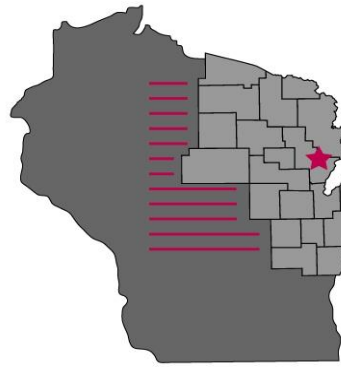


**REPORT TO  
POLICYHOLDERS  
2017**



**Maple Valley Mutual  
Insurance Company**

**304 North Rosera Street  
Lena WI 54139-0059  
(920) 829-5525 or 800-236-2753**

*“The Promise You Can Trust”*

**127 Years of Service  
1891 – 2018**



**HOME OFFICE – 304 N. Rosera (Old Hwy 141) – Lena, Wisconsin**

**AGENDA**  
**127<sup>th</sup> ANNUAL MEETING**  
**MARCH 27, 2018 -- 12:30 P.M.**

1. Invocation - at meal time - 11:30 a.m. – Richard Gilles
2. Meeting called to order - John Matravers, Chairman.
3. Introduction of Guests, Agents, Directors & Employees – President Al Schuettpelz.
4. Reading of the minutes of the last Annual Meeting by Secretary Tom Bitters.  
Any additions or corrections -- acceptance.
5. Reading and explanation of Annual Report to Policyholders by President Al Schuettpelz.  
Ask for acceptance of report.
6. Chairman's Report -- John Matravers.
7. President & CEO's Report – Al Schuettpelz.
8. Any old business to come before the meeting?
9. Any new business to come before the meeting?
10. Report of Nominating Committee – James J. Kugel, Chairman of this Committee  
  
Directors to replace Duane J. Magnin, Linda S. Sinkula and Francis J. Wranosky  
Nominations are Duane J. Magnin, Linda S. Sinkula and Francis J. Wranosky  
  
Director to replace Dr. Gary M. Kotecki (one year term)  
Garrett E. Weber has been nominated to replace Dr. Gary M. Kotecki  
  
There were no other nominations.
11. Election of three Directors for three year term.  
Election of one Director for one year term.
12. Service Awards - Employees: Karen Shehow – 5 years  
Mary Koch – 15 years  
Diane Tisch – 20 years  
Director: Patrick Van De Hey - 5 years
13. Door prizes - gift certificates.
14. Adjourn.

# Maple Valley Mutual Insurance Company

## Minutes of Annual Meeting – March 28, 2017

The 126<sup>th</sup> Annual Meeting of Maple Valley Mutual Insurance Company was held on the above date at The Ravine Pub & Grill, Manitowoc Road, Green Bay, Wisconsin. Following an invocation given by Richard Gilles, a chicken dinner was enjoyed by 185 policyholders and guests in attendance.

Following dinner, John Matravers, Chairman of the Board, called the Annual Meeting to order at 12:20 P.M. A quorum of members was present as set forth in the Company's By-Laws.

The President introduced the special guests, agents, directors and Company personnel that were in attendance.

Thomas Bitters, Vice Chairman/Secretary, then read the minutes of the last Annual Meeting held on March 22, 2016. Motion was made and seconded that these minutes be approved as read. Motion carried.

Maple Valley Mutual's 2016 Annual Report to Policyholders was then read and explained by Al Schuettpelz, President & CEO. Motion was made and seconded that this report be accepted as read. Motion carried.

Chairman John Matravers then gave his report on some of the changes that occurred during calendar year 2016. He reviewed one agency appointment in Neenah, Wisconsin. He also spoke about updates to the Company's Mutual Insurance Processing System and moving our Agent Section from our Website to IMT Computer Services Dashboard. He also briefly reviewed changes and updates to the Company's Farm and Personal Umbrella Program, Farmowners Program, Dwelling Program and Homeowners program. He also briefly reviewed the extensive updates and improvements that were made to our home office building, premises and related equipment. Improvements to the Company's claims handling were also noted. Finally, he noted that the Company's A- (EXCELLENT) rating with the A. M. Best Company and the A+ rating with the Better Business Bureau were continued for another year.

