



GUIDEONE[®]
INSURANCE

G19
20
Annual Report

make
positive
change
possible.

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a message from our **President & Chief Executive Officer**

Let me open by saying that I hope you and your loved ones are healthy and safe. I know that we are all closely monitoring the developments of the Coronavirus (COVID-19) pandemic with feelings of concern and uncertainty. This is a challenging time for everyone, but we are in this together. Please know that the GuideOne® family is here for you, working to address your needs and provide guidance as you and your loved ones stay safe.

When I joined GuideOne in 2017, I presented a roadmap for what we needed to do in order to become *That Mutual Company*: a multiple product and distribution company with modern systems and best-in-class leadership. Being *That Mutual Company* isn't just a catchy marketing phrase used to make our company sound better than others. It's our strategic vision that we live every day; our foundational value that grounds how we do business and influences everything we do – to profitably grow our company and diversify our company to allow us to exist solely for you, our policyholders.

Over the last three years, we focused on laying the foundation and adding the critical building blocks. We started with fixing Church property loss ratios; we successfully added Programs; and, in 2019, our final piece of diversified specialized niche business was added – Specialty – giving us the breadth of products, distribution, capacity and talent to be a leader in the marketplace. We now have three fully operational, profitable segments that allow for uncorrelated revenues and products and the ability to navigate all markets and cycles, so that we may best serve and provide insurance solutions for our policyholders.

When you look at our transformation and what it means to our customers – you, our policyholders; our distribution partners; and, our employees – we have endured and

executed change for the right reasons. We have built our company that now has three distinct segments: Core, Programs and Specialty; a company that is diversified in risk, distribution, exposure and, in some cases, market cycle. We will continue to be nimble and adaptable, while also remaining committed to our Core.

Your company had a strong financial year in 2019: another stepping stone in becoming *That Mutual Company*. AM Best's recent decision to revise our outlook to stable and affirm our Financial Strength Rating of A- (Excellent) reflects all of the actions we have taken over the last three years, and our 2019 results and our financial strength and stability have positioned us well to face the challenges and opportunities that lie ahead. You can read about them in this report.

When you reflect on where we are and how large our runway is for growth and underwriting profit, we have to acknowledge the many talented people who, with passion and grit, worked on so many competing but equally important priorities. Our success couldn't have been accomplished without the dedicated people of GuideOne. This company's turnaround, for the right reasons, is nothing short of phenomenal.

As we become more complex, we have to consider what the future roadmap looks like for GuideOne and our ability to make change possible in the marketplace. As the world changes, exposure bases and opportunities change, and so must we. We must get things right in order to flourish and enable our newly-created 70-year start-up company to be *That Mutual Company*.

Whether you're new to the GuideOne family, or have been with us for many decades, we look forward to serving you in the years to come. Thank you for the trust and confidence you have placed in us, and we hope that each of you and your families are staying safe and doing well.

Warm Regards,

Jessica Snyder

Board of Directors

DIANE BRIDGEWATER

Executive Vice President/Chief Financial Officer, LCS Holdings, Inc.

TODD HART

Chief Executive Officer, TCH CO

ROBERT HARTWIG

Clinical Associate Professor of Finance, University of South Carolina,
Darla Moore School of Business
Retired President & Chief Economist Insurance Information Institute

CARA HEIDEN

Retired Division Co-President, Wells Fargo Home Mortgage

BERNARD HENGESBAUGH

Chief Operating Officer, American Medical Association
Retired Chief Executive Officer & Chairman of the Board, CNA Financial

LYNN HORAK

Retired Chief Executive Officer, Norwest Bank/Wells Fargo

ROBERT MORETTE

Senior Partner, Bain & Company Global Financial Services Practice

KAREN SHAFF

Executive Vice President and General Counsel, Principal Financial Group

JESSICA SNYDER

President & Chief Executive Officer, GuideOne Mutual Group



Leadership Team

Bringing a wealth of insurance, financial, business and leadership experience to GuideOne, our Leadership Team also brings their passion for doing good and their fierce commitment to community. Our leaders are actively involved with local nonprofits, schools and boards – organizations that make our communities better places to live.



