



65
years

2020 Annual Report

Workers' comp solutionists



President's Message

A year like no other

While 2020 began much like any other year, by March it became evident that it would be a year like none of us had ever experienced. An unprecedented global pandemic combined with domestic political divergence and social tensions across the country created an environment of uncertainty and anxiety that would test our preparation, determination, and ability to adapt and thrive.

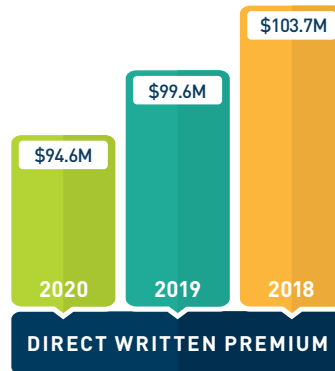
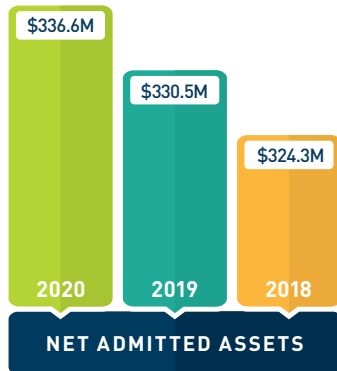
Looking back at 2020, I can enthusiastically report that our FFVA Mutual *Solutionists* responded thoughtfully and decisively to successfully guide the organization through this turbulent and uncertain period in history. Congratulations to our teams for quickly adapting to the circumstances and finding new ways to support our agents, service policyholders, and provide much needed benefits and medical care to injured workers while effectively implementing COVID-19 safety protocols to reduce potential risk to our employees and customers.

As 2020 fades into the rearview mirror, we are hopeful for continued positive developments that will lead to the end of the pandemic. We hope and pray that those most deeply impacted will recover physically, emotionally, and financially. While we were not able to reach the operational goals that were set for 2020, I am happy to report that FFVA Mutual achieved a profit, increased policyholder surplus by 5.6%, and realized modest growth in both insured policies and payroll. Our focus now shifts to look forward to what lies ahead. We believe that FFVA Mutual is poised to take *What Makes us Different* to the next level. Stay tuned for what's next!

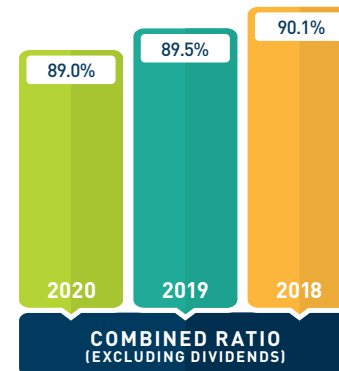
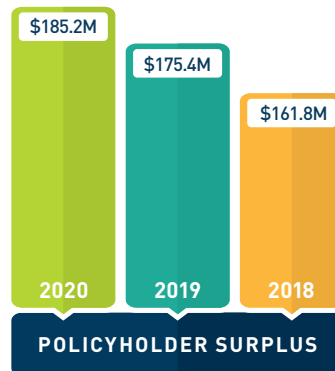
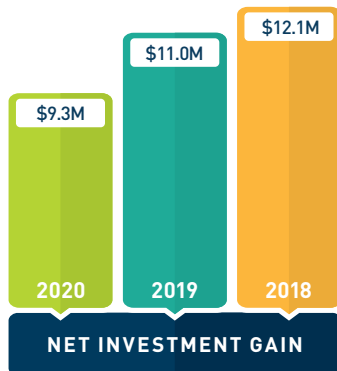
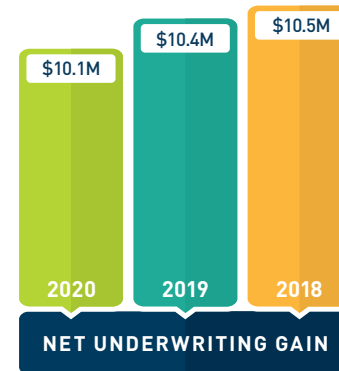
Sincerely,

Alan Hair
President & CEO

Financial Highlights



(Combined FFVA Mutual & FFVA Select)



\$ 11.1 million 2020 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 2020** while its balance sheet and capitalization continued to strengthen. FFVA Mutual's 2020 net written premium to policyholder surplus ratio was 50% compared to 56% in 2019. The ratio of liquid assets to adjusted liabilities is 237% 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 170%, indicating that for every dollar recorded in loss reserves there is another \$1.70 available in surplus. **These key results indicate that FFVA Mutual's operations and capitalization compare favorably with its peers and the overall industry.**

In 2020, FFVA Mutual's **reported net income** of \$8.3 million was a result of continued solid underwriting results during 2020 combined with improved investment income and capital gains. The **net underwriting gain** for 2020 of \$10.1 million decreased 2.6% from \$10.4 million in 2019.