The President's Report was next. Mr. Schuettpelz noted that corporate performance for calendar year 2016 showed very favorable results. Premiums written increased to \$6,577,871, the Company's surplus increased by \$1,056,000, underwriting income increased to \$906,447 and incurred losses were down from the previous year with a gross loss ratio coming in at 28.3%. Direct premiums written, growth of surplus and gross losses incurred graphs for the past sixteen years were shown and explained to policyholders. Graphs showing the Company's reinsurance costs the past eight years and the Company's reinsurance costs and reinsurance recovered over the past sixteen years were also shown and explained to policyholders. During the past eight years, the President noted, the Company has paid \$10,077,003 to Wisconsin Reinsurance Corporation for reinsurance coverages; but recovered only \$3,678,898 on incurred losses. This large difference, he stated, is still a concern for the Company.

The President also explained the rating changes to our reinsurance program for calendar year 2017 and the expected \$112,000 reduction in reinsurance costs. The broad reinsurance coverages provided by Wisconsin Reinsurance Corporation were also briefly discussed.

The need for Maple Valley Mutual to become part of the Vertafore and EZLynx Real Time Personal Lines Rating Systems was reviewed and discussed. These changes will be made in the next few months.

The President also mentioned there will be other changes made to help the Company grow their premium volume.

He also talked briefly about the retirement of Accountant, Finance and EDP person, Carol Reinhardt, and that he enjoyed working with her the past thirty years. She did a good job of updating this part of our operations and the processes used by the Company. He also wished her well in her retirement.

He also commented briefly on the March 8<sup>th</sup> wind storm that occurred this year and thanked Company personnel for working longer hours and on weekends to adjust these losses.

He concluded his remarks by thanking the policyholders for their continued support and for attending our Annual Meeting.

The Chairman then asked the Policyholders if they had any old business to come before the meeting. There was none.

The Chairman then asked if there was any new business to come before the meeting. Under this item, there were several questions regarding the bonuses that were paid to Company Employees and Directors due to the very good year for the Company. The President responded to these questions and provided an explanation.

The next order of business was the election of three Directors. A Report of the Nominating Committee was given by Dr. Gary Kotecki. The Committee nominated Thomas Bitters, James Kugel and Alvin Schuettpelz for three year terms for election at the Annual Meeting. There were no other nominations for Director. Motion was made and seconded that we accept the recommendation of the Nominating Committee and elect Thomas Bitters, James Kugel and Alvin Schuettpelz as Directors of Maple Valley Mutual for a three year term. Motion carried.

The President then presented the following service awards: Linda Sinkula was presented with a 5 year service award and gift in recognition of her dedication and service as a Director of Maple Valley Mutual from 2012 – 2017; and Duane Magnin was presented with a 5 year service award and gift in recognition of his dedication and service as a Director of Maple Valley Mutual from 2012 – 2017.

Kenneth Rosner was honored for his 41 years of service as a Director of Maple Valley Mutual Insurance Company. Ken was first appointed a Director in December of 1975 and has a long and distinguished career as a Director of the Company. Ken was unable to attend the meeting today due to medical reasons. President Schuettpelz presented a plaque and gift in recognition of his dedication and service to his daughter, Becky, who accepted this award on his behalf.

A number of door prizes were then awarded to those in attendance.

At 1:30 P.M., since there was no other business to come before the meeting, the Chairman declared the meeting adjourned.

