



# Taking care of business

*through strength and stability*

2023 Annual Report





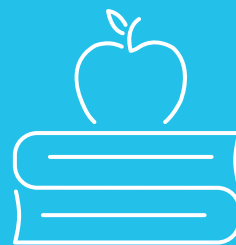
## Committed to delivering outstanding results for our policyholders—

*through operational and underwriting excellence as we move forward with financial strength and stability.*

GuideOne Insurance has been serving policyholders as a trusted partner since our first policy was issued in 1947. A lot has changed over the past seven decades, but our values and commitment to policyholders remain the same. Our services and solutions are dedicated to those who strengthen and support our communities, and we take pride in working to protect our policyholders' interests and in our mission of helping Make Positive Change Possible®.



For more information, visit [guideone.com/annual-report](https://guideone.com/annual-report)



# Moving forward with confidence

[ A message from Bernie ]

On behalf of GuideOne, I am pleased to share with you the highlights of 2023. The year closed with positive results and an exciting path forward focused on two facets of GuideOne's strategic journey — augmenting capital and improving the company's competitiveness in the marketplace. Focus, perseverance, creativity and resolve were evident in the GuideOne team's efforts, and I am immensely proud of the dedicated approach that was demonstrated and the over-arching commitment to our goals.

A significant effort was deployed mid-year to search for a strategic business partner to bolster GuideOne's capital base in support of policyholders and position us solidly for stability and future growth. The search was successful, and at the end of the year, GuideOne set forth on an exciting new chapter in our longstanding history. As was announced in our December 20, 2023, [press release](#), GuideOne entered an agreement with Bain Capital Insurance, the dedicated insurance investing unit of Bain Capital, to form TMG Insurance Services, LLC ("The Mutual Group"). Through this arrangement, GuideOne received a permanent capital infusion of \$200 million in exchange for GuideOne's operational functions and a long-term servicing agreement in support of our policyholders.

GuideOne is excited to form this relationship with The Mutual Group, led by CEO Tim Fleming, who previously headed GuideOne's Religious

Organizations and Nonprofit & Human Services business units. Many on the GuideOne operations team will transition to The Mutual Group and continue their day-to-day work to support GuideOne, and going forward, serve the mutual insurance industry more broadly while continuing to provide superior service to GuideOne policyholders.

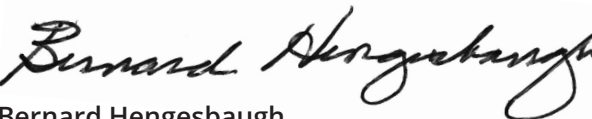
This agreement offers wins all around, providing clarity, stability and opportunity for GuideOne's policyholders, business segments, distribution partners and employees. We will continue to operate as an independent mutual insurance company owned by policyholders. Our improved financial strength sets us on an exciting course for leading innovation in the mutual insurance sector and brings with it opportunities to benefit policyholders in our proven Religious Organizations and Nonprofit & Human Services businesses.

GuideOne now embarks on its 77th year in business with an exciting path forward. While I have been honored to serve as GuideOne's Chief Executive Officer for the past two years, I am pleased to transition to Executive Chair of GuideOne's Board of Directors. I am also proud of my esteemed colleague and former Chief Financial Officer, Ken Cadematori, as he now assumes the responsibilities of CEO of GuideOne. I am excited for Ken, for GuideOne's future, for our valued policyholders and distribution partners and for the good things to come.

## "I want to thank you, our policyholders and distribution partners, for placing your confidence in GuideOne."

As we turn the page to a new chapter for GuideOne and the launch of The Mutual Group, you can be sure that our dedication to you and attention to your needs remain unchanged. We are here for you and look forward to serving your evolving needs as we move forward together.

Sincerely,



**Bernard Hengesbaugh**

*Board of Directors, Executive Chair*

*GuideOne Insurance*



# Leading with commitment

[ A message from Ken ]

It is with great excitement for GuideOne and our policyholders that I write this letter. I am pleased to provide the highlights included in our 2023 Annual Report on behalf of GuideOne, as much was accomplished, gains were made and positive results brought the year to an end. While there were some hurdles along the way, the year culminated with positive outcomes and new opportunities.