The Company's **combined ratio**, a recognized industry measure of underwriting performance, (including dividends and other income/expense) increased from 99.3% in 2019 to 99.9% in 2020 as the Company's **dividend ratios and underwriting expense ratios** increased while the Loss & LAE ratios decreased compared to prior year levels.

Premiums earned of \$92.5 million in 2020 are down \$5.6 million from \$98.1 million in 2019. This decrease of 5.7% is due to year over year rate reductions decreases in key states combined with a continued competitive environment. **FFVA Mutual has posted a net underwriting profit for eight consecutive years** and has achieved net underwriting profits for nineteen of the previous twenty-one years. These positive trends are expected to continue in 2021 as **FFVA Mutual will continue to team disciplined underwriting combined with effective safety initiatives and proactive claims handling.**

Net investment income earned decreased by 6.4% to \$6.6 million in 2020 as a result of investment in bonds earning less attractive yields. Net realized capital gains decreased from \$4.1 million in 2019 to \$2.8 million in 2020 as less capital gains were realized in 2020 than 2019. The net result was an overall decrease in net investment gain from \$11.1 million in 2019 to \$9.4 million in 2020.

With FFVA Mutual's available capacity, outstanding reputation, and capable, committed team, **management expects the company to continue operating profitably well into the future.**



Mission

At FFVA Mutual, our mission is to be respected, reliable and responsive.

We accomplish this by providing trusted workers' compensation coverage to our agency partners and policyholders who rely on us for consistent underwriting, expert safety services and proactive claim solutions delivered through outstanding customer experiences.

Vision

To be an influential industry leader recognized for unparalleled service, strategic growth and financial strength.

our commitment, our Promise

Our employees are committed to creating personal, professional experiences for our customers every day by providing workers' compensation solutions with a passion and dedication unmatched in our industry.

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.



**OVER
300**

**ELIGIBLE
CLASS CODES**
IN ALL LICENSED
STATES



**LICENSED IN
10 STATES**



65 YEARS
OF EXPERIENCE



**REINSURANCE
PROTECTION**



EXCEPTIONAL
SERVICE

+

PRODUCTS

=

HIGH POLICY
RETENTION



**COMPETITIVE
PRODUCTS**



**RATING BY
A.M. BEST**

EXCELLENT, FCS VIII



OVER 160K
EMPLOYEES INSURED

DEDICATED ACCOUNT
SERVICE TEAM



OF SOLUTIONISTS



\$1,000

TO

\$1 MILLION

**PREMIUM
RANGE**

Since 1956, our mission has remained constant — to provide **RESPECTED, RELIABLE, AND RESPONSIVE** workers' compensation insurance solutions.

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:



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.



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.



NO-COST SAFETY TRAINING

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



DESIGNATED CLAIMS ADJUSTERS

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



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.



Through *Caring is Mutual*, FFVA Mutual partners with local nonprofit organizations to provide meaningful interactions that benefit **3 Areas of Giving: Health, Community and Youth/Education**.

Our **3rd annual Golf Invitational** held November 2, 2020 **raised \$24,000** to benefit Orlando Sports Foundation, an organization dedicated to raising funds and awareness to find a cure for cancer.

FFVA Mutual also supports **Kids' Chance of Florida**, an organization that awards need-based scholarships to families of injured workers, as an associate partner. Their mission aligns with our corporate commitment to provide outstanding workers' compensation solutions to employers and their employees.

With Kids' Chance of Florida, we have established and funded the **FFVA Mutual | Craig Menzl Scholarship** in the amount of \$5,000 that will be awarded annually to a student whose family member was fatally, or seriously injured at work. **This scholarship honors the significant contributions made to FFVA Mutual by our past president Craig Menzl.**






Future Roadmap

FFVA Mutual remains optimistic about the future and is well positioned to take advantage of opportunities that arise. Together, we 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 personalized account service team approach that is unique to our industry
- 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

A key initiative this year is the launch of TRUsolution, a new policy and claims administration platform that will streamline our internal operations and enhance user experiences in our online portal.



“FFVA Mutual has always been guided by excellence through thoughtful underwriting, participatory loss control and exceptional, timely claims processing. Serving on FFVA Mutual’s board of directors for more than three decades has been an honor and privilege.”

- Morgan Roe, Director



Board and Executive Staff

Shown Left to Right: **Jose Ramos**, Vice President, Safety & Loss Control; **Fred Allen**, Vice President, IT; **Melissa Hide**, Vice President, Marketing; **Morgan H. Roe**, Director; **Glenn R. Rogers**, Vice Chairman, Director; **James Warmus**, Director; **Alan Hair**, President & CEO, Director; **Les W. Dunson, III**, Chairman, Director; **Robert C. Barrett**, Director; **Michael Stuart**, Director; **Peter S. Harllee, Jr.**, Director; **Sandra Riding**, Vice President, Claims; **Halston Fernandez**, Secretary/Vice President, Finance & Accounting; **Bob Lehnen**, Treasurer/Vice President, Underwriting



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