Thomas A. Bitters -- Vice Chmn/Secretary

# Maple Valley Mutual Insurance Company Officers and Directors



John H. Matravers  
Chairman of the Board



Alvin H. Schuettpelz, CIC  
President/CEO/Treasurer



Thomas A. Bitters  
Vice Chairman/Secretary



Francis J. Wranosky  
Director



Linda S. Sinkula  
Director



Duane J. Magnin  
Director



Patrick J. Van De Hey  
Director



James J. Kugel  
Director



Garrett E. Weber  
Director

## Term Expires 2018

Duane J. Magnin, Oconto Falls  
Linda S. Sinkula, Kewaunee  
Francis J. Wranosky, Oconto Falls

## Term Expires 2019

John H. Matravers, Oconto  
Patrick J. Van De Hey, De Pere  
Garrett E. Weber, Green Bay

## Term Expires 2020

Thomas A. Bitters, Lena  
James J. Kugel, Lena  
Alvin H. Schuettpelz, De Pere

## Officers – Vice Presidents



Chad Schuettpelz, PFMM  
Vice President – Claims



Renee Wirtz  
Vice President – Operations

# Maple Valley Mutual Insurance Company Staff



Chad Schuettpelz, PFMM  
Vice President - Claims  
[chad@maplevalleymutual.com](mailto:chad@maplevalleymutual.com)



Al Schuettpelz, CIC  
President/CEO/General Manager  
[al@maplevalleymutual.com](mailto:al@maplevalleymutual.com)



Tony Willems  
Claims Representative  
[tony@maplevalleymutual.com](mailto:tony@maplevalleymutual.com)



Renee Wirtz  
Vice President - Operations  
Umbrella Lines Underwriter  
[renee@maplevalleymutual.com](mailto:renee@maplevalleymutual.com)



Josh Schonfeld  
Loss Prevention Person  
[josh@maplevalleymutual.com](mailto:josh@maplevalleymutual.com)



Wanda McCarthy  
Personal Lines Underwriter -  
Homeowners Program  
Mobilehomeowners Program  
[wanda@maplevalleymutual.com](mailto:wanda@maplevalleymutual.com)



Colin Modschiedler  
Claims Representative  
Loss Prevention Person  
[colin@maplevalleymutual.com](mailto:colin@maplevalleymutual.com)



Mary Koch  
Farm Lines Underwriter –  
Farmowners Program  
Farm Program  
[mary@maplevalleymutual.com](mailto:mary@maplevalleymutual.com)



Diane Tisch  
Claims Assistant  
Receptionist  
[diane@maplevalleymutual.com](mailto:diane@maplevalleymutual.com)



Michelle Ziesmer  
Finance/Accountant  
Commercial Lines Underwriter  
Personal Lines Underwriter –  
Dwelling Program  
[general@maplevalleymutual.com](mailto:general@maplevalleymutual.com)



Karen Shehow  
Loss Prevention Assistant  
Receptionist  
[karen@maplevalleymutual.com](mailto:karen@maplevalleymutual.com)



Jessica Angus  
Commercial Lines Underwriter  
Personal Lines Underwriter –  
Dwelling Program  
[jessica@maplevalleymutual.com](mailto:jessica@maplevalleymutual.com)

## **PRESIDENT'S MESSAGE**

### **2017 – An Acceptable Year**

The Company's corporate performance for calendar year 2017 showed decent results even with the storm losses that occurred. Please note the following in this regard:

- ◆ Direct Premiums Written increased by \$108,557 during the year to a new total of \$6,686,428;
- ◆ Income for the year before federal income taxes came to \$562,224;
- ◆ The Company's Surplus increased during the year by \$847,106 to a new total of \$9,971,828;
- ◆ The Company's Admitted Assets increased during the year by \$1,000,069 to a new total of \$14,848,773; and
- ◆ The Company's Combined Ratio came in at a very decent 97.1%.

### **Storm Losses**

Storm losses during the first seven months of the year had a negative impact on the Company's performance for the year. The March 7<sup>th</sup> and 8<sup>th</sup> windstorm, June 11<sup>th</sup> thru the 14<sup>th</sup> windstorm and hail losses in July caused almost \$1.3 million in losses for the Company. This storm activity helped increase losses incurred for the year to \$3,524,853. The gross loss ratio for the year came in at 52.7%.

