



NLC
MUTUAL
INSURANCE COMPANY



**Celebrate
Success!**



2023
Annual Report



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A Year to Celebrate!

We are achieving more by working together. We have become a more agile and resilient company with a strengthened platform for long-term growth. Our 2023 performance is clear evidence of that transformation as we continue to focus on our members by building community and trust. Our Mutual family has never been stronger, and we are celebrating achieving our successes together.

Our gross premiums rose to \$65 million, a 27% increase in just one year. We added two new state league endorsed municipal pools to our Mutual family – welcome Maine Municipal Association Property and Casualty Pool and Oklahoma Municipal Assurance Group! Our surplus grew by \$23.8 million over 2022, an 11% increase, and we were able to share our profits with our members even in a turbulent investment arena. Our RBC ratio increased from 504% to 514% which reinforces our financial stability and our promise to pay claims today and in the future.

The celebration continues with our highly successful Mutual Insights program. Our members are able to access their dashboards and use the information in myriad ways to most effectively use the data for themselves and their members. Mutual also uses this information in our data governance and to track national claims trends that are occurring in the municipal sector.

A celebration of a growing membership also means a growing Board. As each member has a representative on our Board, they also have an opportunity to provide insight and share their expertise which contributes to Mutual's success. And this success leads to our working with member pools not only to provide reinsurance, but also to respond to other member needs in conjunction with insurance. Our two co-branded Mutual & RISC projects, the Cyber Best Practices Pilot and Claims Adjuster Talent Pipeline are two examples of the work that is being brought forward to inure to the benefit of our Mutual community.

Our performance this year would not have been possible without our dynamic, dedicated, and effective team. We would like to thank our fantastic employees, whose continued outstanding efforts have led to this year's successes and are the main reason that we can look back at another strong year and have cause to celebrate. We are a purpose-driven company powered by committed and dedicated people who work to serve our members, our communities, and make a difference. We achieve more by working together, including our work with the National League of Cities.

We have proven our ability to navigate challenges that come our way, and we look forward with confidence to the opportunities ahead of us. Mutual was built on a foundation that supports our thoughtful and disciplined approach to everything we do. We know that good enough is simply not good enough. While we celebrate our members and our team, we will continue to stand as a pillar of strength and stability with a commitment to organizational resiliency and dedicated to delivering maximum impact.



Jill L. Eaton
President & CEO



Ian C. Ridlon
Chair, Board of Directors

Mission

The purpose of NLC Mutual Insurance Company is to meet the reinsurance, risk financing, and risk management needs of the state municipal league sponsored municipal risk pools throughout the United States through:

- Anticipating and responding to the reinsurance needs of its membership in a changing environment;
- Tailoring quality reinsurance and risk management programs to meet its membership's requirements;
- Ensuring the availability of reinsurance programs that reflect adequate pricing and sound loss reserving to promote long term sustainability; and,
- Creating stability in the marketplace by providing required capacity for its membership.

Core Values

Equal Voice

NLC Mutual is a member owned and governed organization, and each participating member has an equal voice in directing NLC Mutual in the successful execution of its mission.

Commitment

All members share a mutual commitment to act in concert to address the challenges and perfect the opportunities encountered by NLC Mutual.

Expertise

NLC Mutual openly shares its information, expertise and resources for the common good of all members.

Financial Strength

NLC Mutual and its membership operate with sound insurance expertise, disciplined decision-making, and expert delivery of services, all of which build financial strength and ensure successful, continued operation.

Committed Team

NLC Mutual is committed to assembling and maintaining a team of professional staff and service providers who are totally dedicated to serving the interests of the entire membership.

Diversity, Equity, & Inclusion

We are a Company that values diversity. We will actively provide opportunities to be inclusive of all people and to build racial equity and diversity into our workforce, especially recognizing the importance of inclusivity with BIPOC employees within our membership, partnerships, the industry, and educational institutions.

Relationship with NLC

Lastly, we value the relationship with the National League of Cities, which is of utmost importance to the success of the Company. The Company will strive to maintain a mutually beneficial relationship with NLC.

NLC Mutual & NLC-RISC: Stronger Together

NLC-RISC (Risk Information Sharing Consortium) was formed as a program of the National League of Cities in 1982 at a time when the insurance market stopped providing coverage to local governments. In response, state leagues formed risk and insurance pools and looked to NLC to support the pooling community with opportunities for information sharing, education, networking, and resources. This would help pools improve risk management for their members and reduce losses specific to local government.

Simultaneously, commercial insurance carriers also stopped providing critical reinsurance coverage to public entity pools. As a result, several state league directors banded together and in 1986 formed NLC Mutual Insurance Company to provide the needed insurance support in Workers' Compensation, Liability, and Property.

Today, both organizations work closely together to serve as a trusted source by working with our members to share information, expertise, thought leadership, and provide solutions to meet their members' needs. We develop program offerings designed to help address the critical issues facing your pool and the communities you serve. While there are separate RISC and Mutual programs, we prioritize working together to provide even more services to our members.

Cyber Pilot

Launched a cyber pilot in partnership with the Association of Washington Cities and VC3 to provide best in class cyber solutions to reduce the cyber risks and liabilities.

Claims Adjuster Talent Pipeline

Launched in partnership with Safari and Vale Training to support pools' recruitment and training efforts for entry level or new to claim adjuster positions.

