



# 2023

## Annual REPORT

# Committed





*R. Benedikt Sander*  
*President & CEO*

## Our Mission

Enabling our customers, colleagues  
and communities to confidently  
achieve their dreams.

## Our Vision

We are unsurpassed in our ability  
to foster enduring and trusted  
relationships and deliver flawlessly  
for our customers and communities.

## A MESSAGE FROM THE PRESIDENT & CEO

At Preferred Mutual, we remain steadfast in our commitment to being an insurance company that is renowned for meeting the evolving expectations of our customers. 2023 brought us many opportunities to achieve this mission, and we are proud of the important progress we have made strengthening agency relationships, improving our customer Net Promoter Score, enhancing our employee experience, and celebrating our twenty-first consecutive year receiving an “A” (Excellent) rating with AM Best.

As a company, our employees volunteered 739 hours of their time to organizations and causes that make our communities home, and further supported more than 70 organizations with charitable sponsorships. We also saw outstanding growth in our external branding due to our updated social media strategy, with significantly increased reach, engagement, and followers across the board. These accomplishments could not have been achieved without the dedication of our employees who work hard every day in support of our agents, our policyholders, and each other.

In 2023, we demonstrated strong results in significant areas, ending with \$338 million in direct written premium, \$272 million in surplus, and \$657 million in total assets. We remain proud of our financial standing and our ability to meet our contractual obligations, offering our customers the same dependable security we have been proud to offer for more than 127 years.

I am pleased to announce we have launched our 2026 Strategic Plan. We are confident in the trajectory we are headed as a company and in our commitment to our employees, agents, and policyholders. We continue to lead with our People-First philosophy, committed to creating an environment that fosters the success and well-being of all our people, because we know when our people thrive, our business and communities thrive.

Reflecting on my second year as CEO here at Preferred Mutual, I am filled with pride to lead an organization of such talented and dedicated individuals who enable our policyholders to *Live Assured*. Even as we continue to adapt and innovate to meet the changing demands of our industry, one thing remains constant: Our commitment to you.

On behalf of the Board of Directors and our incredible team, I extend my deepest gratitude for another successful year. As we navigate the path ahead, may 2024 bring safety, security, and continued success.

*Benedikt Sander*  
President & CEO



## OUR COMMITMENT TO YOU

*Since 1896, Preferred Mutual's commitment to the success and security of our employees, our agents, and our policyholders has remained steadfast.*

### Committed to Our Employees

At Preferred Mutual, our success is rooted in the unwavering dedication of our exceptional employees. For over a century, Preferred employees have fostered meaningful relationships with policyholders, agents, and the communities we proudly serve. We recognize it is their expertise, dedication, and passion that helps protect our policyholders and enables them to *Live Assured*.

Preferred employees lead their lives with curiosity, authenticity, compassion, collaboration, and grit—five Core Values that we hold at the forefront of everything we do. Because of their dedication, we are committed to providing our employees with a supportive working environment that fosters collaboration, innovative thinking, and continuous learning. Ensuring our employees feel appreciated for their incredible work will always be a priority at Preferred.

### Empowering Independent Agents for Mutual Success

Our commitment to our independent agents is at the heart of everything we do. With partnerships that transcend everyday transactions, our collaborations with agents help to shape our offerings and ensure we meet the evolving needs of our agents and policyholders.

Our relationships with independent agents are rooted in trust, transparency, and integrity, and we are dedicated to ensuring mutual growth and delivering our agents the tools they need to thrive.

### Living Assured: Our Commitment to Policyholders

Beyond mere protection, it is our mission to ensure that every policyholder can live their life with peace of mind. By leveraging technology to offer new tools and more convenience, we are gratified to offer our customers the tools they need to feel protected.

At the core of our mission is the dedication to safeguard what matters most: assuring our customers' ability to live confidently. While our industry has changed over the years, this commitment to policyholders has remained the same.

By embodying customer-centric values and keeping security at the forefront, we are committed to enabling our policyholders to *Live Assured*.