### **A. M. Best A- (EXCELLENT) Rating**

On November 29, 2017, confirmation was received that the A. M. Best Company has again reviewed and rated Maple Valley Mutual's performance **A- (EXCELLENT)**. This rating is the highest rating that A. M. Best will give to a smaller mutual. Their new "building block" rating methodology includes the following:

#### **BALANCE SHEET VERY STRONG**

- ◆ Company maintains strongest level of risk-adjusted capitalization;
- ◆ Consistently positive growth in policyholders' surplus; and
- ◆ Reserve development is consistently redundant.

#### **OPERATING PERFORMANCE ADEQUATE**

- ◆ Solid operating performance over the past 5 years, driven primarily by investment and other income.

#### **BUSINESS PROFILE LIMITED**

- ◆ Company is one of the more established writers of Farmowners' and Homeowners' business in Wisconsin, in a market with relatively few major competitors; and
- ◆ Company is highly experienced in its market area; on average, employee and agent longevity is very good.

#### **ENTERPRISE RISK MANGEMENT APPROPRIATE**

- ◆ Company employs effective and appropriate risk management practices, which includes periodic internal assessment of its greatest enterprise risk areas, such as credit, market, underwriting, operational, and strategic risks.

#### **OUTLOOK STABLE**

- ◆ Outlook is considered stable due to consistent growth in policyholder's surplus and profitable operations overall.



## Post Office Improvements

During the past year, extensive updates and improvements were made to our Post Office building at 133 East Railroad Street, Lena, Wisconsin. Most of the exterior, except for the brick walls, was replaced.

## Reinsurance Protection and Changes

The Company's Open-End Catastrophe and Aggregate Reinsurance Protection continues to make Maple Valley Mutual just as safe as the larger companies writing business in Wisconsin. The Company's estimated maximum retention for all losses and adjusting expense for 2018 is \$3,944,636. All losses over this retention amount will be paid by our reinsurance carrier. Reinsurance costs for this year have remained basically the same as the previous year.

## Farm Program Revisions

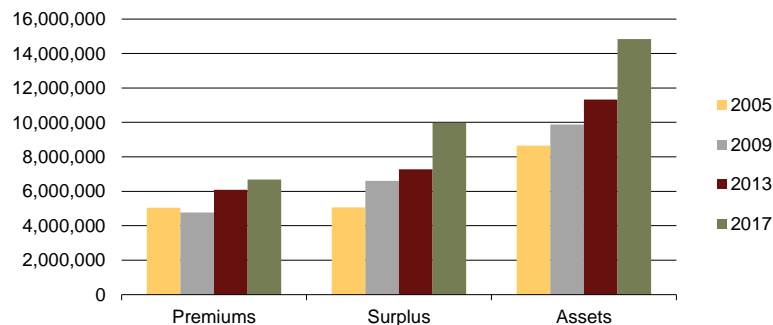
During the past year, extensive revisions were made to the Company's Farm Program. Policy forms were updated to the latest ones available from AAIS, rates and rules were updated, and coverages were added. These changes have made the Company a more attractive carrier for the non-owner occupied farm risks written by the Company.

## Thank You

On behalf of our Director and Employees, I would again like to take this opportunity to thank all of our Policyholders and Agents for their support and confidence in Maple Valley Mutual. We continue to be grateful for the opportunity to service you.

A. H. Schuettpelz, CIC  
President & CEO

## GROWTH OF COMPANY



## COMPANY PROGRAMS

Businessowners  
Commercial Multi-Peril  
Farm Fire & Allied  
Homeowners  
Mobilehomeowners

Commercial Fire & Allied  
Dwelling Fire & Allied  
Farmowners  
Inland Marine  
Umbrella – Farm & Personal

