



A N N U A L R E P O R T 2 0 1 5



The Heart of Your Insurance Protection

1635 West National Avenue • Milwaukee, Wisconsin 53204

414/383-1234 • 800/837-7833

badgermutual.com



BRAND NEW ENERGY.
SAME BIG HEART.



DAVID M. KANE

PRESIDENT/CEO

(31 years of service)

Since 1887, Badger Mutual has been providing quality insurance and superior customer service. As a mutual insurance company, we value the relationships we have with our policyholders and agents.

Our employees possess qualities that make our agents want to work with us. They genuinely care about our agents, insureds, community, and each other. Our employees' hearts have always been big, demonstrated by our longtime relationships with our independent agency force, our insureds, and our community partners.

2015 was a year of re-energizing—we're using this energy to make the best decisions for our company, agents, insureds, and employees. We launched a new logo and tagline, continued hiring recent college graduates, began the programming of a new technology system, and introduced several new underwriting initiatives. There's an entirely new vigor and liveliness that streams through our office. Our level of teamwork, accountability, dedication, and enthusiasm is infectious—and why we've been able to establish and genuinely enjoy the strong relationships we have with everyone who does business with us.

THE GREEN TEAM



COMMITTEE MEMBERS PICTURED (L-R): Guadalupe Magana, Daliborka Kojic, Patty Allender, Chris Klemens, Diana Kirk, Andy Steeno, Julie Bender, Laura Michna
COMMITTEE MEMBERS NOT PICTURED: Cassandra Kirk, Pam Heidenreich, Anna Bruders, Mark Zierer

From **NOVICE TO SEASONED GARDENERS**, employee volunteers plant flowers on our properties and **TAKE A WEEKLY TURN** picking up debris. I've seen **MANY CHANGES THROUGH THE YEARS** and clearly we're **ENERGIZED BY NEW EMPLOYEES** who are eager to learn, and **OLDER EMPLOYEES WHO EMBRACE CHANGE.**

LAURA MICHNA
Assistant VP of Administration
(13 years of service)

BRAND NEW ENERGY.



INFORMATION TECHNOLOGY & MARKETING



BOARD OF DIRECTORS (L-R)

Thomas A. Kaupp, President
Image Makers Advertising, Inc.
Bartley L. Munson, Actuarial Consultant
Munson & Associates
Seated: **Stuart H. Warrington**
Retired Insurance Systems Executive

Vincent P. Lyles, President/CEO
Boys & Girls Clubs of Greater Milwaukee
John R. Linscott Jr., M.D.
Board Certified Family Medicine
David M. Kane, President/CEO
Badger Mutual Insurance Co.

D. Lisa Graff, Retired Corporate Counsel
Dematic Corp.
Steven C. Klima, CPA
Financial Consultant
David L. Springob, Retired Chairman/CEO
Catholic Family Life Insurance

Seated: **Robert W. Smith**, Retired Asst.
Corp. Controller, Johnson Controls, Inc.
Roy R. Bubeck, Retired Chairman/CEO
Badger Mutual Insurance Co.
Santino R. Cicero, Retired Senior VP
BMO Harris Bank



COMMERCIAL LINES



PERSONAL LINES

I LOVE WORKING for Badger Mutual thanks to my coworkers and our office environment—and we have a **BRAND NEW HEALTH CLINIC** here on-site.

GUADALUPE MAGANA, Accounts
(8 years of service)

To me, **THE THEME** means that we've made several changes recently to make us a **BETTER COMPANY**, which allows us to better meet the needs of customers. We are **MOVING IN THE RIGHT DIRECTION**.

JENNIFER ZUBEK, Receptionist
(15 years of service)

"BRAND NEW ENERGY, SAME BIG HEART" says we're a 125-year-old plus company **CONTINUING TO COMPETE** for business with all types of other carriers—we **ADAPT** to what consumers and agents want and need.

CHRISTOPHER KLEMENS, Senior Claims Examiner
(5 years of service)

Top reasons consumers and businesses **CHOOSE BADGER MUTUAL** are our competitive rates and overall customer **SERVICE**—including direct communication with a **REAL PERSON FROM THE FIRST CALL**.

JAMES KAUFMAN, Retired VP of Administration
(20 years of service)

I am still impressed by the **CLOSE-KNIT FAMILY** atmosphere at Badger Mutual. The theme says we **CARE FOR OUR CLIENTS THAT SAME WAY**—the way we always have—but with **NEW FACES AND POSITIVE CHANGES**.

TYLER PROTZ, Account Underwriter
(1 year of service)

One of the top reasons our customers choose Badger Mutual Insurance? They know that they'll get the coverage they need from a local company that **GOES ABOVE AND BEYOND STANDARD CUSTOMER SERVICE**.