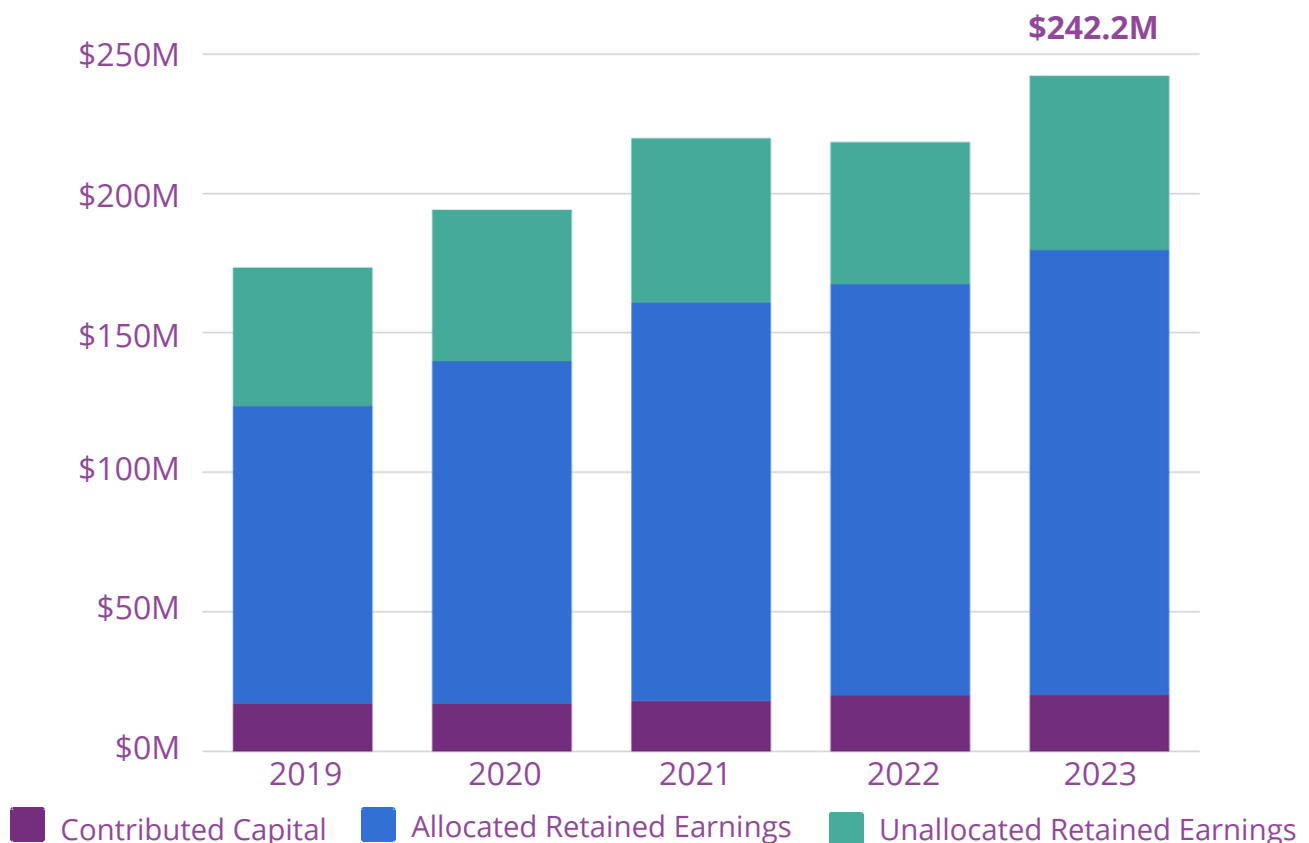
Racial Equity Advisory Group (REAG)

REAG works to provide learning opportunities, resources, and guidance on racial equity to the members of both NLC-RISC and NLC Mutual.

Financial Position

We are pleased to announce a year of significant financial growth in 2023. Total earnings surged to \$16.5M, reflecting an increase of \$8.9M compared to the prior year. This impressive performance was driven by a thriving reinsurance market, with gross written premiums rising 27%. While losses did increase year-over-year, the substantial rise in premiums effectively offset this, resulting in a healthy underwriting income of \$3.1M. Additionally, the Company capitalized on market opportunities, achieving a \$4.4M increase in net investment income due to higher yields and reduced net realized losses, underscoring the effectiveness of our investment strategies. We maintained a strong financial position throughout the year. The statutory surplus reached an all-time high of \$242.2M, fueled by substantial net income and a \$7.2M improvement in the unrealized position of risk assets. Such a robust financial standing underscores the Company's unwavering commitment to long-term stability and member security.