## Company Quick Facts



**503**  
Agency  
Partners



**907**  
Independent  
Storefronts



**127**  
Years  
In Business



**\$272**  
Million  
Surplus



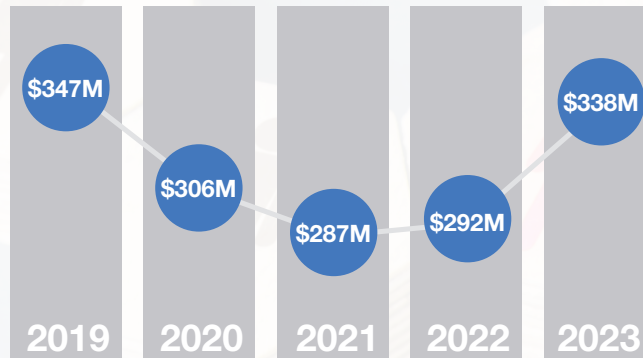
**\$657**  
Million  
Total Assets



**Rated Excellent**  
From AM Best



## Strong Financial Performance



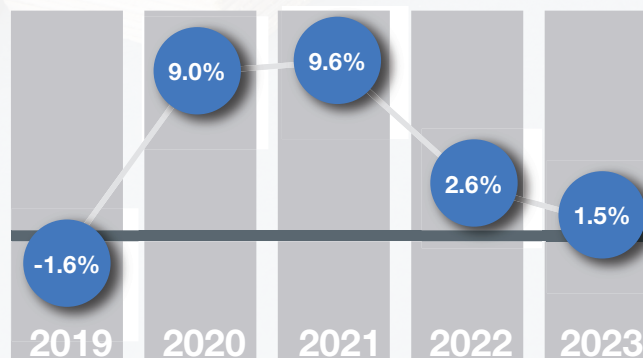
**\$338  
MILLION**  
Direct Written  
Premium



Combined Ratio

Catastrophe Impact

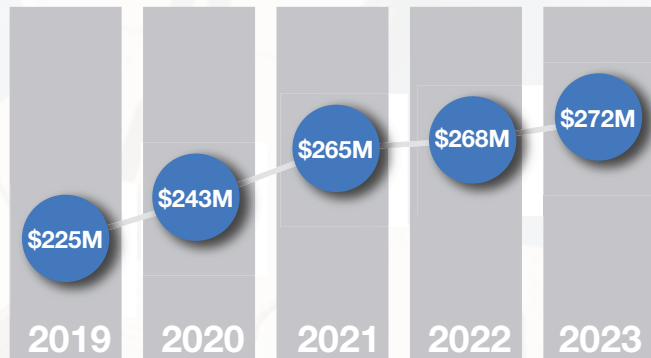
**102.6  
PERCENT**  
Combined Ratio



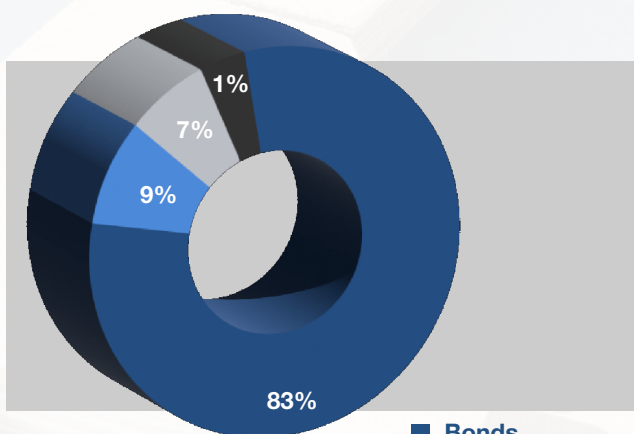
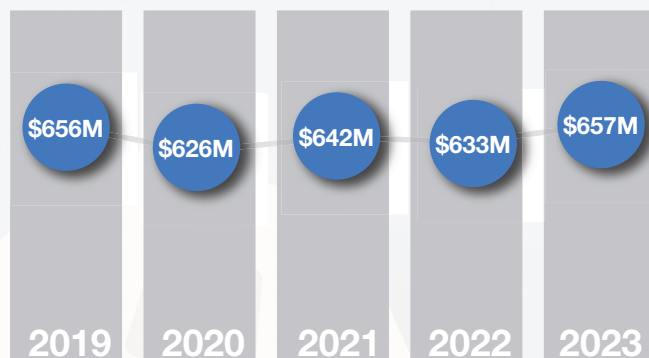
**1.5  
PERCENT**  
Return on Surplus