JEFF SLADKY, President/Owner,
Capital Insurance Agency of WI Inc
Brookfield, WI (since 1977)



CLAIMS



CLAIMS



OFFICERS (L-R)

Dan Nigro, Vice President IT/Marketing and Secretary
Laura Michna, Assistant Vice President Administration
Darrin Groendal, Vice President/Chief Financial Officer

David Kane, President/CEO
Karen Kirk, Vice President Human Resources

Kathy Bubeck, Vice President Claims
Brian Wiza, Vice President Underwriting



Sean Costello, Regional Manager (IL, MI, IA, UT, ID, and WY)
Jim Serpe, President Serpe Insurance Agency (Chicago, IL)

Brian Baker, Owner Red Rock Insurance Agency (Las Vegas, NV)
Joe Eden, Partner Giese & Eden Insurance Group LLC (Flagstaff, AZ)
Jeff Limberg, Regional Manager (AZ and NV)

Mike Haeger, Regional Manager (Milwaukee & Green Bay, WI and MN)
Brian MacGillis, President MacGillis Insurance Agency Inc. (Fredonia, WI)

Bruce Barlow, President Barlow Insurance Agency (Bloomer, WI)
David Wade, Regional Manager (Northern Wisconsin)

BMI MEETS WEST/MIDWEST: PARTNERSHIPS PERFECTLY ALIGNED FOR PERSONAL CUSTOMER CARE

BRAND NEW ENERGY?

I have always thought of Badger Mutual as having energy. And as for the **BIG HEART**—no question. Having been with Badger Mutual for seven years, I have always thought they have been very supportive and willing to work with my agency. With very competitive prices and quick responses on quotes, I can get back to a potential customer and show him our **DEDICATION TO CUSTOMER SERVICE**. These are only a few of the many ways that Badger Mutual Insurance continues to help not only my agency, but all of Badger’s agencies.

MICHAEL ANDERSON, President, MEA Insurance Agency
Finland, MN (since 2008)

Badger Mutual is a **ROCK-SOLID COMPANY**—with people who are there when you need them most. Their reps are awesome and their underwriters are a great bunch to work with as well. **YOU CAN’T PUT A PRICE ON THE COVERAGE OPTIONS AND PLANS THEY GIVE TO ME AND MY AGENCY.** They are loyal to their customers and agents, and they’re not into ‘price gouging’ our clients. Thank you, Badger Mutual, for all you do for the clients, the agents, and our communities.

DAVID EILER, Owner, Eiler Insurance Agency LLC
Fairwater, WI (since 1998)

TOP REASONS CUSTOMERS CHOOSE BADGER MUTUAL

COST, EASE, SPEED, PEACE OF MIND that everything is covered, and security of personal data.

STEVE LADD, President, Ladd Agency
Menomonee Falls, WI (since 1993)

It all **STARTS WITH OUR AGENCY FORCE.** They are the frontline professionals who communicate the BMI brand message: **WE ARE A FINANCIALLY SECURE INSURANCE COMPANY WITH HOMETOWN VALUES.**

BRIAN WIZA, Vice President Underwriting
(corporate, 13 years of service)

Badger Mutual is **STEADFASTLY COMMITTED TO THE INDEPENDENT AGENT.** At all levels, executives and staff are approachable and considerate. On those rare occasions when justified change of direction is needed, Badger Mutual communicates clearly with its agents, working in true partnership. **IN AN INDUSTRY WHERE COMPETITORS ARE GROWING EVER MORE IMPERSONAL, BADGER MUTUAL STANDS OUT FROM THE COMPETITION.** It is a privilege for us to represent Badger Mutual.

WES THEW, President, Flagstaff Insurance Inc
Flagstaff, AZ (since 2007)



Make-A-Wish has provided nearly 5,000 Wisconsin children and families with life-threatening medical conditions the gift of a wish. In the 2015 Walk & Run for Wishes, our company raised over \$11,500 to help grant wishes for two more children—this brings our grand total to 67 wishes granted!

United Way is a nonprofit organization that unites partners from various organizations to work toward common goals to better the community. Our employees donated \$23,042.90 to the United Way campaign in 2015—the company matched that for a total donation of \$46,085.80.

The Sixteenth Street Community Health Center offers quality healthcare and health education to underserved patients throughout Greater Milwaukee. In 2015, we received the Community Impact Award for our participation in the Girls on the Run event which promotes self-esteem and positive thinking.

The United Community Center (UCC) provides personal development programs to area residents of all races and ages in education, cultural arts, recreation, community development, and health and human services. We partner with UCC to honor outstanding achievements by the community's youth.