During the year, we took actions to address financial and operational obstacles that were preventing us from being the best GuideOne we could be. Through a company-wide focus on operational excellence and the decision to exit the open market Excess & Surplus property and casualty business, we reduced organizational complexities and expenses to finish the year a more streamlined, efficient and competitive company. And we will bring this focus forward, with a commitment to continuous organizational improvement and on our primary businesses — Religious Organizations, Nonprofit & Human Services and Programs.

A significant turning point came in December when GuideOne and Bain Capital Insurance came together in an agreement that produced a \$200 million capital infusion, positioning GuideOne for security and setting the stage for growth. This business arrangement offers policyholders greater financial stability and provides distribution

partners and employees with a solid go-forward framework to deliver optimal performance and exceptional results.

Importantly, GuideOne maintained a Best's Financial Strength Rating of A- (Excellent). For the latest rating, access [ambest.com](https://www.ambest.com). This rating announcement confirmed that the business decisions we've made to improve our portfolio, along with the Bain agreement, have positioned us solidly to move forward.

Four areas I want to highlight that are representative of 2023 and of GuideOne's approach to business include:

**Financials.** Our surplus grew by \$143 million, or 37%, over the prior year as a result of streamlined operations of the company and the successful conclusion of our capital augmentation initiative. The strength of our balance sheet increased significantly from 2022 and positions us well to proactively support our policyholders. Direct Written Premium from ongoing operations increased by 18.4% to \$842 million, and the combined ratio of the ongoing business improved from 103.9% in 2022 to 99.5% in 2023. Elevated adverse weather events in 2023 had a material impact on the industry's surplus, although GuideOne was able to pay more than \$200 million in policyholder property losses while still growing surplus through ongoing operations.

**Commitment to the Religious Organizations and Nonprofit & Human Services Business Segments.** This commitment aligns with our proven expertise and our established and long-term base of policyholders and distribution partners in these segments. These markets are at the core of who GuideOne is and what we do best.

**Risk Mitigation Thought Leadership.** GuideOne continues to provide risk management resources through a variety of channels, resources and value-added services. Our Risk Control team worked one-on-one with hundreds of policyholders and prospects over the past year to enhance their risk prevention programs to better reflect current best practices. We demonstrated proactive outreach in efforts to prevent or mitigate risks and damages that would otherwise result in costly reparations. This outreach helps preserve our bottom line and ultimately benefits our policyholders.

“GuideOne remains committed to delivering outstanding results for our policyholders through operational and underwriting excellence.”

**GuideOne Foundation Celebrated its 25th Year of Service.** As the philanthropic arm of GuideOne Insurance, the Foundation continues to honor our commitment to supporting the work of nonprofit organizations in the communities where we live and work.

I couldn't be more excited to lead GuideOne Insurance!

Warm regards,



**Kenneth Cadematori**  
*President & Chief Executive Officer*  
GuideOne Insurance





## Increasing financial stability

*Strength in our balance sheet builds ongoing value for policyholders.*

GuideOne's overall business performed well in 2023 with ongoing business adding \$19 million of policyholder surplus through income. This is good news, considering the property and casualty industry as a whole experienced significant challenges related to the frequency and severity of secondary peril claims, including convective storms (e.g., hail storms, tornadoes, windstorms, wildfires) throughout the year. GuideOne's book of business was impacted to a lesser extent, as a result of the company's risk management and underwriting practices designed to protect policyholder surplus. Both the production and combined ratio for ongoing business demonstrate GuideOne is bringing value to the market and our policyholders. Direct Written Premium from continuing operations increased by 18.4% to \$842 million, and the net combined ratio of the business improved from 103.9% in 2022 to 99.5% in 2023.

The strength of our balance sheet has significantly increased from 2022 and positions us well to proactively support our policyholders. Surplus realized significant improvement, showing a gain of 37%, or \$143 million over last year. This is largely attributable to the sale of assets and the capital infusion GuideOne received through our business agreement with Bain Capital Insurance. This agreement and creation of The Mutual Group provide GuideOne with the needed stability to continue to meet the needs of our policyholders and agents.