JESSICA SNYDER
President & Chief Executive Officer, GuideOne Mutual Group



RICK CULLEN
Senior Vice President, Programs



DAVE DIETZ
Senior Vice President, Core Commercial Lines



MICHELLE GLASL
Senior Vice President & Chief Information and Strategy Officer



MARK GROENHEIDE
Senior Vice President, Specialty



BRIAN NELSON
Senior Vice President & Chief Claims Officer



ANDREW NOGA
Senior Vice President, General Counsel, Corporate Secretary & Chief Compliance Officer



DOUG PEARSON
Senior Vice President, Chief Underwriting Officer



ELISABETH SANDERSFELD
Senior Vice President & Chief Financial Officer



TIM FLEMING
Vice President & Chief Actuary



PATTI MEYER
Vice President of Human Resources



CHRIS WARD
Vice President of Distribution Management

Financial Highlights

GuideOne's 2019 financial results paint a picture of growth, profitability and stability. **We ended the year with a combined ratio of 98.6%**, which exceeded plan. Additionally, **our overall premium growth reached \$573M and has increased 10% since 2017.**

Several factors contributed to this success:

- **Diversified premium growth**
- **Reduced exposure in severe convective storm states**
- **Improved terms and conditions, including market standard exclusions and percent deductibles**
- **Improvements in claims handling and reserving practices**

Here's a closer look at the factors that helped shape our 2019 financial results:

DIVERSIFICATION DRIVES PROFITABILITY

Balancing our overall portfolio enables us to take advantage of new market opportunities in a nimble way. In late 2018, we entered the small business market when we launched our Business Owner's Policy (BOP) product and portal, and we've enjoyed early growth in this new niche over the past year. We also diversified our premium base by increasing exposures through workers' compensation in our traditional core niches, writing established program business with select MGU partners, and specialized segments of excess and surplus lines business, all of which will continue to drive profitable growth in coming years and help balance our exposures.

STRONG AND STEADY WINS THE RACE

Bolstered by invested assets and stable reserves, our balance sheet continues to be strong. Our invested assets are comprised primarily of high-quality investment-grade bonds, with some diversified asset classes to generate additional yield while maintaining an appropriate risk/return profile. Improvements in claims handling and reserving practices have resulted in balance sheet stability and nine consecutive quarters of favorable prior-year reserve development.

Our overall portfolio yield exceeds 3%, which is better than our traditional core peers.