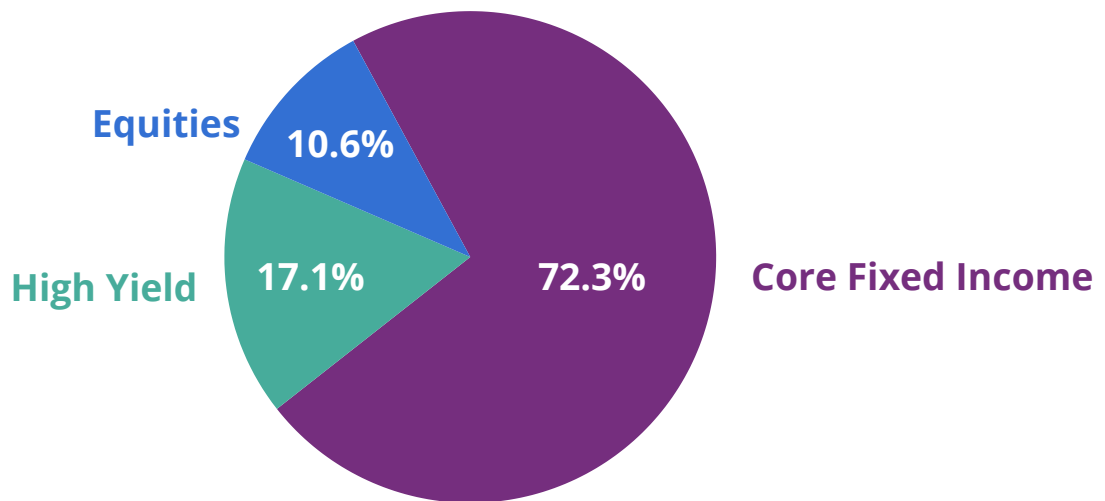
Member Surplus



Investment Highlights

In 2023, we recognized net investment gains of \$15.5M on our statutory income statement. At year-end, our total portfolio book yield was 3.96% which represents a 13% increase over the prior year. We increased investment income through a combination of reallocating holdings and taking advantage of higher yields available in the market. The largest allocation in the portfolio remains the investment grade bond portfolio. This portfolio is high quality and well diversified with an average rating of A+. The maturity profile and composition of securities is aligned with expected claim needs in the future.

Investment Allocations Market Values



Book Yield

Year	Total Portfolio
2023	3.96%
2022	3.51%
2021	3.14%

Member Earnings

We continue to prioritize the long-term financial prosperity of our members, holding firm to our foundational belief in mutual profitability. We are delighted to announce another year of returning substantial value to our members. In 2023, we marked our eighth consecutive year of dividends, with the 2023 dividend totaling \$2.1M. Moreover, we also allocated \$12.9M of surplus to our members' accounts. Our members benefited from a robust annual average return rate of 9% in 2023. This ongoing achievement is a testament to our commitment to supporting our members in reaching their financial aspirations.

Annual Member Earnings

Year	Declared Dividend	Declared Allocation	Member Earnings
2023	\$2,097,248	\$12,903,643	\$15,000,891
2022	\$538,198	\$4,461,802	\$5,000,000
2021*	\$4,107,033	\$17,342,694	\$21,449,727
2020	\$3,676,334	\$15,615,943	\$19,292,277
2019	\$1,891,809	\$10,150,399	\$12,042,208

*A one-time special allocation of \$5M was declared to all current members in recognition of the difficulties pools were facing during the pandemic.

8th Consecutive Year of Dividends

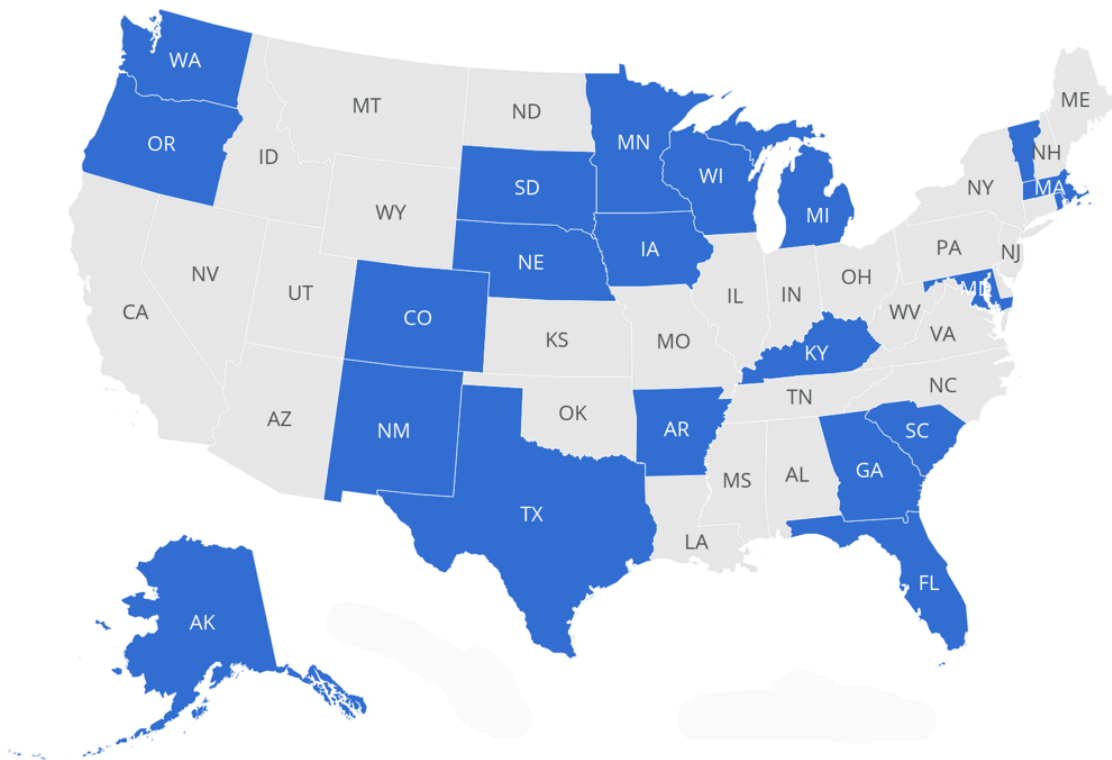
2023 Average Member Rate of Return: 9%

Mutual Insights

Mutual Insights Expands Domo Capabilities

Domo, a complimentary service available to all Mutual members, continues to be a valuable tool for participants in the Mutual Insights program. New state pools have joined, and usage within each pool has grown. To accommodate that growth, we have negotiated a new contract with our vendor which provides enhanced capabilities, like embedding dashboards directly into member websites. New scripting capabilities are now accessible to perform data science analysis. These premium modules, which formerly required each interested pool to purchase, are also now included at no charge to all members.