Boys & Girls Clubs of Greater Milwaukee is the largest youth-serving agency in the city, promoting academic and career success for every member. Each year, our company wraps and donates Christmas gifts for those in need. We collected over 120 gifts in 2015—and Santa and Mrs. Claus even made an appearance.

This Badger Mutual Insurance Women's Amateur Golf Tournament is one of the largest in our area and benefits the nonprofit social service agency My Home, Your Home and the Sojourner Family Peace Center, a nonprofit provider of domestic violence prevention.



ACCOUNTING

At Badger Mutual, I see a company that does more than make a donation. We're a **CIVIC LEADER** in Milwaukee, dedicated to programs that benefit the city. Our business is **EQUALLY COMMITTED** to doing what's best for the city—and those who trust us with their property and security.

JOHN GAW, Claims Consultant (6 years of service)



ADMINISTRATIVE & HUMAN RESOURCES

Why did I choose to work at Badger Mutual? The **CULTURE** and atmosphere made it a clear decision. HR made me feel very comfortable, reassuring me that I would be working with a **GOOD-NATURED COMPANY**. Dedication to community speaks to the **COMPANY'S GOOD WILL**—that's important for me.

DAN MCNEELY, Claims Examiner (1 month of service)

STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31

ASSETS	2015	2014	LIABILITIES & SURPLUS	2015	2014
Cash & Short-Term Securities	\$11,577,246	\$18,170,745	Reserves for Losses & Adjusting Expenses	\$54,673,878	\$53,667,513
Bonds (Amortized Cost)	117,423,563	109,183,445	Reserve for Unearned Premiums	41,906,528	42,177,496
Stocks (Market Value)	9,594,158	6,326,586	Reserve for General Expenses	4,609,600	5,058,892
Mortgage Loans	2,110,395	2,867,506	Reserve for Premiums Paid in Advance	1,316,207	1,280,199
Real Estate	7,151,449	7,636,174	Reinsurance Payable	845,919	1,080,876
Accrued Investment Income	701,010	876,985	Reserve for Federal Income Taxes	0	53,984
Premium Balances	14,806,743	14,953,387	Reserve for Pension Benefits	5,910,722	2,236,651
Company Owned Life Insurance	4,353,541	4,198,564	Reserve for Other Liabilities	646,669	690,247
Deferred Taxes/ Federal Taxes Receivable	6,064,526	3,777,544	Policyholder Surplus	64,155,125	61,905,842
Loss Recoverable from Reinsurers	48,482	103,409	Total Liabilities & Surplus	\$174,064,648	\$168,151,700
Computer Hardware	233,536	57,355			
Total Assets	\$174,064,648	\$168,151,700			

SAME BIG HEART.

Longtime and loyal customers and businesses **CHOOSE US** because we have **COMPETITIVE RATES**, offer discounts, and we have a good loss history. Staff is **EASY TO CONTACT**, and changes and claims are handled quickly. We are **USER-FRIENDLY** so customers can pay and review their accounts online.

RHONDA PARYS

Personal Lines Senior Account Underwriter
(19 years of service)



OPERATING RESULTS

STATEMENT OF INCOME

	2015	2014
Premiums Written	\$98,626,959	\$100,737,883
Change in Unearned Premiums	270,968	(398,066)
Reinsurance Ceded	(7,671,944)	(7,740,968)
Premiums Earned	\$91,225,983	\$92,598,849
Losses Incurred	\$54,407,750	\$58,343,768
Loss Adjusting Expenses Incurred	9,042,888	10,355,136
Underwriting Expenses Incurred	26,059,628	26,262,332
Underwriting Gain (Loss)	\$1,715,717	(\$2,362,387)
Net Investment Income	\$1,976,123	\$4,356,074
Other Income	502,628	545,664
Dividends to Policyholders	(99,127)	(53,925)
Federal Income Taxes	54,535	54,014
Net Gain (Loss)	\$4,040,808	\$2,431,412
Net Premium/Surplus Ratio	1.42	1.50
Percentage Growth in Premiums Written	-2.25%	1.15%

ROY R. BUBECK

RETIRED CHAIRMAN/CEO

Chairman/CEO 2012-2015 and President 1998-2012
(29 years of service)

It seems like yesterday that I started working at Badger Mutual Insurance Company. And it's true—time flies when you enjoy what you're doing. A special part of my journey has been the relationships that I have made, which have made the past 29 years of my career so incredibly rewarding.

To me, **OUR THEME** means that while we continually adapt to changes in our industry and society, the **COMPANY'S DEDICATION** to its policyholders, agents, community, and employees **REMAINS THE SAME.**

DAVID WADE, Regional Manager (34 years of service)