SUMMARY INCOME STATEMENT

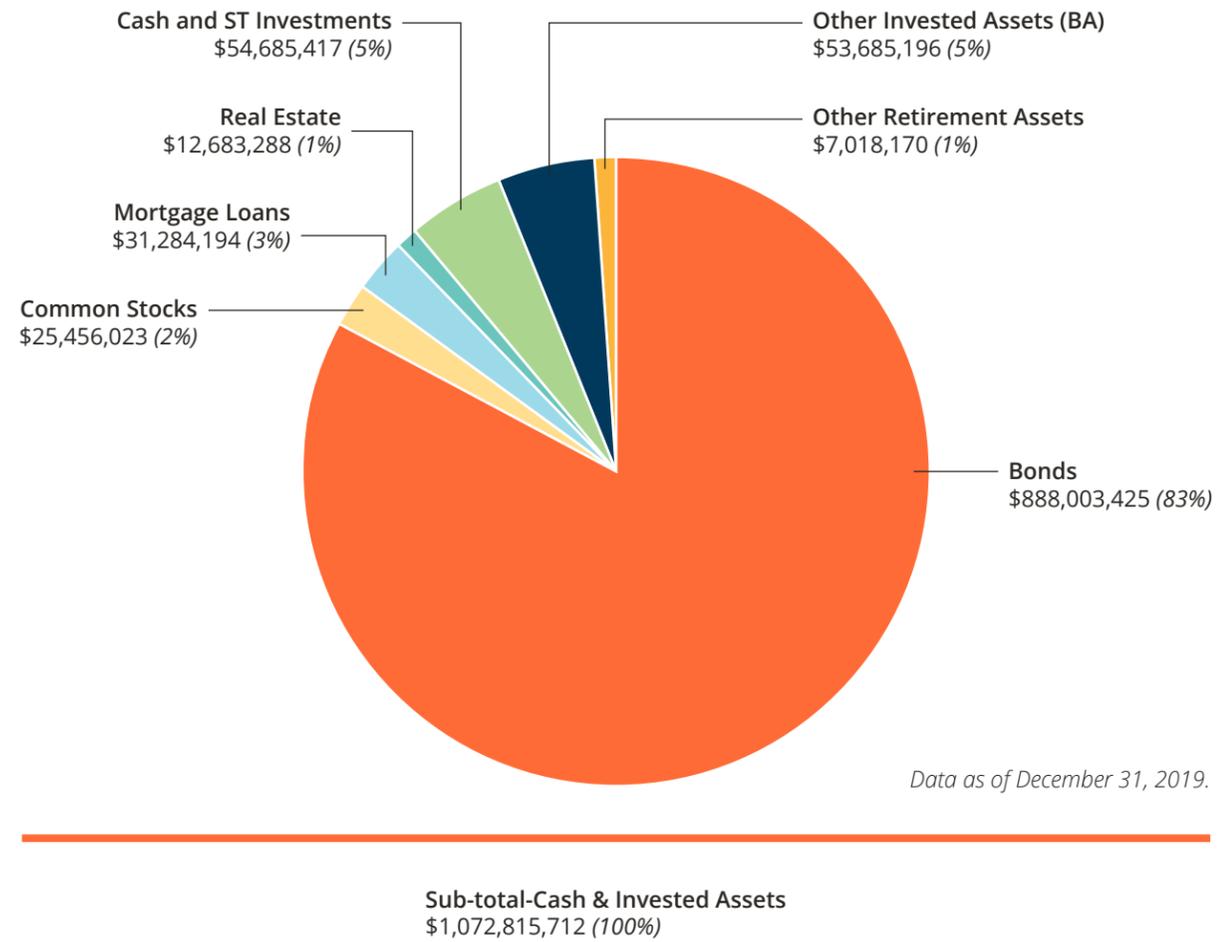
<i>in millions</i>	2017	2018	2019
Direct Written Premium (DWP)	\$518	\$502	\$573
Net Earned Premium (NEP)	\$451	\$427	\$458
CY Net Loss Ratio	108.9%	57.9%	56.1%
Net General Expense Ratio	36.3%	41.5%	42.5%
Combined Ratio	145.2%	99.4%	98.6%
Net Underwriting Income (Loss)	-\$188	-\$3	-\$10
Net Inv Income + Capital Gains	\$47	\$36	\$27
Other (write-offs, retroactive reins.)	\$13	-\$31	\$0
Taxes	\$5	-\$2	\$2
Net Income/(Loss)	-\$123	\$0	\$19
Ending Surplus	\$442	\$433	\$455
YoY DWP Growth	-20.2%	-3.1%	14.2%