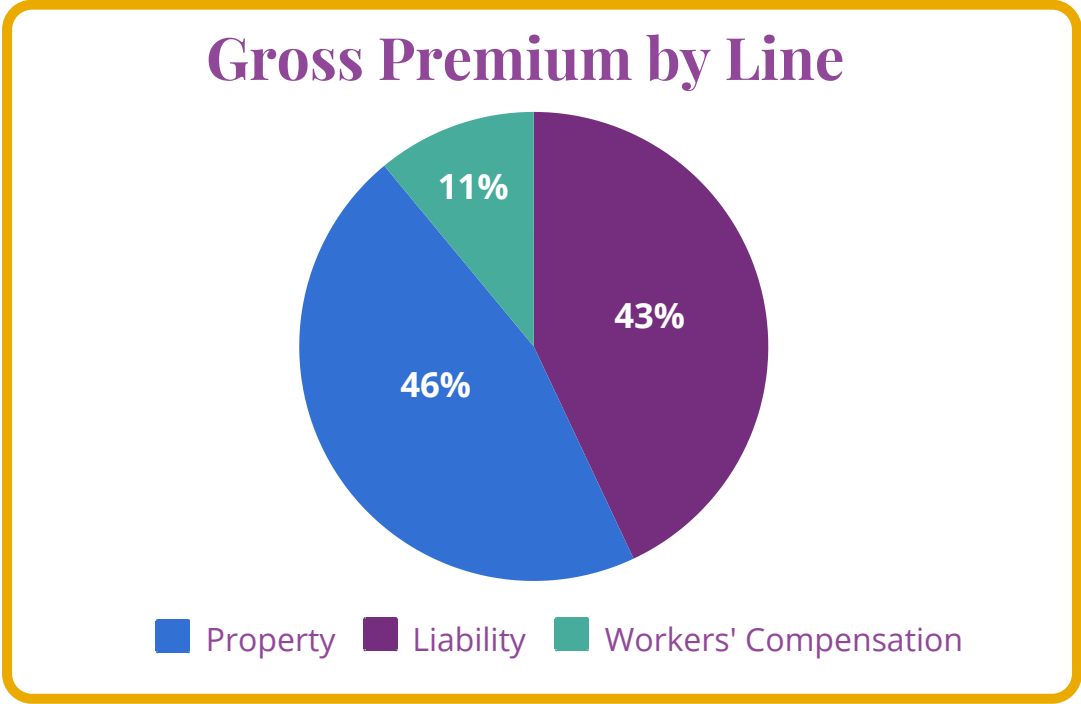
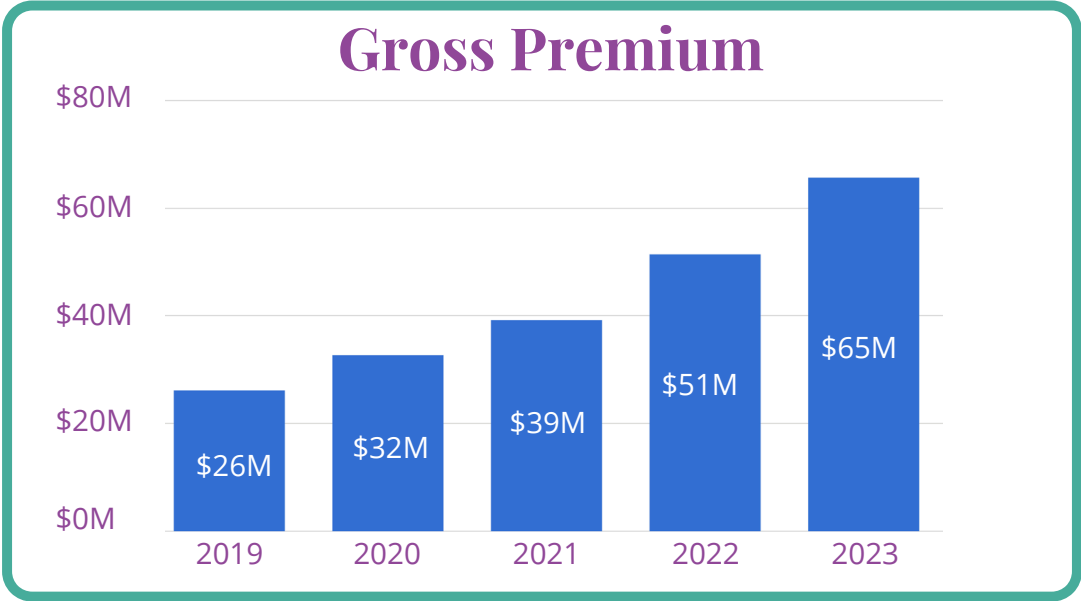
Mutual Insights Members