**STATEMENTS OF ADMITTED ASSETS,  
LIABILITIES AND POLICYHOLDERS' SURPLUS  
STATUTORY BASIS  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
<b>ADMITTED ASSETS</b>		
Cash and checking	\$ 976,183	\$ 628,541
Cash deposits earning interest and short-term investments	2,405,788	3,237,134
Bonds, at amortized cost	6,590,453	5,714,780
Stocks, at market value	3,533,043	2,860,214
Real estate	196,269	188,401
Premiums receivable	1,010,482	984,167
Reinsurance recoverable on paid losses	(2,573)	119,792
Refundable federal income taxes	36,922	20,292
Electronic data processing equipment	16,841	15,050
Prepaid expenses	14,425	8,301
Accrued investment income	70,778	67,701
Furniture and fixtures	9,602	13,653
Automobiles	94,399	93,581
Other	<u>16,898</u>	<u>17,997</u>
Total Assets	<u>\$14,969,510</u>	<u>\$13,969,604</u>
Less non-admitted assets	<u>(120,737)</u>	<u>(120,903)</u>
<b>TOTAL ADMITTED ASSETS</b>	<b><u>\$14,848,773</u></b>	<b><u>\$13,848,701</u></b>
<b>LIABILITIES AND POLICYHOLDERS' SURPLUS</b>		
<b>LIABILITIES</b>		
Unpaid losses, net of reinsurance recoverable	\$ 732,495	\$ 632,806
Unpaid loss adjustment expenses	81,621	47,229
Commissions payable	223,581	278,101
Unearned premiums	3,372,290	3,319,901
Premiums received in advance	105,017	84,977
Reinsurance premiums payable	80,684	101,817
Accrued expenses	71,287	63,578
Deferred income taxes	<u>209,970</u>	<u>195,570</u>
Total Liabilities	<u>\$4,876,945</u>	<u>\$4,723,979</u>
<b>POLICYHOLDERS' SURPLUS</b>	<b><u>9,971,828</u></b>	<b><u>9,124,722</u></b>
<b>TOTAL LIABILITIES AND POLICYHOLDERS' SURPLUS</b>	<b><u>\$14,848,773</u></b>	<b><u>\$13,848,701</u></b>



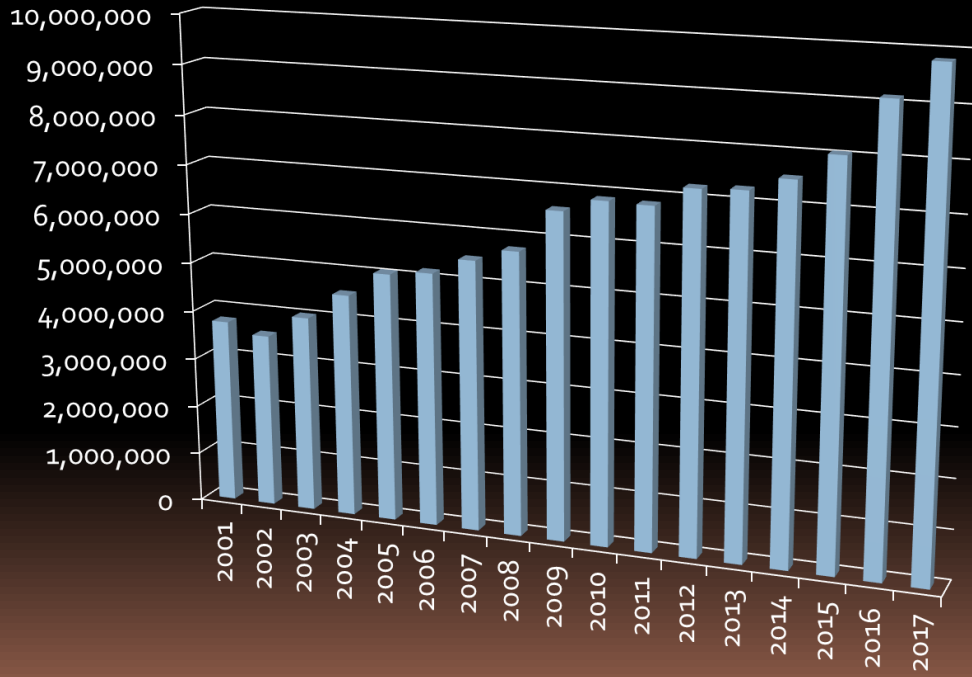
**STATEMENTS OF OPERATIONS -- STATUTORY BASIS  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
<b>UNDERWRITING INCOME</b>		
Direct premiums written	\$6,686,428	\$6,577,871
Unearned premium adjustment	(52,389)	(54,469)
Cost of reinsurance	<u>(1,184,975)</u>	<u>(1,263,919)</u>
Net premiums earned	5,449,064	5,259,483
<b>LOSSES INCURRED</b>		
Direct losses incurred	3,524,853	1,860,033
Reinsurance (recovered)	<u>(854,971)</u>	<u>(231,549)</u>
Net losses incurred	2,669,882	1,628,484
<b>NET LOSS ADJUSTMENT EXPENSES</b>	625,303	472,118
<b>OTHER UNDERWRITING EXPENSES</b>	<u>2,013,310</u>	<u>2,252,434</u>
<b>NET LOSSES &amp; EXPENSES INCURRED</b>	5,308,495	4,353,036
<b>NET UNDERWRITING INCOME</b>	140,569	906,447
<b>INVESTMENT/OTHER INCOME</b>		
Net investment income earned, net of investment expense	185,110	174,539
Net realized capital gain	31,243	38,330
Policy and installment fees	205,210	208,825
Miscellaneous income	92	1,606
<b>TOTAL INVESTMENT &amp; OTHER INCOME</b>	421,655	423,300
<b>NET INCOME BEFORE TAXES</b>	562,224	1,329,747
<b>FEDERAL TAX EXPENSE</b>	<u>(143,370)</u>	<u>(414,470)</u>
<b>NET INCOME AFTER TAXES</b>	<u>\$ 418,854</u>	<u>\$ 915,277</u>