STATUTORY BALANCE SHEET

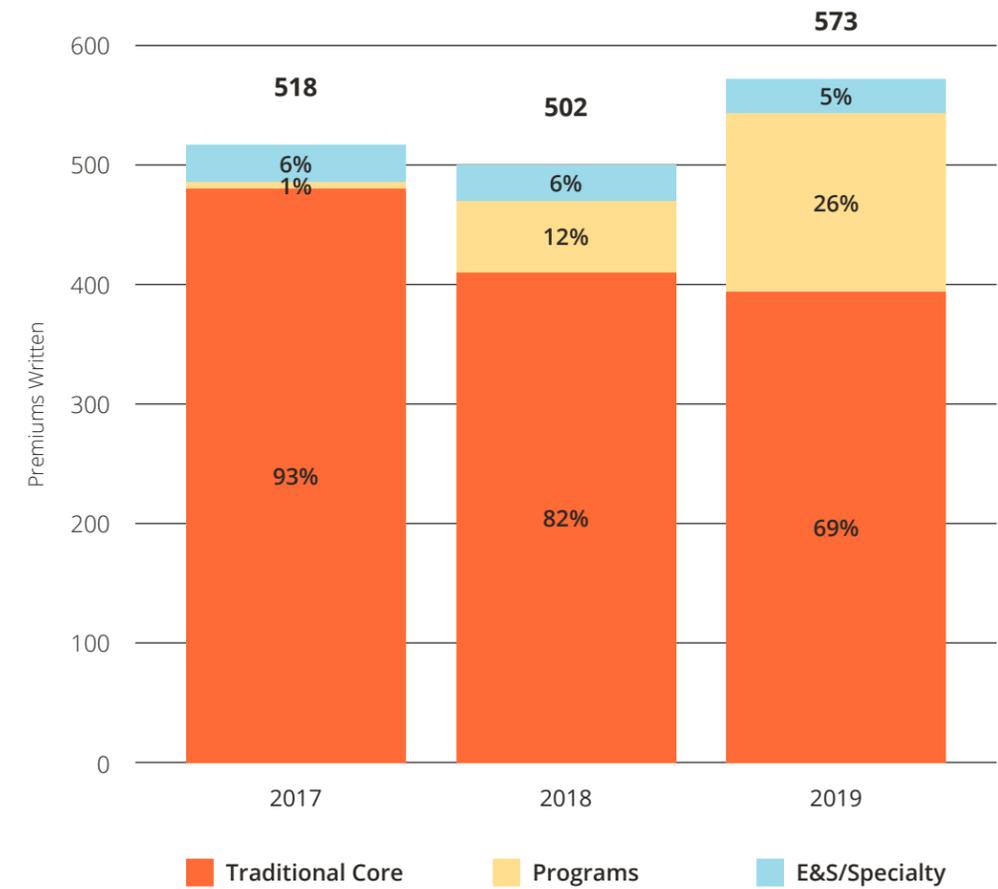
<i>in millions</i>	12/31/2018	12/31/2019
Invested Assets	\$1,089.9	\$1,072.8
Premiums in the course of collection	\$162.3	\$177.8
Reinsurance recoverables	\$18.9	\$10.5
Deferred Tax Assets	\$59.0	\$61.9
Other Assets	\$10.4	\$10.8
Total Assets	\$1,340.3	\$1,333.8
Loss and loss adjustment reserves	\$644.9	\$574.1
Unearned premiums	\$225.5	\$264.1
Retroactive reinsurance recoverable ¹	-\$120.5	-\$99.6
Other liabilities	\$157.9	\$139.7
Total liabilities	\$907.7	\$878.3
Surplus	\$432.5	\$455.5
Total liabilities and surplus	\$1,340.3	\$1,333.8

¹ADC/LPT on SLC general liability run-off.

INVESTED ASSETS SUMMARY



DIRECT WRITTEN PREMIUMS SUMMARY



Traditional Core includes: Religious Organization, Nonprofit, Education, Senior Living Care, and Small Business.

Our family of insurance companies is rated "A-" (Excellent) by AM Best for financial strength and operating performance.

Core Commercial

We made important strides in 2019, and it was a pivotal year for the Core Commercial segment. We delivered strong financial performance, rolled out new product capabilities, added key distribution partners and advanced a variety of strategic imperatives, all designed to improve workflow and enhance the customer experience.

The insurance marketplace and the general economic and social environment we live in are dynamic. As a leading Property and Casualty insurance company for faith- and community-based entities, it is crucial that we anticipate emerging exposures and build capabilities and competencies that enable our profitable growth well into the future.

Our strategy is to innovate and outperform, being a responsible leader in the marketplace, while creating value for our insureds and our distribution partners. We craft our offerings specifically to the niches we serve, helping us to compete in that evolving marketplace. At the same time, we are forging new relationships with different types of distribution partners to capture new market opportunities. We have cultivated an inclusive culture. We foster collaboration and seek out the creativity and expertise of our team, which allows us to become increasingly nimble in how we operate and go to market.