Kentucky Joined Mutual Insights in 2023

Underwriting

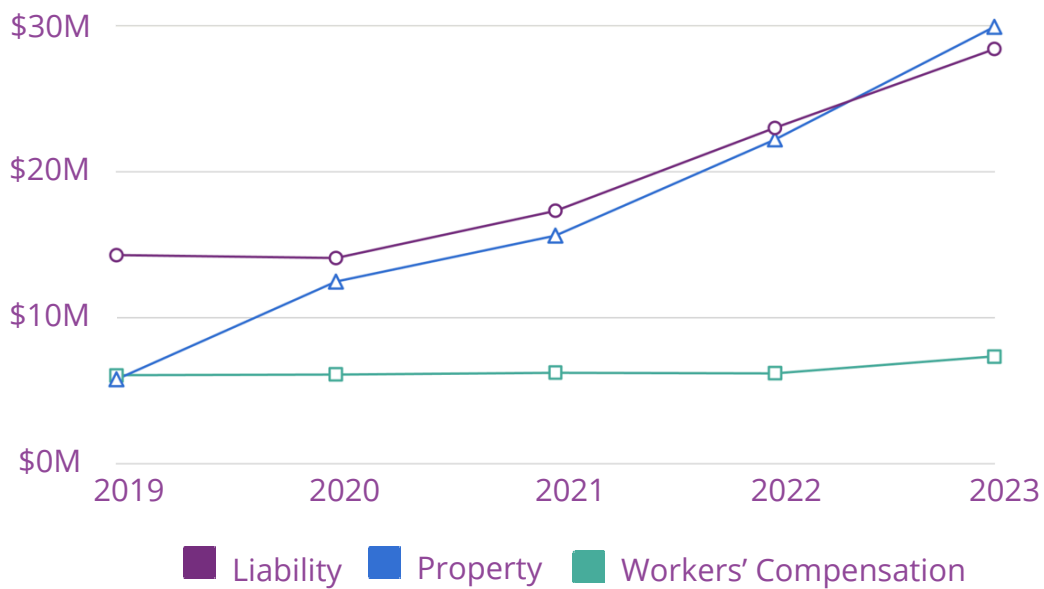
Underwriting year 2023 was full of successes! We hit a record high in written premium, with total premium of more than \$65M. Welcoming new members to NLC Mutual and welcoming existing members back to purchasing status created this growth. We now serve 31 members in 30 states. This is a testament to our work, which is to provide value and create solutions for members.



Underwriting

Underwriting year 2023 saw large growth to our property line of business. Year-over-year, our net expense ratio continued to decline, which is one of the factors that allows us to be competitive compared to the commercial market.

Premium History by Line of Business



Calendar Year Combined Ratios

Year	Net Expense Ratio	Loss Ratio	Combined Ratio
2023	11%	82%	93%
2022	14%	94%	108%
2021	17%	54%	71%
2020	19%	54%	73%
2019	28%	67%	95%

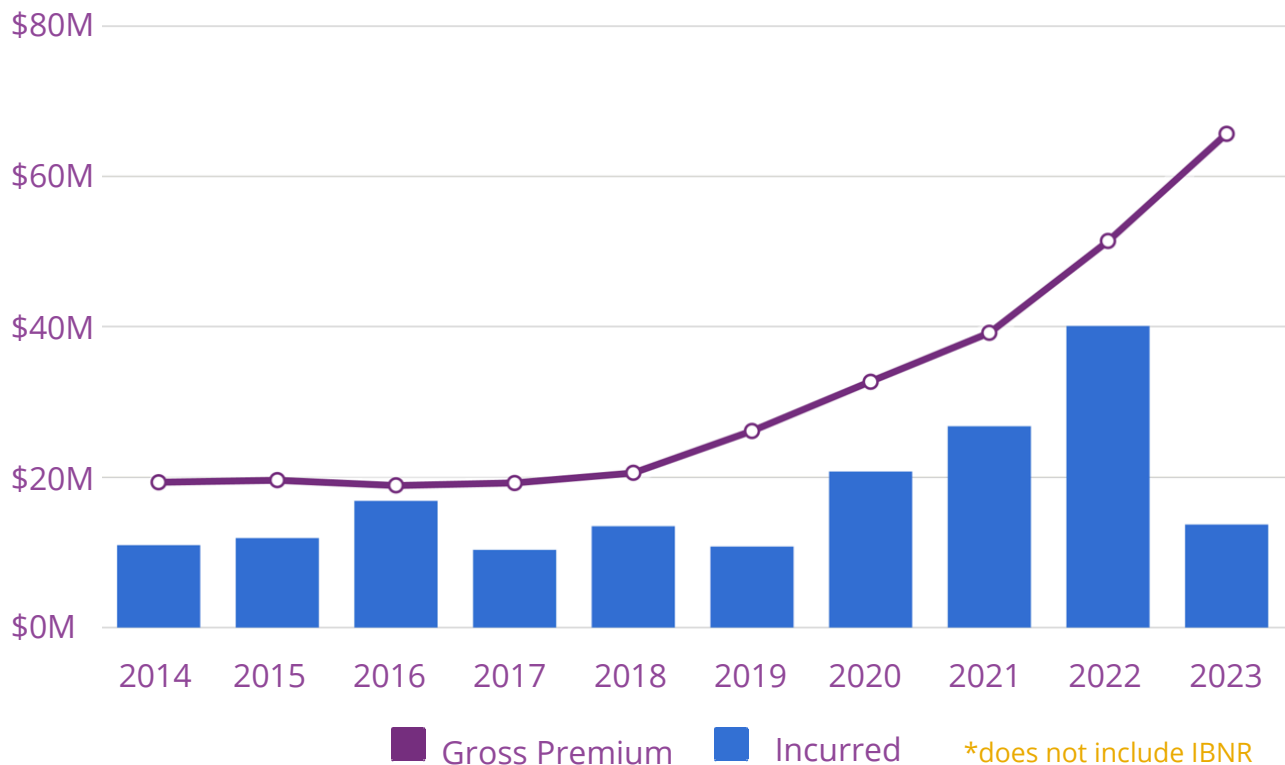
Claims Management

In our unwavering dedication to the public entity risk pooling community, we stand resolute in our mission as a member-powered organization. As valued members encounter increasingly intricate claims, our approach to collaborative claim resolution serves as a testament to our steadfast commitment.

\$40.35M Paid Losses to Members in 2023

When the need arises, we provide expertise and comprehensive claims management support, standing firmly by our members during times of loss. Together, through collaboration, we navigate the intricate landscape of claims, reinforcing the resilience of our organization and the communities our members proudly serve.