Learn more about our financial strength at [guideone.com](https://www.guideone.com)

**\$19 million\***  
policyholder surplus

**99.5%\***  
net combined ratio

**\$842 million\***  
direct written premium

**+37%**  
ending surplus

\*Resulting from ongoing business

## Statutory Income Statement

<i>\$ in Millions</i>	2021	2022	2023	2023 Ongoing
Direct Written Premium (DWP)	\$1,069.0	\$984.0	\$858.0	\$842.0
Net Earned Premium	\$572.0	\$723.0	\$690.0	\$625.0
CY Net Loss Ratio	66.5%	74.8%	80.2%	67.8%
CAY Net loss Ratio	65.8%	67.6%	63.4%	62.4%
PY Net Loss Ratio	(2.7%)	3.4%	11.6%	0.6%
Net General Expense Ratio	35.4%	33.8%	34.0%	31.7%
<b>Combined Ratio</b>	<b>101.9%</b>	<b>108.6%</b>	<b>114.2%</b>	<b>99.5%</b>
Net Underwriting Income (Loss)	(\$38.0)	(\$58.0)	(\$85.0)	(\$8.0)
Net Inv Income + Capital Gains	46.0	16.0	29.0	27.0
Other	(1.0)	(1.0)	64.0	(1.0)
Taxes	4.0	1.0	1.0	1.0
<b>Net Income/(Loss)</b>	<b>\$11.0</b>	<b>(\$42.0)</b>	<b>\$9*</b>	<b>\$19.0</b>
YoY DWP Growth	35.3%	(8.0%)	(12.8%)	18.4%

### \*Note: \$9 Million Net Income Reconciliation

2023 Income from Ongoing Business:	\$19
Plus: Gain from Bain Capital Transaction:	70
Less: Legacy Business and Other One-Time Costs	(80)
2023 Consolidated Net Income:	\$9



### Losses

The property and casualty market as a whole suffered record losses due to severe convective storm activity in 2023. GuideOne's underwriting and exposure management practices positioned us to materially outperform industry results.

## Statutory Balance Sheet

<i>\$ in Millions</i>	12/31/2021	12/31/2022	12/31/2023
Total Invested Assets	\$1,355.4	\$1,402.9	\$1,581.9
Premiums in the Course Of Collection	271.6	225.7	202.4
Reinsurance Recoverables	23.7	82.6	28.4
Deferred Tax Assets	57.0	35.6	57.2
Other Assets	18.4	42.4	41.6
<b>Total Assets</b>	<b>\$1,726.1</b>	<b>\$1,789.2</b>	<b>\$1,911.5</b>
Loss And Loss Adjustment Reserves	\$666.0	\$823.6	\$825.8
Unearned Premiums	414.6	393.2	356.4
Retroactive Reinsurance Recoverable	(69.5)	(59.7)	-
Other Liabilities	256.5	242.7	197.1
<b>Total Liabilities</b>	<b>\$1,267.6</b>	<b>\$1,399.8</b>	<b>\$1,379.3</b>
Surplus	458.5	389.4	532.2
<b>Total Liabilities And Surplus</b>	<b>\$1,726.1</b>	<b>\$1,789.2</b>	<b>\$1,911.5</b>

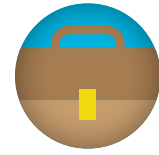
## Surplus Roll Forward

<i>\$ in Millions</i>	FY2022	FY2023
Beginning surplus	\$458.5	\$389.4
Net income (loss)	(30.7)	13.5
Change in total deferred taxes	(21.4)	21.6
Change in provision for reinsurance	(15.1)	(8.4)
Unrealized capital gains (losses)	(18.6)	(3.6)
Change in non-admitted assets, excluding deferred taxes	6.6	3.6
Change in liability for benefit plans	10.1	1.1
Capital contribution	-	115.0
Ending surplus	\$389.4	\$532.2



### Expense Management

GuideOne significantly improved operating efficiency by removing \$25 million of run-rate expenses in 2023. This includes both staff and non-staff reductions and actions that were taken to improve our operating effectiveness going forward. Actions taken throughout the year resulted in approximately \$5 million of savings in 2023 and improved operational efficiencies, streamlined processes and supported organizational effectiveness.



## In our niche business era

Our commitment to our Religious Organizations and Nonprofit & Human Services businesses is integral to GuideOne's success.

In short — it's what we do best! In 2023, we redesigned the organizational structure to best lead and deliver positive results to each business segment and streamlined the way we serve policyholders and distribution partners.