“Our strategy is to innovate and outperform.”

Financial performance for our Core Commercial insurance operation in 2019 was exceptionally strong on many fronts, which reflects an invigorated underwriting acumen, financial discipline and rigorous execution. Our traditional Religious Organizations and Nonprofit business both generated solid new business writings as an offset to lower retention in the early part of the year. During that time, we completed our severe convective storm state (property) and Senior Living Center (property and liability) re-underwriting and achieved combined ratios of 94.0% and 96.9%, respectively.

While results in these two areas were strong, it was important for us to extract underperforming business and exit certain business where we had no scale. As a

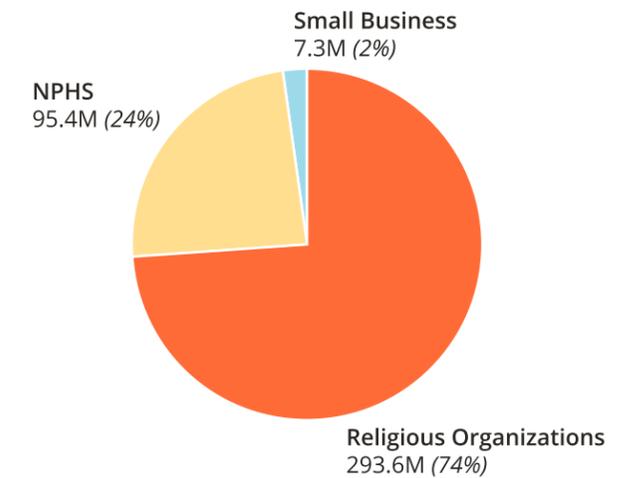
result, we ceased writing property business for higher education risks and dedicated our capital to other areas in the education space where we have a sustainable competitive advantage, specifically the K-12 Charter School arena. And similarly, we continued our underwriting action in the Senior Living Center business, ceasing to write property and automobile liability lines for this business due to emerging adverse experience in the portfolio. Today, our portfolio is well positioned to contribute profitable growth to the company.

With a more clearly defined appetite and revamped product capabilities, it was imperative that we develop a more contemporary method of approaching the marketplace. We recognized the consolidation and creation of larger retail entities in the marketplace, which presented distinct growth avenues for GuideOne. To that end, we created a Distribution Roadmap that now reflects our mix of business and supports

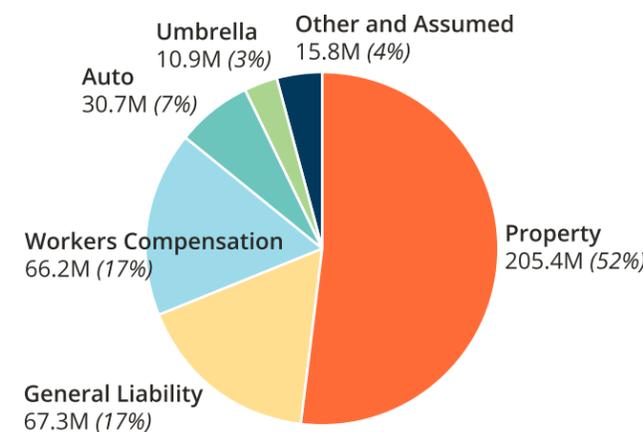
all of our segments, and began executing the plan in the fourth quarter. Through this effort, we have a clear picture of where to dedicate our resources and have built Territory Management Plans while bolstering National partnerships.

At GuideOne, innovation continues to play a major role in our evolution. As we advance to explore new affiliations and business acquisition sources, we have also showed commitment to our investment in innovation through the launch

COMPOSITION OF BOOK BY NICHE



COMPOSITION OF LINE OF BUSINESS



of our Small Business Portal for Business Owner's Policies (BOP) and Workers' Compensation products over the course of 2019. We remain excited by the increased efficiency this has brought to our existing portfolio and the expansion of product offerings. Not only can we better meet the needs of Religious Organizations of all sizes, but we also diversified our portfolio with Small Business offerings in seven additional industries and a wide array of business classes.

