

# AN A RATED YEAR

## 2022 ANNUAL REPORT

**encova**

INSURANCE



# EXECUTIVE MESSAGE



One-stop shop. A 360° approach. Smart technology. Local expertise delivered through the independent agent distribution model. Superior financial strength. These five elements are what differentiate Encova Insurance in the marketplace, and each one of these elements came together to make our 2022 an award-winning, “A rated” year. As I reflect on 2022, I am proud of the partnership of our independent agents and the hard work of our associates. I am also humbled by the recognition Encova received in both the industry and our community.

At the end of 2022, we began work on our plans to consolidate our commercial lines and workers’ compensation profit centers as a singular commercial lines profit center under Jeff Benintendi, executive vice president, Workers’ Compensation and Strategic Accounts. We are excited for Grady Campbell’s new role as Senior Advisor to the President and CEO. This decision was made to further our **one-stop shop** and based on our goal of presenting as one commercial lines company in the marketplace, improving the ease with which our agents do business with us. It also builds on our unique **360° approach** to commercial lines as a whole by coordinating and leveraging our loss control services across all commercial lines to help prevent claims from occurring.

We continue to make strides in industry technology. Our Personal Lines Transformation, led by Matt Wilcox, executive vice president, Personal Lines, was built on the same Guidewire platform as our award-winning commercial lines solution. In 2022, it was rolled out to two additional states, bringing us to 10 states across our footprint. Since rolling out our new personal lines platform, Encova has reinforced our relevancy in the personal lines space, and we shattered our new business totals from 2020 and 2021. **Our smart technology** was recognized as a gold-level 2022 Ivans Spark Awards winner in both commercial lines and personal lines. We received the recognition for our use of technology to support the growth of our agency partners and the entire insurance industry. Out of more than 450 carriers, Encova was one of only nine carriers to receive gold-level awards in both commercial lines and personal lines.

We have always believed policyholder needs are best met with **local expertise**, and we are thankful for our partnership with more than 2,000 independent agencies who are able to provide the local knowledge that gives Encova a unique advantage. In addition, we believe in getting involved directly with the communities where we live and work. The Encova Foundation of Ohio and the Encova Foundation of West Virginia continue to make impactful contributions to nonprofit organizations across our footprint, and our associates take time to volunteer and get involved in our communities. In 2022, we received the Dream Award from the King Arts Complex in Columbus, Ohio, and the Corporate Citizenship Award from Columbus Business First.

All of Encova’s achievements in 2022 are truly significant. However, I am most proud that our **superior financial strength** was upgraded to an A (excellent) rating by AM Best, a global credit rating agency, news publisher and data analytics provider specializing in the insurance industry. Attaining the A (excellent) rating is a milestone our company celebrates with joy and pride. Our premiums are in excess of \$1 billion, our surplus in excess of \$1.96 billion and our assets in excess of \$4.8 billion. According to AM Best, over the last four years, Encova has seen significant improvement in underwriting and operating performance.

We have an incredible story to share, and I’m honored to lead this company on this journey. We continue to strive to be the carrier of choice for our agents and policyholders. After our **“A rated” year**, there has never been a better time to be associated with Encova Insurance.

Thomas J. “TJ” Obrokta Jr.  
President and CEO

**encova**  
INSURANCE

# LEADERSHIP - SENIOR LEADERSHIP TEAM



**Jeff Benintendi**

Executive vice president, Workers' Compensation and Strategic Accounts



**Grady Campbell, CIC, AAI**

Executive vice president, Commercial Lines and Life



**J. Christopher Howat, CPA**

Executive vice president, chief financial officer and treasurer



**John Kessler**

Executive vice president and chief strategy officer



**Teresa King, CPCU, AIC**

Senior vice president and chief claims officer



**Amy Kuhlman**

Senior vice president and controller



**Tony Laska**

Executive vice president and chief information officer



**William J. McGee Jr.**

Senior vice president, chief legal officer and corporate secretary



**Marchelle E. Moore**

Senior vice president, external affairs, chief diversity officer and president, Encova Foundation of Ohio



**Thomas J. "TJ" Obrokta Jr.**

President and CEO



**Mark Peacock, SPHR, SHRM-SCP, CEBS**

Senior vice president and chief human resources officer



**Mel Pryor, FCAS, MAAA**

Senior vice president, actuarial and analytics



**Matthew C. Wilcox, CPCU**

Executive vice president, Personal Lines

# LEADERSHIP - BOARD OF DIRECTORS



**John J. Bishop**  
Chair



**W. Marston  
(Marty) Becker**  
Vice Chairman



**Kevin J. Craig**



**Thomas V. Flaherty**



**Sharon Goodwine**



**Archie M. Griffin**



**Sandra W. Harbrecht**



**Mike Keller**



**Yvette McGee Brown**



**Thomas J. "TJ"  
Obrokta Jr.**  
President and CEO



**Robert C. Smith**



**Steven F. White**

# OUR FOOTPRINT



★ OFFICE LOCATIONS

Columbus, OH  
 Charleston, WV  
 Charlotte, NC  
 Naperville, IL  
 Pittsburgh, PA

-  COMMERCIAL LINES
-  PERSONAL LINES
-  LIFE
-  WORKERS' COMPENSATION



TOP 20

MUTUAL  
INSURANCE  
COMPANIES

1,100+



ASSOCIATES

\$4.8  
BILLION

IN ASSETS



INDEPENDENT  
AGENCIES

**encova**  
INSURANCE

# SUPERIOR FINANCIAL STRENGTH

## STATEMENT OF OPERATIONS

(in thousands)