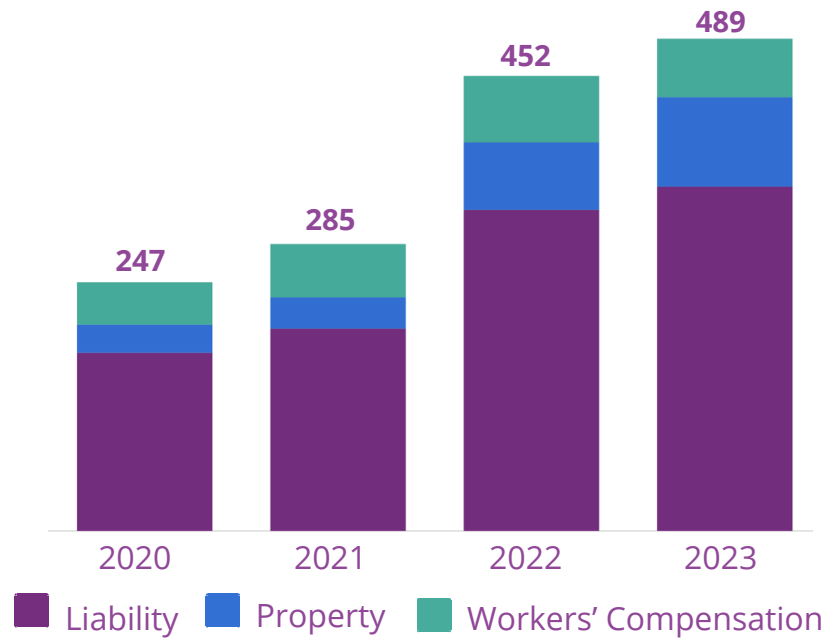
Gross Premium vs Case Incurred*



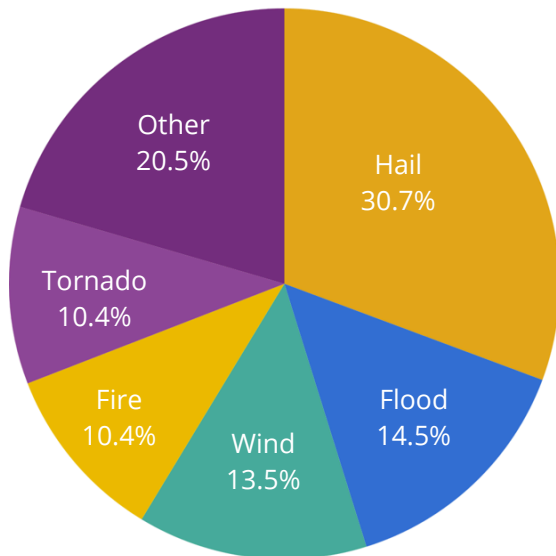
Claims Results

The 2023 losses can be attributed to claim activity within the Property line, primarily stemming from climate-related incidents. The legal immunities traditionally afforded to public entities are now under heightened challenges, exerting increased pressure on liability outcomes. Workers' compensation remains a favorable performer.

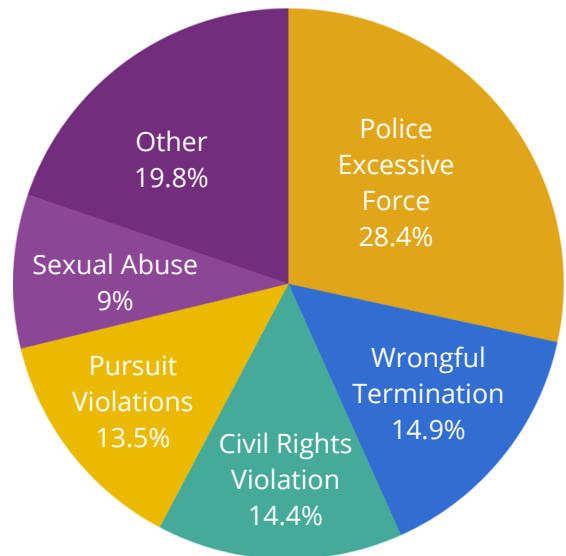
All Open Claims Reported



Incurred Property Losses



Incurred Liability Losses



Membership

Alaska Municipal League Joint Insurance Association, Inc.

Kevin Smith, Board Member

Arizona Municipal Risk Retention Pool

Tom Belshe, Board Member

Arkansas Municipal League

Mark Hayes, Board Vice Chair

Association of Washington Cities Risk Management Service Agency

Carol Wilmes, Board Member

Citycounty Insurance Services

Patrick Priest, Board Member

Colorado Intergovernmental Risk Sharing Agency

Tami Tanoue, Board Member

Connecticut Interlocal Risk Management Agency

David Demchak, Board Member

Florida Municipal Insurance Trust

Jeannie Garner, Board Member

Georgia Municipal Association Risk Management

Stan Deese, Board Member

Illinois Municipal League Risk Management Association

Brad Cole, Board Member

Iowa Municipalities Workers' Compensation Association

Jeff Hovey, Board Member

Kentucky League of Cities Insurance Services

J.D. Chaney, Board Member

League Association of Risk Management

L. Lynn Rex, Board Member

League of Minnesota Cities Insurance Trust

Dan Greensweig, Board Member

League of Wisconsin Municipalities Mutual Insurance

Matt Becker, Board Member

Local Government Insurance Trust

Theresa Kuhns, Board Member

Maine Municipal Association Property and Casualty Pool

Michelle Pelletier, Board Member

Massachusetts Interlocal Insurance Association, Inc.