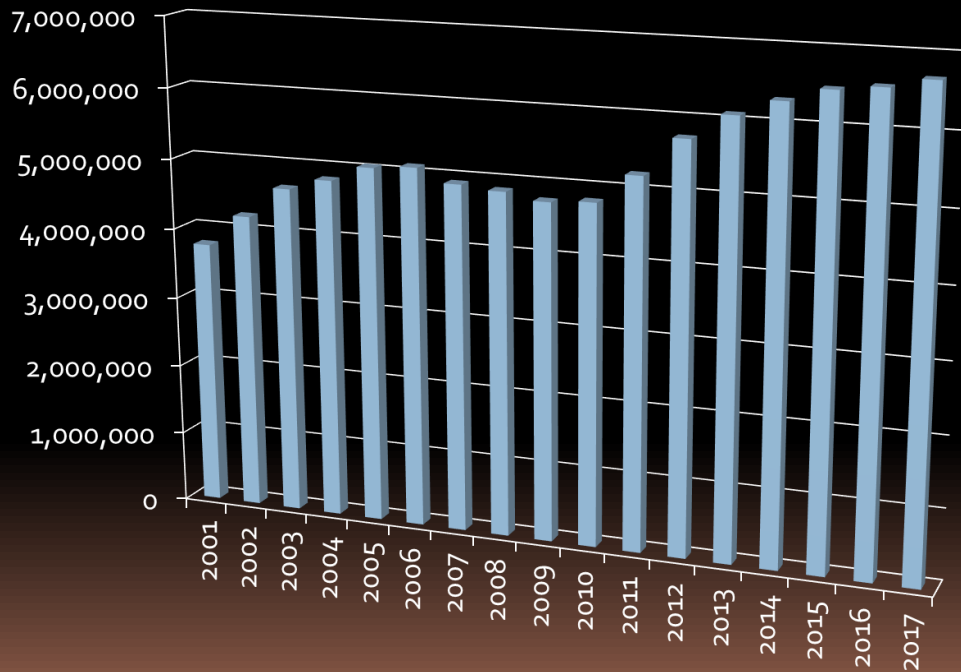
**STATEMENTS OF POLICYHOLDERS' SURPLUS  
STATUTORY BASIS**

