

Workers' comp solution



2021 Annual Report

Workers' comp solutionists



President's Message

For FFVA Mutual, 2021 was a year of false starts, detours, and do-overs as one strand of COVID-19 faded away only to be replaced by a new variant. We started new initiatives and planned events only to have to cancel, delay or reschedule. It felt like we were at a horse race ready to run, but we were not allowed to get out of the gate and charge down the course. Amazingly, despite these challenging and frustrating circumstances, and because of the resiliency of our Solutionists, FFVA Mutual recorded one of our most successful years in recent history!

I am truly grateful for the hard work and perseverance of the FFVA Mutual team and the continued support of our independent agents, policyholders, and board of directors. The strength and success of this organization is built on the quality and dedication of our team and the depth of our relationships with our valued business partners.

During the past eleven months, we have undertaken a grassroots planning initiative to take a hard look at our organization and set strategic goals to enable growth and ensure our success into the future. Through this process, the engagement of our team has been amazing, and their ideas will drive our company forward in a variety of important areas. Together we will: launch initiatives to stimulate growth; expand FFVA Mutual's visibility and brand recognition in the marketplace; improve communication methods and processes; enhance innovation while staying true to our core mission and values; and attract, develop, and retain high quality Solutionists to enhance our FFVA Mutual team. Successful execution of these initiatives will help us realize our vision: "To be the workers' compensation insurance company of choice recognized for unparalleled service, strategic growth and financial strength."

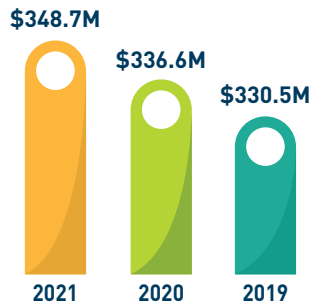
We are excited and optimistic about our plans for 2022 and beyond! Thank you for trusting FFVA Mutual for your workers' compensation insurance needs.

Sincerely,

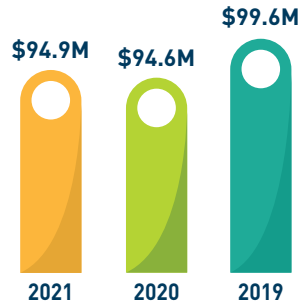
A handwritten signature in black ink that reads "Alan Hair". The signature is written in a cursive, flowing style.

Alan Hair
President & CEO

Financial Highlights

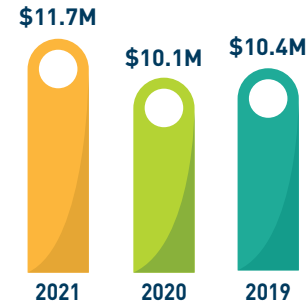


NET ADMITTED ASSETS

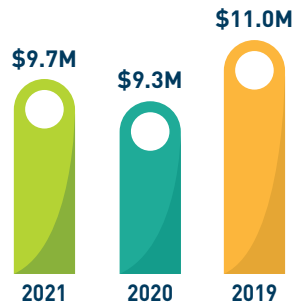


DIRECT WRITTEN PREMIUM

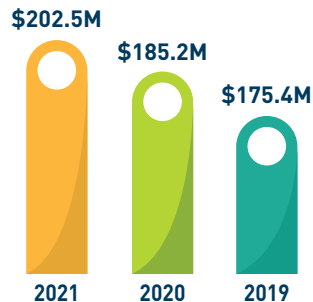
(Combined FFVA Mutual and FFVA Select)



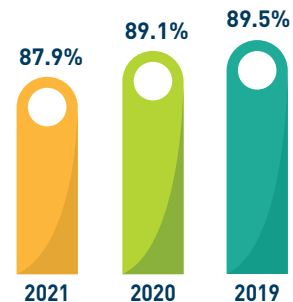
NET UNDERWRITING GAIN



NET INVESTMENT GAIN



POLICYHOLDER SURPLUS



COMBINED RATIO

(Excluding dividends)

\$10.7 million 2021 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.

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.

Results of operations

FFVA Mutual has posted a net underwriting profit for nine consecutive years and has achieved net underwriting profits for 20 of the previous 21 years.

FFVA Mutual's **operating results and ratios continued profitable trends during 2021** while its balance sheet and capitalization continued to strengthen. The Company's 2021 net written premium to policyholder surplus ratio was 45% compared to 50% in 2020. The ratio of liquid assets to adjusted liabilities is 256%, 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 193%, indicating that for every dollar recorded in loss reserves there is another \$1.93 available in surplus. These key indicators and trends indicate **FFVA Mutual is working improve profitable operating results to compare favorably with its peers and the overall industry.**

In 2021, FFVA Mutual's **reported net income** of \$11.7 million was a result of continued solid underwriting results combined with improved investment income and capital gains. The **net underwriting gain** for 2021 of \$11.7 million increased 16% from \$10.1 million in 2020. The Company's **net investment gain** increase of 4% to \$9.7 million for 2021 from \$9.3 million for 2020 was a result of increased realized capital gains.

The Company's **combined ratio**, a recognized industry measure of underwriting performance, (including dividends and other income/expense) decreased from 99.97% in 2020 to 97.04% in 2021 as the Company's **dividend ratios and underwriting expense ratios** increased while the loss, dividend, and other expense ratios decreased compared to prior year levels.