Stanley Corcoran, Board Member

Michigan Municipal League

Michael Forster, Board Member

New Mexico Self Insurers' Fund

AJ Forte, Board Member

North Carolina League of Municipalities

Bryan Leaird, Board Member

Oklahoma Municipal Assurance Group

Suzanne Paulson, Board Member

PennPRIME Insurance Trust

John Brenner, Board Member

Public Entity Partners

Michael Fann, Board Member

Rhode Island Interlocal Risk Management Trust

Ian Ridlon, Board Chair

Municipal Association of South Carolina Risk Management Services

Heather Ricard, Board Member

South Dakota Municipal League Workers Compensation Fund

South Dakota Public Assurance Alliance

Lynn Bren, Board Member

Texas Municipal League Intergovernmental Risk Pool

Jeff Thompson, Board Second Vice Chair

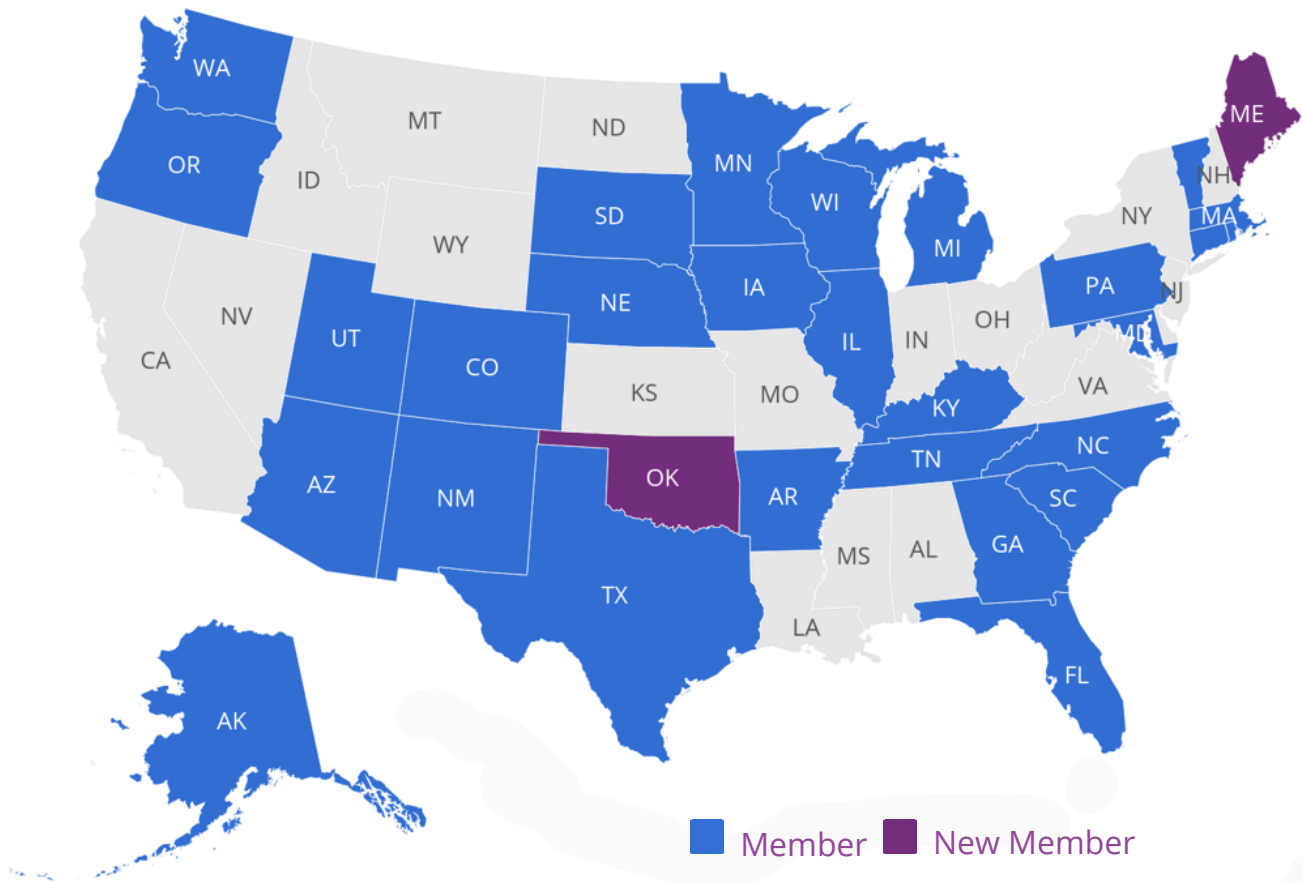
Utah Local Governments Trust

Steve Hansen, Board Member

Vermont League of Cities & Towns

Joe Damiata, Board Member

31 Members in 30 States



Anniversaries

35 Years

Maryland

Utah

30 Years

Rhode Island

Vermont

20 Years

Colorado

New Members in 2023

Maine Municipal Association Property and Casualty Pool

In June 2023, the Board voted to approve Maine as a new member, with business effective July 1, 2023.

Oklahoma Municipal Assurance Group

In September 2023, the Board voted to approve Oklahoma as a new member, with business effective October 1, 2023.

