

To Our Policyholders

“It’s not about how hard you can hit; it’s about how hard you can get hit and keep moving forward.” --Rocky Balboa, 2006

We face challenges or get “hit” all the time, hopefully never physically. Some we anticipate, and others seem to come out of nowhere. What defines us is how we respond to these challenges, solve them, and continue moving forward toward our goal. I don’t think anyone would argue that 2020 posed many unique challenges that affected all of us, personally and professionally. Many felt the impact of the Coronavirus directly or via a family member or loved one; others faced challenges not occasioned by the Pandemic.

We are pleased to report that while our Company faced these same challenges, each time we got “hit,” we got up, dusted ourselves off and kept moving forward. Resilience became the word for 2020. We like to think of it as old-fashioned grit and determination, honoring the commitments we make every day to our policyholders and their injured workers. The ability to respond to the needs of our stakeholders is the truest measure of a workers’ compensation provider and why, year over year, our Company is the first call brokers make for workers’ compensation in the markets and geographies we serve. This tradition of serving others is at the foundation of everything we do, from our initial encounter with a prospective policyholder to the first contact with the injured worker: We *listen*.

“First, we listen” is more than our slogan. It has become part of our corporate DNA at A.I.M. Mutual. We are programmed to find a solution and to do what’s best for all parties involved. We were given ample opportunity to listen in 2020, and we did; it benefited not only our policyholders and injured workers, but also our Company. Through our collaborative approach, we proved we possess the integrity and spirit of partnership necessary to be a trusted advisor. Our brokers responded on behalf of their clients, and we experienced an increase in new business activity while other carriers saw their business decline. We are also proud of our renewal retention ratio, another indication of the faith and trust our brokers and policyholders place in us. The many colleagues who make their careers here at our Company are responsible for these great results. We worked with our insureds and their brokers to restructure premium payments, extend policy terms, and find alternatives to treating injured workers.

Many states and jurisdictions saw fit to create coverage through “presumptive” liability legislation which, for all intents and purposes, nullified the cornerstone of workers’ compensation: the need for a specific, identifi-



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able work-related accident or exposure. We made the decision at the start of the Pandemic to honor all legitimate claims; unless there was evidence to the contrary, we accepted liability. This helped negate the need for legislation in Massachusetts and limited coverage extensions in other states in New England. By year-end 2020, we received and accepted liability for 1,565 COVID-19 claims from all states, resulting in 54 hospitalizations and three fatalities, far fewer than originally anticipated.

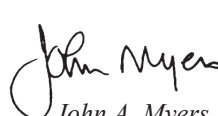
COVID-19 impacted all areas of our Company, with too many individuals to name going above and beyond their traditional job duties and meeting the needs of all stakeholders. They are to be commended for their hard work and dedication coming to the office every day as the world was learning about the impact of COVID-19. We instituted stringent social distancing and hygiene protocols to ensure the safety of our colleagues, and this approach helped us when consulting policyholders who faced the same issues in their businesses.


Despite the “hits” 2020 delivered, in true A.I.M. Mutual fashion, we kept our goal in sight: to create value for our stakeholders. Premium volume was off plan by approximately 7%; however, through diligence, hard work and staying true to fundamentals, 2020 was a profitable year. Net income of \$22.6 million contributed to an 8% increase in policyholders’ surplus to \$318.8 million. Our total assets increased to \$733.5 million, driven by an increase in invested assets of \$43 million. This was achieved by reinvesting cash flows that remained stable throughout the year, and a recovery in the equity market that took a “hit” during the first quarter of the year. Given the potential negative impact of the Pandemic and the economic crisis, we are pleased to report a Calendar Year loss and loss adjustment expense ratio of 70.6%, an expense ratio of 22.7%, and a 2020 combined ratio of 93.3%.

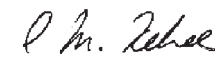
Racial and social injustice shook the very foundation of our lives in 2020, and we, as business and community leaders, were challenged to re-evaluate long held beliefs and assess our responsibility to right the wrongs and address issues of diversity, equity, and inclusion. Hate and discrimination have no place in our society or our Company; at A.I.M. Mutual, we strive each day to live our vision and values in everything we do. Most important is how we do what we do: We listen with empathy, act with compassion, do the right thing, and succeed through collaboration.

By adhering to these core values, we are sure to treat our brokers, policyholders, injured workers, and colleagues with the utmost respect, ensuring that everyone has access to the best we have to offer.

The events of 2020 proved to us that we have built a financially strong, secure company that can withstand any number of “hits” and continue to meet our obligations to our stakeholders. None of this would be possible without our dedicated colleagues, the support and guidance of our Board of Directors and the unwavering support of our policyholders and their brokers. We thank you all and look forward to being the employer and workers’ compensation provider of choice for many years to come.


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