You will see us continue to invest in this platform and expand the role of robotics, analytics and automation in many of our back-office functions that support underwriting, claims and distribution management. We had the opportunity to test this on several fronts during 2019, including a significant diocese-level book roll opportunity that required an innovative approach to data management and data certitude. We were afforded an opportunity to assist a multi-state diocese in preserving unity in their purchasing power. This group had some difficulty in capturing accurate and up-to-date information, so we assisted through third-party data integrations, which helped our underwriting efforts immensely.



“In Core Commercial, we continue to focus on small to mid-sized accounts.”

In Core Commercial, we continue to focus on small to mid-sized accounts, leveraging our niche specialization, underwriting expertise and value-added services in Religious Organizations and a broad array of Nonprofit entities. In addition to existing business alliances with Roost, water and temperature property sensors, and HRGuide, human resources consulting, we added an affiliation with Strategos International to our GuideVantage portfolio. Strategos International is a leader in security and armed intruder response training. These strategic alliances are yet another way we differentiate ourselves as a specialist and build franchise value, which helps our select Distribution Partners to grow their businesses.

We're proud of what we accomplished in 2019. We've built a strong foundation and are well positioned to grow while creating value for our partners and policyholders.

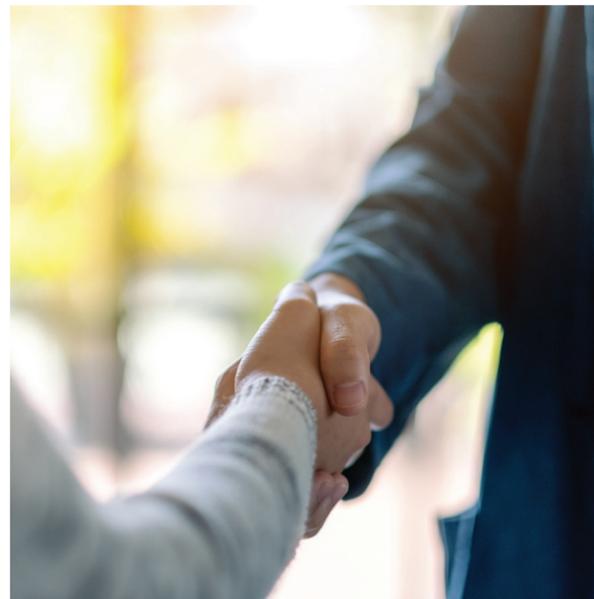
Programs

Since 2017, we have searched for ways to add to our longstanding core business of insurance for Religious Organizations. Over the last few years, we expanded our market presence by joining forces with some of the finest, most experienced Program Administrators in the field. Together, we have built a top-tier Programs segment.

With more than 10 programs – and growing – on the books today, Programs has written over \$200 million since its inception, making us one of the fastest growing Programs writers in the United States. With a focus on underwriting acumen, we continue to look for avenues to expand and diversify our presence in Programs while avoiding price-sensitive areas and difficult markets.

“Programs has written over \$200 million since its inception, making us one of the fastest growing Programs writers in the United States.”

GuideOne has quickly made a name for itself in this segment through strong due diligence and synergistic relationships. We are proud to have established partnerships with top-tier Program Administrators such as Align General, All Risks Ltd., Aegis, Catalytic Risk Managers, Gate Eleven, NIF, and Orchid Underwriters. These Program Administrators have demonstrated success within their niche specialties, and we are proud of the results we are seeing.



In 2019, we experienced strong growth in a few significant ways. We established new Program Administrator relationships, which led to the creation of four new programs. We also experienced geographical expansion, class broadening and achieved higher rates than we anticipated with existing Program Administrators. These areas of growth allow for a unique story to tell within the Programs arena.



Our nationwide admitted and non-admitted paper, appetite for both property and casualty business, abilities to bundle or unbundle claims handling and to offer Programs niche exclusivity, and a Board-of-Director-level commitment to Programs business all help GuideOne stand out in a crowded marketplace.