Officers

Board Officers



CHAIR
IAN C. RIDLON
RHODE ISLAND INTERLOCAL
RISK MANAGEMENT TRUST



FIRST VICE CHAIR
MARK HAYES
ARKANSAS MUNICIPAL
LEAGUE



SECOND VICE CHAIR
JEFF THOMPSON
TEXAS MUNICIPAL LEAGUE
INTERGOVERNMENTAL RISK POOL

Executive Officers



PRESIDENT & CEO
JILL L. EATON
NLC MUTUAL



VICE PRESIDENT
CHRIS MCKENNA
NLC MUTUAL



VICE PRESIDENT
ERIN RIAN
NLC MUTUAL



SECRETARY
CLARENCE ANTHONY
NATIONAL LEAGUE OF CITIES



TREASURER
KATY GIFFORD
AIG

Board Committees

Executive

Ridlon, Chair

Hayes, 1st Vice Chair

Thompson, 2nd Vice Chair

Corcoran | Forster | Garner | Greensweig | Rex

Claims Management & Loss Control

Becker	Hansen
Bren	Kuhns
Corcoran, Chair	Leaird
Damiata	Ridlon, ex-officio
Fann	Wilmes
Forster	

Nominating

Chaney	Hansen
Forster	Leaird
Greensweig, Chair	

Donald Jones Scholarship

Brenner	Demchak
Damiata	Priest, Chair
Deese	Ridlon

Investment

Belshe	Hayes
Brenner	Ridlon, ex-officio
Cole	Smith
Demchak	Tanoue
Garner, Chair	Thompson

Fulginiti Legacy Award

Brenner	Demchak
Corcoran	Rex
Deese	

Underwriting

Chaney	Pelletier
Deese	Priest
Forte	Rex
Greensweig, Chair	Ricard
Hayes	Ridlon, ex-officio
Hovey	

Our Staff



JILL EATON
PRESIDENT & CEO



CARLTON AVENT
COMPTROLLER



CLAIRE BUCHWALD
SR. MANAGER, EDUCATION &
TRAINING, NLC-RISC



HEATHER BURGESS
UNDERWRITING MANAGER



DAVINA CAIN
UNDERWRITING ANALYST



RYAN DRAUGHN
DIRECTOR OF INFORMATION
TECHNOLOGY



AMY GABORIAULT
REINSURANCE ACCOUNTANT



RICARDO GOMEZ
REINSURANCE UNDERWRITER



MOIRA KENAH
REINSURANCE UNDERWRITER



CHRIS MCKENNA
VP & ACTUARY



ERIN PETERSON
SENIOR PROGRAM
SPECIALIST, NLC-RISC



ERIN RIAN
CHIEF OPERATING OFFICER



LENA SCARPULLA
SENIOR MEMBER
ENGAGEMENT SPECIALIST



MARK SNODGRASS
DIRECTOR, MEMBER DATA
STRATEGIST



JENNY WADE
GOVERNANCE MANAGER

New Claims & Underwriting System - Maverick

In March 2023, we proudly introduced Maverick, a web-based claims and underwriting system. This new system is the culmination of nearly two years of collaborative efforts involving staff from the claims, accounting, IT, and underwriting departments, in conjunction with Buildable (software development company). Maverick creates substantial efficiencies across the organization allowing us to better serve members. This is a huge accomplishment for the team and a result of hard work and a dedicated staff!

Celebrate Success!

2023 Highlights

\$65M

Gross
Premiums

27%

Gross
Premium
Growth

514%

RBC
Ratio

\$23.8M

Surplus
Growth

William F. Fulginiti Legacy Award

Robert (Bob) Haynes was named the third recipient of the **William F. Fulginiti Legacy Award** honoring the life and decades of service Bill provided the public entity community. The Board recognized Bob at the December Board dinner for his over 30 years of service to the pooling community, including as an NLC Mutual Insurance Company Director, 1996-2006 and 2014-2016. He served in the North Carolina League of Municipalities for 26 years and at TMLIRP for four years, leaving behind “contributions to our profession (that) will endure for generations to come with his legacy work.”



From Left to Right:
Dan Greensweig, Bob Haynes, Pat Fulginiti, and Ian Ridlon

Donald L. Jones Scholarship Award

In February, the Scholarship Committee reviewed 13 applications and awarded \$13,100 in scholarship funds to students in Alaska, Arkansas, Connecticut, Kentucky, Maryland, Minnesota, Oregon, and Rhode Island. Thanks to the outreach of NLC Mutual Board members, the scholarship program continues to be a success and benefit to our members. There is great value in promoting this program and encouraging employees and their children to apply. The application’s eligibility requirements for the 2024-2025 academic year were revised with the removal of “full-time” employment status and the expansion of the academic area of study.

Board Internship

Kyra Milton, Florida A&M University, was NLC Mutual's third Board Intern and the first to benefit from the expansion of the program by visiting a member state and participating in remote introductions. An unprecedented five applicants representing three HBCUs applied for the internship. Kyra's interest in information technology, her volunteer and work experiences, and her strong communication skills qualified her for this unique opportunity. Prior to the July Board meeting in Asheville, North Carolina, Kyra visited Vermont League of Cities and Towns (VLCT) and attended virtual introductions with 11 Board members and staff. Kyra concluded her internship experience with a presentation to the Board. The successful expansion of the program is a tribute to the Board's engagement, as well as the Company's commitment to equity, inclusion and enhancing career opportunities for all.



*During Kyra's (pictured center) visit to Vermont she was able to participate in an orientation with other interns at VLCT.

Team Retreat & Service Project

In September 2023 the NLC Mutual staff met in Santa Fe, New Mexico for an annual team retreat. Over a few days the team worked together on various projects, presentations, and team-building events. During one of the activities the team participated in strategic games and competition to build new bicycles which were donated to the Santa Fe Indigenous Center. During this visit the team got to soak in all the beauty within the great state of New Mexico! We also had the opportunity to tour the New Mexico State Capitol with our host AJ Forte, Executive Director, New Mexico Municipal League. A great opportunity for team building in one of our member states!



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