

Workers' comp solutionists



2019 Annual Report

A photograph of a middle-aged man with short, dark hair, smiling. He is wearing a dark suit, a white shirt, and a patterned tie. He is standing on a light-colored stone staircase with a dark, ornate metal railing. The background is slightly blurred, showing more of the staircase and the building's architecture.

President's Message

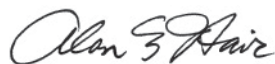
Transition/Transformation

In 2020, we live and work in an environment that drives change and transformation. The way we communicate and share information, recruit and retain team members, and utilize new technological innovations are evolving rapidly before our eyes. In response, organizations are transforming long-standing policies and processes to adapt to a changing workforce and to adopt innovations that promise to improve productivity and operating results.

FFVA Mutual is also in a process of transition as we have said bon voyage to Craig Menzl, FFVA Mutual's respected President/CEO for the past 20 years, and have reorganized and expanded our leadership to provide effective and experienced direction to our highly motivated team of insurance professionals into the next decade. FFVA Mutual is also in the final stages of replacing legacy insurance systems by implementing systems using modern technology that will provide an enhanced user experience, an improved ability to integrate and share information, and greater efficiency and flexibility for internal processes.

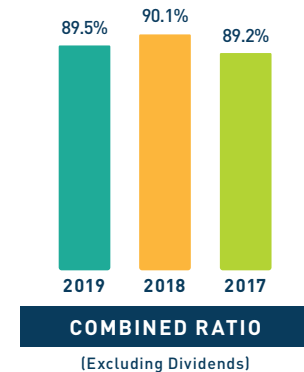
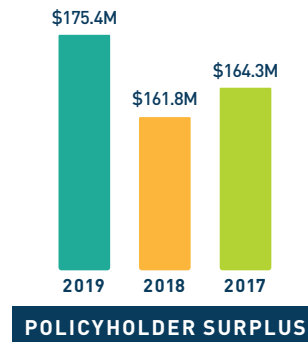
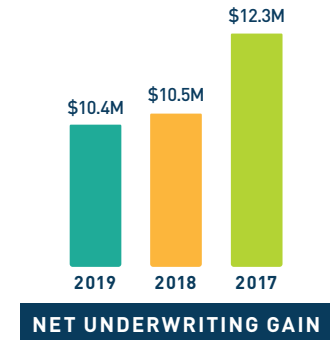
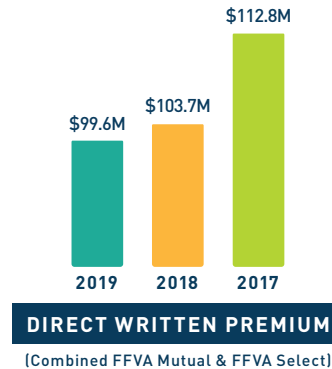
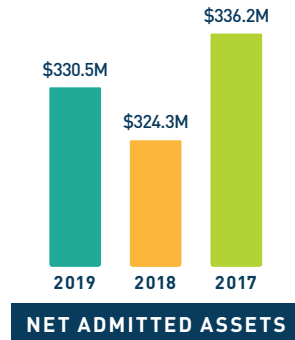
While "how" we do business is adapting and transforming, "why" we are in business remains the same. In the midst of this transformational disruption, FFVA Mutual will hold fast to the core values and principles that have guided us for over 60 years. Together, our Solutionists will make FFVA Mutual the best choice for workers' compensation insurance in the Southeast, while enhancing this organizations reputation as a desirable place to work.

Sincerely,

A handwritten signature in dark ink that reads "Alan Hair". The signature is fluid and cursive, with a vertical line separating it from the typed name to its right.

Alan Hair
President & CEO

Financial Highlights



\$12.1 million 2019 Dividend Payout*

*FFVA Mutual's Board of Directors has a 100% record of awarding dividends to policyholders based on terms of various plans since the company's inception.