Learn more about our insurance solutions at [guideone.com](https://www.guideone.com)



### Taking care of business: Religious Organizations > at a glance

As a market leader in the Religious Organizations segment, GuideOne saw solid growth in 2023. Our results benefited from underwriting excellence and a strong portfolio providing stability to our policyholders and distribution partners. *Highlights include:*

Focus on service delivery

Improved portfolio quality

New portfolio team structure

Strengthened new business results

Reduced business expenses



### Taking care of business: Nonprofit & Human Services > at a glance

We take pride in our deep commitment to helping organizations whose mission is to make the world a better place. In 2023, we continued to expand our existing relationships with distribution partners to profitably grow the portfolio. *Highlights include:*

Expanded education and training

Provided coverage enhancements


Offered more flexibility on limits

Reviewed and improved procedures


Moved to portfolio underwriting

Met with partners and insureds

# What our policyholders are saying:




**"A year ago, our church experienced excessive water damage from a broken pipe. It was clear right away that GuideOne would lead us through our loss until it was repaired. Words can hardly express my appreciation for how our claim was handled. The ultimate reason for this letter is the genuine care, respect and concern I sensed and that they continued to assist us until our facility was repaired."**



**"I just stopped to commend you, GuideOne, for your impeccable character and professional services rendered to us. The property adjuster was: kind; concerned; professional; diligent; attentive; informative and personable... GuideOne, I want to thank you for coming to our rescue and responding to us like a friend in deed in our time of loss..."**

**"Thank you for keeping me informed and assisting with the finalization of this claim...You have been a tremendous help in understanding our loss and bringing clarity to the claims process. I cannot thank you enough for your patience, consistency and responsiveness."**



*[ Claims Overview ]*



## Our personal touch to helping those in need

*Dedicated service that's always there when you need it.*

GuideOne is dedicated to serving our policyholders with personalized, dedicated service and compassion when disasters and other unfortunate situations result in damage and destruction. We focus on providing the best resolution from start to finish and help our policyholders to ensure the claims process is as efficient and responsive as possible.



Learn how we get our policyholders back up and running at [guideone.com/claims](https://guideone.com/claims)







# Our proactive approach to risk mitigation

Resources and value-added services designed to help protect you, your organization and the people who depend on it.



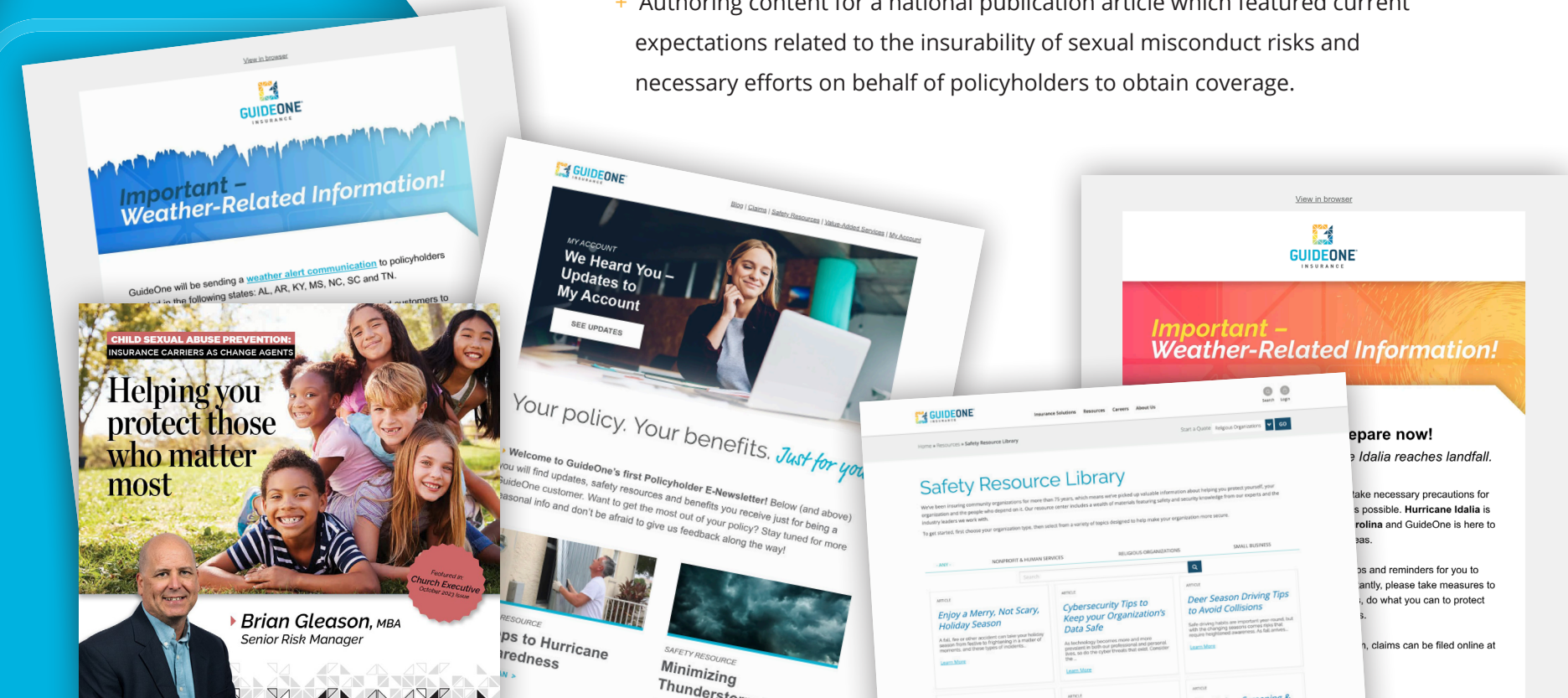
GuideOne continues to provide policyholders risk management resources and value-added services including providing tips, warnings, guidance, and training to prepare and protect against potential risks. With the goal of educating and reaching policyholders in advance of a loss incident, GuideOne's risk control efforts help mitigate policyholders' losses, reduce claims and ultimately serve to provide greater results and overall improved financial performance for our policyholders.