	<u>2017</u>	<u>2016</u>
<b>SURPLUS, BEGINNING OF YEAR</b>	\$9,124,722	\$8,068,560
Net income	418,854	915,277
Change in unrealized capital gains, net of income taxes	442,486	181,518
Net change in deferred income taxes	(14,400)	(3,350)
Increase (decrease) in non-admitted assets	<u>166</u>	<u>(37,283)</u>
<b>SURPLUS, END OF YEAR</b>	<u>\$9,971,828</u>	<u>\$9,124,722</u>

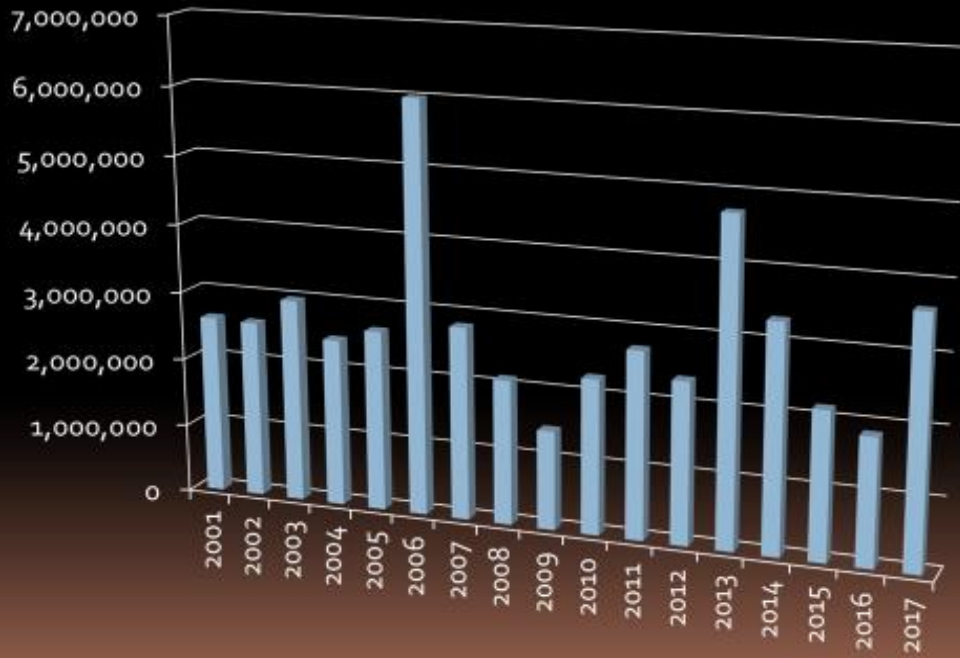
## GROWTH OF COMPANY'S SURPLUS 2001 THROUGH 2017



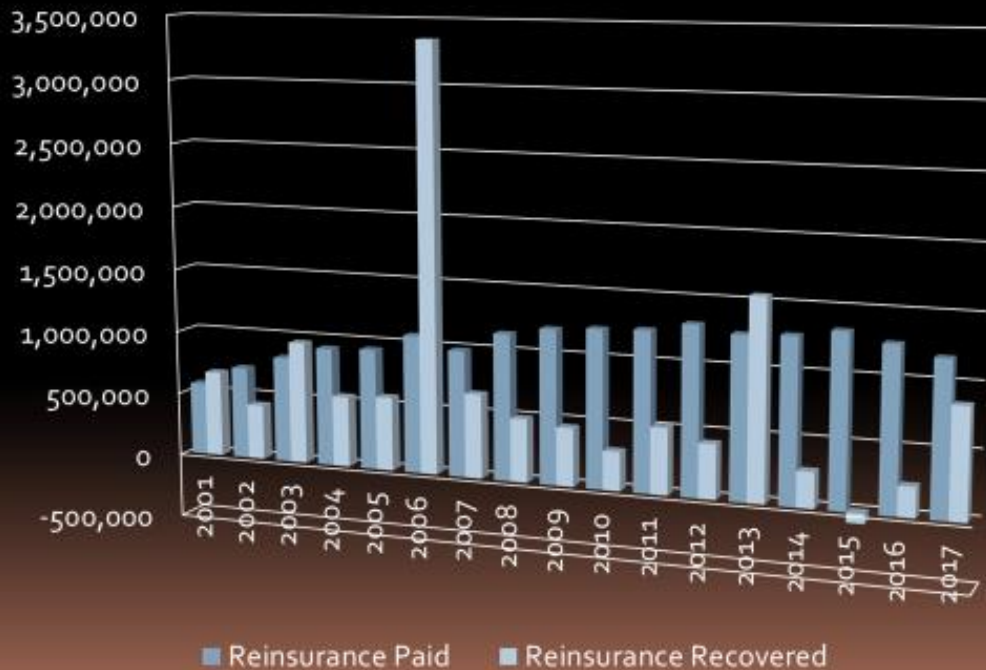
## DIRECT PREMIUMS WRITTEN 2001 THROUGH 2017