Results of operations

FFVA Mutual's **operating results and ratios continued profitable trends during 2019** while its balance sheet and capitalization continued to strengthen. The 2019 **net written premium** to policyholder surplus ratio was 56% compared to 64% in 2018. The ratio of liquid assets to adjusted liabilities is 223% indicating that liquidity is substantially more than adequate to meet all financial obligations. The Company's ratio of policyholder surplus to loss and LAE reserves was 157% indicating that for every dollar recorded in loss reserves there is another \$1.57 available in surplus. **These key indicators indicate FFVA Mutual's results of operations and capitalization compare favorably with its industry peers.**

In 2019, FFVA Mutual's reported **net income** of \$11 million was a result of continued solid underwriting combined with an improved investment income. The **net underwriting gain** for 2019 of \$10.4 million decreased 1.4% from \$10.5 million in 2018. **Premiums earned** of \$98.1 million for 2019 were down 5.4% from \$103.7 million for 2018. These decreases are a direct result of year over year rate decreases in all states combined with a continued competitive environment. The Company's underwriting results remained strong for the seventh consecutive year as a result of disciplined underwriting combined with effective safety initiatives and proactive claims handling.

The Company's **combined ratio** (including dividends and other income/expense) increased from 101% for 2018 to 102% as the Company's LAE and dividend ratios increased compared to prior year levels.

Net investment income earned increased 6.3% to \$7.0 million in 2019 as a result of investment in bonds earning more attractive yields and reduction of the cost of surplus notes interest due to redemptions. **Net realized capital gains** decreased from \$5.5 million in 2018 to \$4.1 million in 2019 as less capital gains were realized in 2019 than 2018 from rebalancing the equity and convertible bond holdings of the investment portfolio. The net result was an 8.5% decrease in **net investment gain** from \$12.1 million in 2018 to \$11.1 million in 2019.



FFVA Mutual has posted a net underwriting profit for **seven consecutive years**

WHY FFVA MUTUAL?

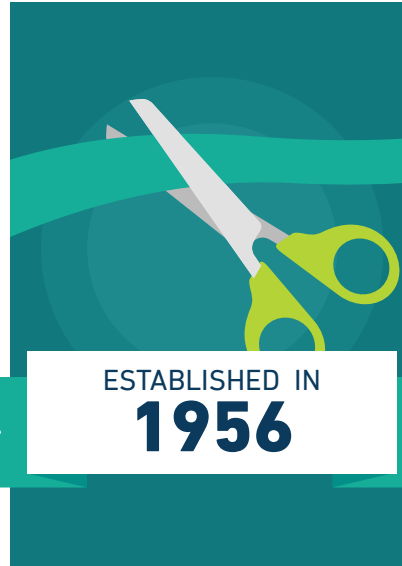
Discover the Difference

FFVA Mutual's Solutionists work alongside employers and agency partners to build proactive relationships that last. Our hands-on approach to workers' compensation helps us understand the unique needs of our customers, allowing us to deliver personalized underwriting, safety and claim services every business and employee deserves.



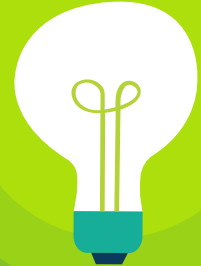
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**ELIGIBLE
CLASS CODES
IN ALL LICENSED
STATES**



ESTABLISHED IN
1956

DEDICATED ACCOUNT
SERVICE TEAM



OF SOLUTIONISTS



**LICENSED IN
10 STATES**



EXCEPTIONAL
SERVICE

+

PRODUCTS

=

HIGH POLICY
RETENTION



**RATING BY
A.M. BEST**

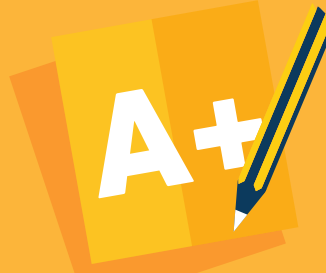
EXCELLENT, FCS VIII



OVER 133K
EMPLOYEES INSURED



**COMPETITIVE
PRODUCTS**



**REINSURANCE
PROTECTION**



TO



**PREMIUM
RANGE**

For nearly 65 years, our mission has remained constant—to be **RESPECTED, RELIABLE, AND RESPONSIVE** when it matters most.