Learn more about risk control at [guideone.com](https://www.guideone.com)

## Taking care of business: Risk Control Thought Leadership

- + Assisting policyholders in developing robust abuse prevention programs to position them in a stronger position to defend against future allegations.
- + Collaborating with leading experts in sexual abuse prevention training to develop specialized content targeted to nonprofit organizations that serve vulnerable adults and youth.
- + Presenting best practices, preventative information and insights on abuse prevention programs and topics at church denominational conferences, nonprofit national association conventions and agent seminars.
- + Authoring content for a national publication article which featured current expectations related to the insurability of sexual misconduct risks and necessary efforts on behalf of policyholders to obtain coverage.





# Our mission — walking the talk

*Dedicated to empowering nonprofit organizations that positively develop, enhance and impact the lives of those they serve.*



Since its establishment in 1998, GuideOne Foundation has steadfastly advanced the company's mission to help Make Positive Change Possible® within the communities we call home. This enduring commitment to nurturing a culture of generosity has shaped a legacy of service that we hold in high regard.



Learn more about the Foundation at [guideone.com](http://guideone.com)



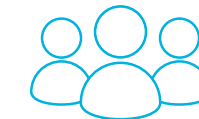
## \$140,000

Contributed over \$140,000 to charitable causes spanning health, human services and education.



## 40

Granted funding to more than 40 nonprofit organizations across the United States.



## \$98,000

Raised in excess of \$98,000 through employee contributions during the company's annual Charitable Giving Campaign.



## 2,600

Contributed over 2,600 hours of paid volunteer time off, enabling employees to dedicate their service to their favorite nonprofit organization.



+ Nimble

+ Reliable

+ FUN!

+ Passionate

+ Courageous

+ Creative

We **are** GuideOne.



## Board of directors

**Bernard Hengesbaugh**

*Executive Chair*

**H. Lynn Horak**

*Vice Chair*

**Diane Bridgewater**

*Chair of the Audit Committee*

**Cara Heiden**

*Chair of HR, Nominating and Governance Committee*

**Carol Sanders**

*Chair of Risk Committee*

**Kenneth Cadematori**

**Robert Hartwig**

**Michel Hughes**

**Robert Morette**

**Karen Shaff**

## Senior leadership

**Kenneth Cadematori**

*President & Chief Executive Officer*

**Andy Noga**

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

**Adam Niebrugge**

*Senior Vice President & Chief Financial Officer*

**Bernard Hengesbaugh**

*Transition Officer & former Chief Executive Officer*



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