Premiums earned of \$93.4 million in 2021 are up from \$92.5 million in 2020. This increase is due to a concerted effort to develop new business while continuing to navigate year over year rate reductions combined with an increasingly competitive environment.

Net investment income earned decreased 5.4% to \$6.2 million in 2021 as a result of investment in bonds earning less attractive yields. **Net realized capital gains** increased from \$2.8 million in 2020 to \$3.5 million in 2021 as a result of portfolio rebalancing. The net result was an overall increase in **net investment gain** from \$9.4 million in 2020 to \$9.7 million in 2021.

These **positive trends are expected to continue well into the future** as FFVA Mutual builds on its strong reputation for its broad underwriting approach, proactive safety services and responsive claims management.



Mission and vision

Trusted Solutions. Personalized Experiences.

MISSION


Our mission is to deliver trusted workers' compensation solutions and personalized customer experiences to our agency partners and policyholders through respected underwriting, expert safety services, and positive claim results.

VISION

To be the workers' compensation insurance company of choice recognized for unparalleled service, strategic growth, and financial strength.

OUR COMMITMENT, OUR PROMISE

As a Mutual company we are committed to serving our policyholders and providing an inclusive, productive, and positive culture. Our solutionists are committed to exceeding the expectations of our customers every day by providing workers' compensation solutions with a passion and dedication unmatched in our industry.





Policyholders of FFVA Mutual help us support:

Fresh Fruit & Vegetable Production

Our historic affiliation with Florida Fruit & Vegetable Association provides significant support to the agricultural industry that puts food on tables across America.

Local Charities

Our success allows us to serve a higher purpose by supporting various impactful local charitable organizations.

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 4th **annual Golf Invitational** held November 8, 2021 **raised \$32,000** 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** as an associate partner and funds the annual **Craig Menzl Scholarship** that awards need-based scholarships to families of injured workers.



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.

EXCEPTIONAL
SERVICE

+

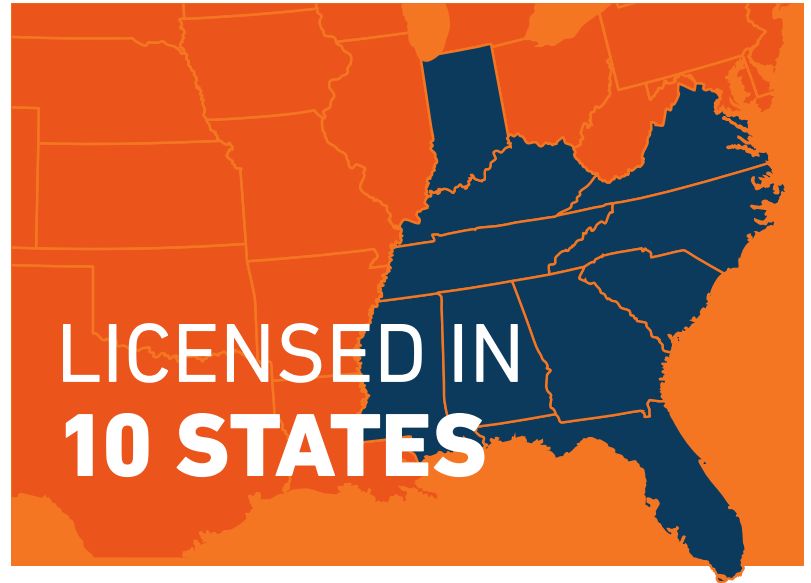
PRODUCTS

=

HIGH POLICY
RETENTION



LICENSED IN
10 STATES



**REINSURANCE
PROTECTION**



ESTABLISHED IN
1956





280

**ELIGIBLE
CLASS CODES**
IN ALL LICENSED
STATES



**RATING BY
A.M. BEST**

EXCELLENT, FCS VIII



TO



**PREMIUM
RANGE**



**COMPETITIVE
PRODUCTS**

DEDICATED ACCOUNT
SERVICE TEAM



OF SOLUTIONISTS



OVER 168K
EMPLOYEES INSURED

TRUSTED SOLUTIONS. PERSONALIZED EXPERIENCES.



Strategic Planning for the Future

FFVA Mutual's Solutionists are committed to providing trusted workers' compensation solutions and personalized experiences.

This past year, staff from every level of the company participated in strategic planning sessions designed to identify core areas that would position FFVA Mutual for future success. As a result, FFVA Mutual has established a multi-year strategic plan that identifies strategic goals in multiple areas.

This comprehensive strategic plan will help FFVA Mutual to:

- Identify and pursue bold, unique ways to profitably grow our company
- Expand brand visibility and recognition in our 10 licensed states
- Discover new, innovative ways to operate and communicate
- Attract and retain expert Solutionists

We're confident these initiatives will take FFVA Mutual to a next level of services that outpace our competitors while providing immeasurable value to our agents and policyholders.

“

2021 was filled with challenges and opportunities. FFVA Mutual's employees and agents courageously managed the challenges brought on by the pandemic to provide exceptional workers' comp solutions for their customers. I am humbled and honored to witness their dedication, teamwork, and courage.

”

- James Warmus, Director



Board and Executive Staff

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

Not pictured: **Morgan H. Roe**, Director

In memoriam, FFVA Mutual would like to express our sincere appreciation of Robert C. Barrett's service as Director from 2005 to 2021.



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Claims Support
800-226-0666

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