  
Marble, Pennsylvania

**Tim D. Shauf**  
The Commonwell Mutual Insurance Group  
Lindsay, Ontario, Canada

**Chad J. Schuettpeiz**  
Maple Valley Mutual Insurance Company  
Lena, WI

## **OFFICERS**

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NAMIC

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**Dale A. Diamond**  
NAMICO

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NAMICO

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**Andrew T. Kirkner**  
NAMIC

*CFO & Treasurer*

**Thomas R. Kaehr, CPA**  
NAMICO

*Assistant Corporate Secretary*

**Shannon J. Ollikainen**  
NAMIC

*Finance Director/Assistant Treasurer*

**Chris Gargula**  
NAMICO

*Vice President - Underwriting*

**Ted W. Doughman, CPCU, RPLU, AFSB**  
NAMICO