**\$272  
MILLION**  
Policyholders'  
Surplus



**\$657  
MILLION**  
Total Assets



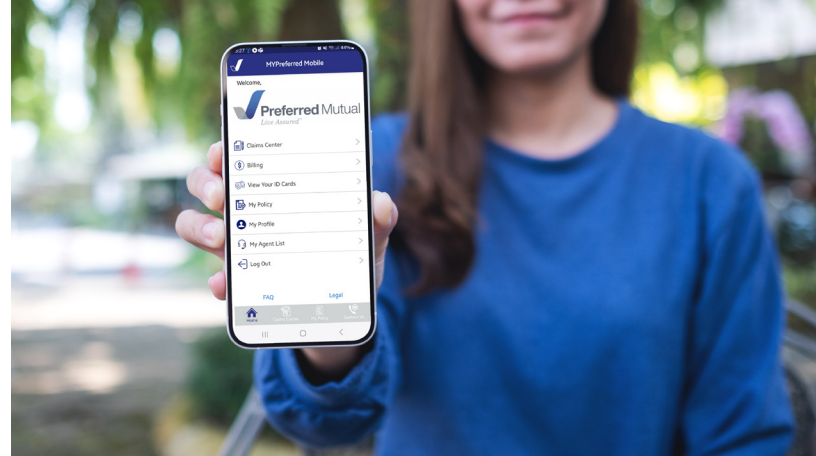
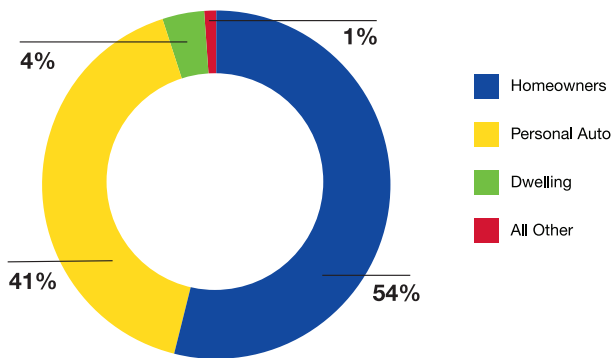
■ Bonds  
■ Cash

**\$538  
MILLION**  
Invested Assets

■ Common Stocks  
■ All Other

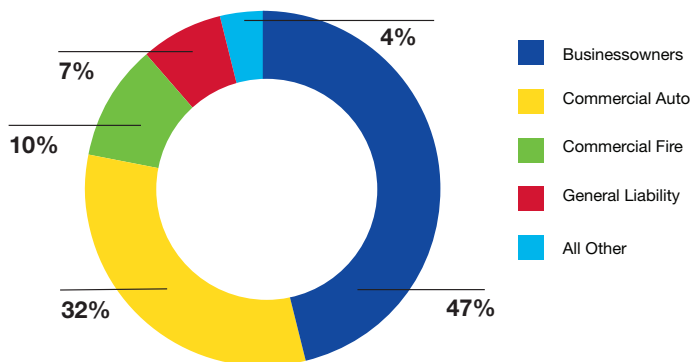






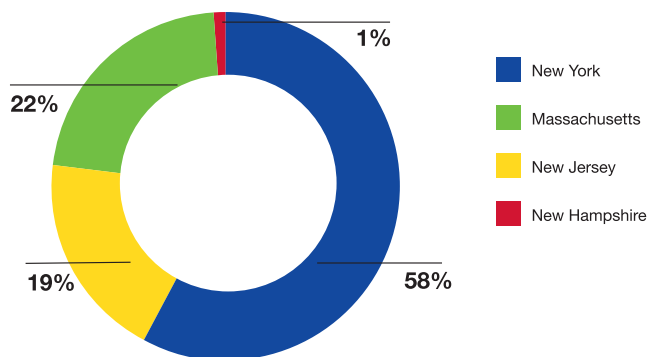
## Personal Lines

Personal Lines DWP expanded by 17% in 2023 to \$224M. This compares to a 1% contraction in 2022. We increased rates and exposure changes to offset inflationary pressures and losses. PL's Combined Ratio of 110.5% in 2023 increased from 105.7% in 2022. This was driven by an increase in Auto loss ratios, particularly PPA, consistent with severity trends in the industry.



## Commercial Lines

Commercial Lines DWP grew to \$114M or 14% from \$100M in 2022. This compares to an 8% premium growth in 2022. CL finished the year with a Combined Ratio of 87.4% in 2023, up slightly from 2022 of 87.3%. This small change was driven mostly from an increase in the LAE ratio.



## Premium Distribution

Preferred Mutual's DWP of \$338M is distributed between Personal and Commercial Lines products across a four-state footprint in the Northeast. This diversification has remained consistent with prior years and is aligned with expectations.



# COMMITTED TO COMMUNITY

At Preferred Mutual, our commitment to supporting the communities we call home is an integral part of our identity. We take great pride in the enduring relationships we've created and in our efforts to make a tangible, positive difference in the communities in which we live and serve.