TOP 5 WORKERS' COMP SOLUTIONS WE OFFER EVERY EMPLOYER

At FFVA Mutual our expert underwriting, safety and claim services help businesses thrive.

These 5 solutions are what makes us different and why employers renew with us year after year:

1

Hands-On Account Service Teams

We take a 360-degree approach to improve workplace safety and manage claims. Every employer insured by FFVA Mutual has a dedicated underwriter, safety consultant and claims adjuster.

2

Proactive Safety Services

Our safety team has a reputation for being one of the best when it comes to identifying workplace exposures and offering guidance to keep employees safe.

3

No-Cost Safety Training

Knowledge is priceless. All of our safety events, in-person training, and online resources are provided at no additional cost.

4

Designated Claims Adjusters

Our policyholders have a one-to-one relationship with their claims adjuster regardless of the number of locations or claim count.

5

Personalized Return to Work

After an accident or injury happens, we work closely with the employer and injured worker to transition them back to work as soon as possible.



corporate giving

Caring is Mutual, FFVA Mutual's volunteer program, provides impactful opportunities to serve local nonprofit organizations. Each calendar year our employees receive a paid day off to give back to their communities.

The mission of Caring is Mutual is to work with local community partners to provide intentional and meaningful interactions that benefit 3 Areas of Giving: Health, Community and Youth/Education.

The second annual FFVA Mutual Golf Invitational held November 4, 2019 raised \$25,000 to benefit Orlando Sports Foundation, an organization dedicated to raising funds and awareness to find a cure for cancer.

Eyes Set on the Future

FFVA Mutual's corporate *Vision* is to be an influential industry leader recognized for unparalleled service, strategic growth and financial strength.

While 2020 has brought significant challenges related to COVID-19, we remain optimistic about the future and are dedicated to supporting our agency partners, policyholders and employees through outstanding workers' compensation products and services that strengthen *Relationships at Work*.

FFVA Mutual will continue to:

- Attract and retain expert workers' comp *Solutionists*
- Concentrate on markets where it can underwrite profitably
- Deliver exceptional underwriting, safety and claims services through a unique account service team approach
- Invest in digital transformations to enhance operational efficiencies and customer experiences
- Maintain a strong market position through innovative products
- Pursue a long-term objective of controlled profitable growth

“For over 15 years, I have had the privilege of serving on FFVA Mutual’s Board of Directors.

FFVA Mutual is second to none in providing gold-standard service to its policyholders and agents. Its executive team is seasoned and proactive, and its claims staff sets the industry benchmark in fair, effective and knowledgeable claims handling.”

- Robert C. Barrett , Esquire

Board and Executive Staff

Board of Directors

Les W. Dunson, III, Chairman

Glenn R. Rogers, Vice Chairman

**Alan Hair, President & CEO,
FFVA Mutual**

Charles T. Ranson

James Warmus

Michael Stuart

Morgan H. Roe

Peter S. Harllee, Jr.

Robert C. Barrett

FFVA Mutual Executive Staff

Alan Hair, President & CEO

Bob Lehnen, Vice President,
Underwriting

Bruce Clement, Vice President,
Investments

Fred Allen, Vice President, IT

Halston Fernandez, Secretary/
Vice President, Finance &
Accounting

Jose Ramos, Vice President,
Safety & Loss Control

Melissa Hide, Vice President,
Marketing

Sandra Riding, Vice President,
Claims



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Tel: 321-214-5300

ffvamutual.com

Customer Service
800-346-4825

Claims Support
800-226-0666

Thank you to the FFVA Mutual employees, agents and policyholders featured in this Annual Report.