### GROSS LOSSES INCURRED 2001 THROUGH 2017



### REINSURANCE PAID/RECOVERED 2001 THROUGH 2017



# WHY YOU SHOULD CHOOSE MAPLE VALLEY MUTUAL INSURANCE COMPANY

## Our History

On May 23, 1891, the Company was established by 44 residents of Oconto County for the purpose of providing themselves and their local communities with fire and lightning insurance protection. The newly formed Company was incorporated as a town mutual insurer under the laws of Wisconsin and called Maple Valley Home Mutual Fire Insurance Company. In 1939, the current name was adopted. On January 1, 1987, the Company reorganized from a town mutual to a non-assessable domestic mutual insurance carrier writing business in northeastern Wisconsin. On August 1, 1995, Kossuth Mutual Insurance Company merged into the Company.

Today, the Company writes Farmowners, Homeowners, Businessowners, Commercial, Dwelling, Mobilehomeowners, Inland Marine and Umbrella Coverages for residents who live and/or own property in the Company's writing territory of twenty-one counties in northeastern Wisconsin.

## Our Vision

Maple Valley Mutual's vision is to be the best smaller mutual insurance carrier in northeastern Wisconsin. This means providing exceptional service and top-notch products to our Agents and Policyholders/Owners while maintaining the Company's excellent financial condition and A. M. Best Rating of A- (EXCELLENT).

## Our Mission Statement

The Maple Valley Mutual Insurance Company is a nonassessable mutual insurance carrier writing multi-line property and casualty coverages (excluding auto) in a twenty-one county area in Northeastern Wisconsin. We are the dominant small mutual in this area of the state and will continue to concentrate our efforts to maintain this status. We will continue to market our products through the independent agency system.

Our goals include:

- 1) Providing outstanding service and quality products to our policyholders/owners;
- 2) Developing long term, productive relationships with employees and agents; and
- 3) A modest contribution to surplus every year so we can maintain the Company's excellent financial condition.



**Our A. M. Best Rating of A- (EXCELLENT)** – The Company's A- (EXCELLENT) rating is the highest rating that A. M. Best will provide to a smaller mutual. This rating is assigned to companies that have, in A.M. Best's opinion, an excellent ability to meet their ongoing insurance obligations. The Company secured this A rating back in 1992 and continues to have it confirmed on an annual basis.



## Our Comprehensive Reinsurance Protection with Wisconsin

**Reinsurance Corporation** – The Company's Open-end Catastrophe and Aggregate Reinsurance Protection makes the Company just as safe as the larger companies writing business in Wisconsin. The attachment point under this Comprehensive Open-end Reinsurance Protection is 67% of the Company's Net Premium Earned. All losses over this retention amount will be paid by our reinsurance carrier.



**Our Better Business Bureau Rating of A+** - Maple Valley Mutual is an Accredited Business with the Better Business Bureau.

The Company's current rating is: 

[www.maplevalleymutual.com](http://www.maplevalleymutual.com)