COMPOSITION OF PROGRAMS BOOK

Year	Number of Programs	Gross Written Premium	Calendar Year Combined Ratio
2017	3	\$6.9M	28.7%
2018	7	\$58.2M	61.7%
2019	11	\$146.7M	90.5%

Specialty

During Fourth Quarter 2019, we expanded into a new segment, Excess & Surplus (E&S), or Specialty, as we call it. Adding Specialty supported our continuing strategy to balance and diversify our mix of business and, thus, drive further improvements in results.

With Specialty, our strategy is to focus on three key industry sectors: Infrastructure, Construction and Energy, where we can differentiate GuideOne through our underwriting expertise, our use of data and analytics, our technology, our claims expertise and our relationships. We targeted these three industry sectors because they are underserved markets with limited competition and each has a long track record of profitability.

“Our strategy is to focus on three key industry sectors: Infrastructure, Construction and Energy.”



Infrastructure



Construction



Energy

Another way we are differentiating ourselves from our competitors is by partnering exclusively with a small number of Wholesale Brokers who bring a high level of professionalism and expertise to the Specialty markets we serve. We are using this limited distribution philosophy in Specialty to leverage existing relationships.

Our Specialty business exhibited strong growth and finished the year by writing \$10.6M of new business. Through a combination of the newly assembled team, our products and market tailwinds, we are in a solid position for continued growth and success. Our approach is to keep small net lines, use reinsurance effectively and keep premium with little exposure.