In continuing this commitment, Preferred Mutual sponsored more than 70 local organizations in 2023. We granted scholarships for college-bound high school seniors, kicked-off our new Giving Tuesday campaign where 60 of our colleagues volunteered a total of 180 hours across 12 different local organizations, sponsored literacy programs and youth activities in local school districts, and continued to support community organizations however we can.

We continued our long-established partnership with the American Heart Association, sponsoring its Go Red for Women Luncheon, earning the top fundraising title at its CycleNation event, and raising a total of \$20,712 for their cause. We held our Corporate Conference Leadership Day and volunteered more than 120 hours of our time contributing to community projects. We cleaned up our home village of New Berlin on Earth Day, donated 52 raffle items to local charities, and provided 100 adoption bags and a donation of \$2,500 to the Susquehanna SPCA.

We are proud of our commitment to community at Preferred and of the dedication our employees show to make a difference, every day.



52

raffle donations to local charities



\$3,100

donated to Unadilla Valley Elementary School's Reading is Fundamental Program



Preferred Foundation Scholarship Winner



\$2,500

and 100 adoption bags to the Susquehanna SPCA



\$2,755

top fundraising team for the American Heart Association's CycleNation



American Heart Association's Go Red For Women Luncheon





## Board of Directors

### John C. Mitchell

Chairman of the Board; Chairman of the Executive Committee; President, I.L. Richer Co., Inc. (Retired)

### R. Benedikt Sander

President & CEO  
Preferred Mutual Insurance Company

### William C. Craine

Chenango County Treasurer, New York

### Martin A. Dietrich

Chairman of the Board, NBT Bancorp

### David B. Emerson

Chairman of the Board, Blueox Corporation

### Patrick J. Flanagan, Esq.

Attorney at Law, Nelson & Flanagan

### Dr. Michael J. Hayduk

Deputy Director, Information Directorate  
Air Force Research Laboratory

### Heidi M. Hoeller, CPA

PricewaterhouseCoopers (Retired Partner)

### Mary Ellen Luker, CPA, JD, LLM

Principal, Fust Charles Chambers LLP

### Rip L. Reeves

Chief Executive Officer,  
Institutional Investor

### Christopher P. Taft

President & CEO, Preferred Mutual Insurance Company (Retired); Past Chairman of the Board; Past Chairman of the Executive Committee

### Robert A. Wadsworth

Chairman of the Board (Retired);  
President & CEO Preferred Mutual Insurance Company (Retired)

## Strategic Leadership

### R. Benedikt Sander

President & Chief Executive Officer

### Jeffrey M. Lopata

Executive Vice President,  
Chief Operating Officer

### Pauline E. Ashworth

Executive Vice President,  
Chief Human Resources Officer  
& Diversity, Equity and Inclusion Officer

### Michael T. DeHetre

Senior Vice President,  
Chief Underwriting Officer

### Jeffrey C. Fasoldt

Senior Vice President,  
Chief Financial Officer & Treasurer

### Michele R. Graham

Senior Vice President,  
Chief Customer Officer

### Raymond D. Muller

Senior Vice President,  
Chief Actuary and Data Analytics

### Michelle S. Raue

Senior Vice President,  
Chief Claims Officer

### David D. Smith

Senior Vice President,  
Technology

### Ronald R. Martin

Vice President,  
Business Compliance & Research

### Lori D. Sharpe

Vice President, Sales and Distribution

### Thomas B. Donahue

Director, Product

### Duane S. Meszler

Director, Underwriting

### Sheena L. Moshetti

Director, Strategy Execution

### Jessie M. Remillard

Director, Human Resources

### Brandy C. Roth

Director, Actuarial Services

### Vida J. Tamoshunas

Director, Data & Analytics

### Daniel M. Thall

Director, Property Claims

### Jessica M. White

Director, Auto Claims

## WE ARE PROUD OF OUR AFFILIATIONS

- National Association of Mutual Insurance Companies
- New York Insurance Association
- Massachusetts Insurance Federation
- Insurance Council of New Jersey
- Independent Insurance Agents & Brokers of America (NY, NJ, NH)
- Independent Insurance Agents & Brokers Affiliate
- Big I NY
- NY First
- Big I NJ
- Professional Insurance Agents (NY, NJ)
- Massachusetts Association of Independent Agents

## BOARD OF DIRECTORS



Back: Patrick Flanagan, David Emerson, Mary Ellen Luker, Michael Hayduk, Rip Reeves, William Craine, Heidi Hoeller, Martin Dietrich  
Front: Robert Wadsworth, John Mitchell, Benedikt Sander, Christopher Taft



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