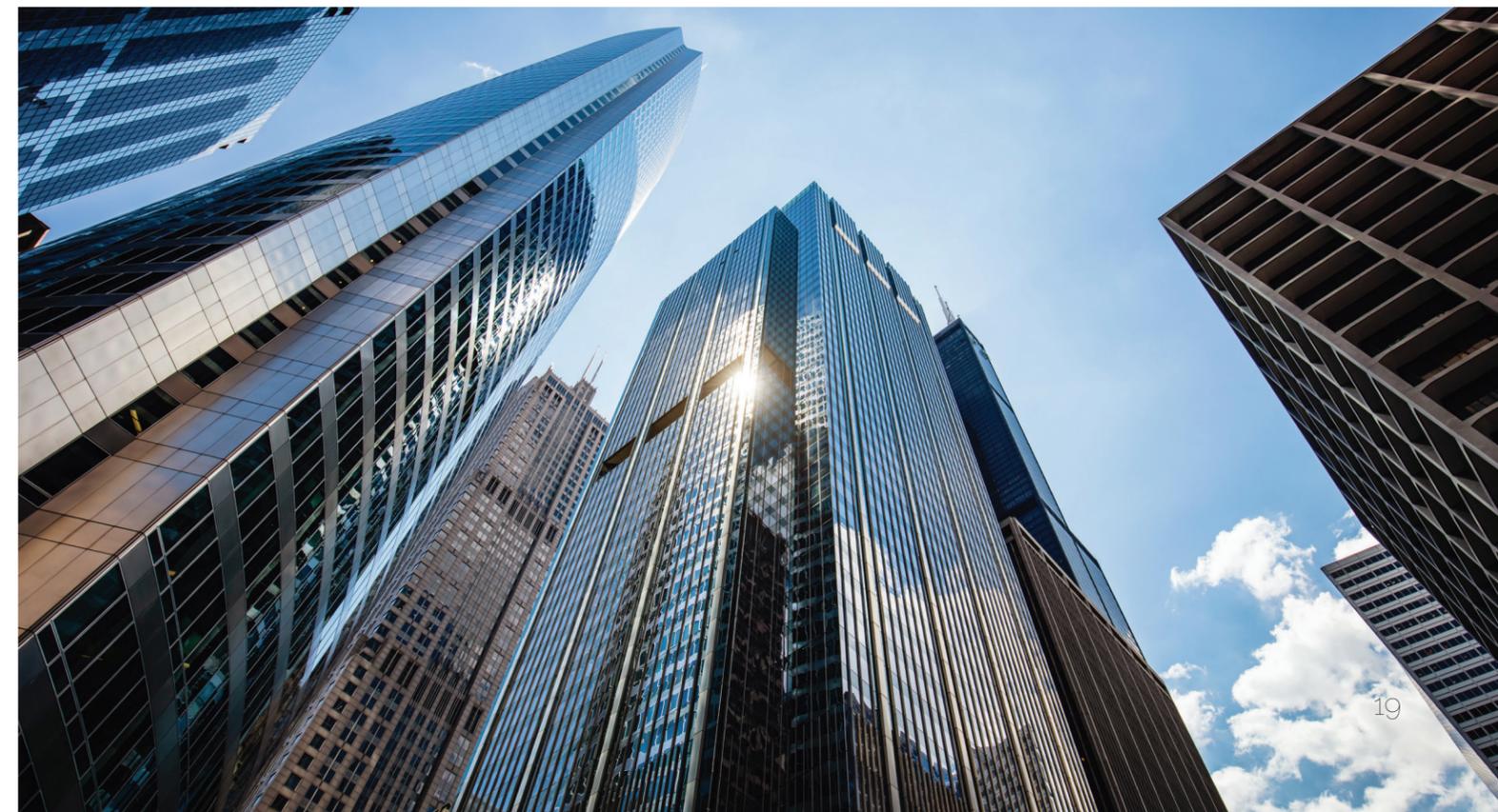
\$10.6 million
in new business written



As an American Mutual Company, headquartered in the heart of the Midwest, we understand the needs of American businesses. We are filling a market need for capacity when foreign companies are retreating.

Attracting and retaining expertise is key to our current and future success. We continue to make progress in this area. Today each of our Specialty markets has leaders who have deep experience in their areas of Specialty. Most impressive is the risk management, CAT and pricing tools this team has built in a short amount of time.

We are setting the foundation to support future profitable growth for Specialty. Our future opportunities are more about growth and improved risk as we seize the right opportunities.



Team Members & Community

OUR WORKPLACE

The most important part of any company is its people. It's thanks to them that we are able to continue to grow and evolve. What our team members do every day can, and does, make a difference. Their personalities, drive and dedication are what make GuideOne a great place. We are committed to fostering an energized workplace where all team members can achieve their full potential and contribute their best work by investing in their futures, providing new opportunities for collaboration, and offering the chance to take on new challenges.

OUR APPROACH

At GuideOne, corporate responsibility defines us as an organization and is best demonstrated by our team members' ability to drive positive change in the communities they call home. Our brand amplifies who we've always been: *A culture of doing good.* And our team members represent our brand by doing what comes naturally.

“Our brand amplifies who we've always been: A culture of doing good.”



600+

GuideOne team members are located across all 50 states and the District of Columbia



40%

Of GuideOne's leaders are women



25

Events were organized by our five employee resource groups



\$137k+

The total giving amount of the GuideOne Foundation to charities in 2019



2,548

Volunteer hours through our Volunteer Time Off program in 2019



100k+

Our team member donation match during our 2019 United Way Campaign

OUR BRAND PURPOSE

We are fiercely committed to making the world a better place.

OUR BRAND PROMISE

Make Positive Change Possible.

OUR BRAND VALUES

- + Nimble
- + Fun
- + Courageous
- + Reliable
- + Passionate
- + Creative

MAKE POSITIVE CHANGE POSSIBLE

As the philanthropic arm of GuideOne Insurance, the GuideOne Foundation promotes the organization's commitment to making positive change possible in the communities we serve and the world a better place. We believe that giving back is not only a privilege, it's a responsibility.

“We believe that giving back is not only a privilege, it's a responsibility.”



EMPLOYEE VOLUNTEERISM

At GuideOne, we believe strongly in giving back to the community. It's part of our culture. Year-round, team members contribute time, energy to food banks, blood drives and a multitude of volunteer services. Because many volunteer opportunities occur during work hours, allowing full-time team members to use Volunteer Time Off enables more of them to help. Eligible team members receive up to 16 hours of paid time to volunteer at qualified charities of their choice.

OUR CHARITIES

The GuideOne Foundation partnered with several nonprofit organizations in 2019, a few include:



Contact Information

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