### Encova Insurance

ASSETS	2022	2021
Bonds	\$3,148,951	\$3,132,832
Stocks	\$547,675	\$617,841
Cash and short-term securities	\$269,858	\$260,377
Premium receivable	\$422,429	\$405,607
Partnerships and joint ventures	\$127,077	\$139,569
Current and net deferred tax assets	\$87,815	\$59,492
Real estate	\$61,314	\$60,099
Other assets	\$128,958	\$116,900
<b>Total assets</b>	<b>\$4,794,077</b>	<b>\$4,792,717</b>

LIABILITIES AND SURPLUS	2022	2021
Losses and loss expenses	\$1,999,277	\$1,979,023
Unearned premiums	\$548,849	\$524,664
Retiree benefit obligation	\$26,400	\$33,953
Other unpaid expenses	\$167,830	\$167,129
Unpaid policyholder dividends	-	-
Other liabilities	\$105,900	\$129,710
<b>Total liabilities</b>	<b>\$2,848,256</b>	<b>\$2,834,479</b>
Policyholder security	\$1,945,821	\$1,958,238
<b>Total liabilities and security</b>	<b>\$4,794,077</b>	<b>\$4,792,717</b>

SUMMARY OF OPERATIONS	2022	2021
Net earned premium	\$1,133,491	\$1,084,638
Underwriting profit/(loss)	\$11,205	\$35,214
Combined ratio	98.7%	96.8%
Net investment gain/(loss)	\$69,083	\$155,884
<b>Net income</b>	<b>\$79,452</b>	<b>\$182,446</b>

## STATEMENT OF OPERATIONS

(in thousands)

### Encova Life

ASSETS	2022	2021
Bonds	\$478,498	\$504,363
Stocks	\$178	-
Cash and short-term securities	\$36,863	\$20,850
Other invested assets	\$39,659	\$32,507
Contract loans	\$16,871	\$16,949
Premiums receivable	\$15,809	\$18,568
Interest and dividends due and accrued	\$5,120	\$5,197
Other assets	\$8,208	\$9,351
<b>Total assets</b>	<b>\$601,206</b>	<b>\$607,785</b>

LIABILITIES AND SURPLUS	2022	2021
Policy reserves	\$500,164	\$505,137
Statutory reserves	\$3,438	\$5,602
Claims payable	\$4,548	\$6,150
Other liabilities	\$13,488	\$11,819
<b>Total liabilities</b>	<b>\$521,638</b>	<b>\$528,708</b>
Capital and security	\$79,568	\$79,077
<b>Total liabilities and security</b>	<b>\$601,206</b>	<b>\$607,785</b>

SUMMARY OF OPERATIONS	2022	2021
Premiums and contract considerations	\$38,790	\$43,155
Total income	\$63,699	\$70,166
Benefits and expenses	\$62,276	\$65,263
Net income from operations	\$1,424	\$4,903
Net profit/(loss)	\$(1,219)	\$2,725
<b>Change in capital and security</b>	<b>\$491</b>	<b>\$2,616</b>

# 2022 AWARDS



**Duck Creek  
Technologies**

## STANDARD OF EXCELLENCE CUSTOMER AWARD FROM DUCK CREEK TECHNOLOGIES

In 2022, Encova received the inaugural Standard of Excellence Customer Award from Duck Creek Technologies. We were recognized for our agency management distribution system (ADMS) that allows us to provide an enhanced experience for our agents. The centralization of previously disconnected systems created a single source of truth for agent and agency details. Since going live on the Duck Creek Platform in December 2021, the automated processes have simplified the experience and decreased the timeframe of onboarding significantly.



## A (EXCELLENT) BY AM BEST

Encova was upgraded to an A (excellent) rating with a stable outlook by AM Best, a global credit rating agency, news publisher and data analytics provider specializing in the insurance industry. According to AM Best's release, the rating reflects the strength of our finances as a key contributor to this upgrade. Over the last four years, the company has seen significant improvement in underwriting and operating performance. AM Best also stated that "favorable net earnings and returns on policyholder surplus with disciplined underwriting practices and a conservative investment strategy" were factors in the decision.

## COLUMBUS BUSINESS FIRST



**Corporate  
Citizenship**

## CORPORATE CITIZENSHIP AWARD FROM COLUMBUS BUSINESS FIRST

Encova was honored by Columbus Business First with a Corporate Citizenship Award, given to companies who give the most to area nonprofits. The magazine surveys the local business community on their giving for their annual list of the region's most generous companies. Their goal is to quantify the generosity of Central Ohio companies and their employees. Based on their survey, Encova was one of the Corporate Citizenship Award winners for 2022.



**THE KING ARTS COMPLEX**

## KING ARTS COMPLEX DREAM AWARD

We were pleased to receive the Dream Award from The King Arts Complex in 2022, which recognizes companies in the Columbus area that have significantly impacted our community. The King Arts Complex connects community through the arts, seeking to be the preeminent culture and arts institution in Ohio, preserving, producing and presenting the cultural expressions of African Americans.

## AM BEST RATING

“ We view this upgrade as affirmation of the plan we put in place five years ago to centralize all affiliate operations in Columbus, commit to a disciplined and coordinated underwriting strategy, materially reduce expenses, invest in new workers' compensation capabilities through the affiliation with the BrickStreet family of companies and reorganize as a mutual holding company under the Encova Insurance brand.

We are equally convinced that our commitment to the independent agency distribution channel with our shared commitment to 'profitable growth' led to this upgrade. ”

- TJ Obrokta Jr.,  
President and CEO

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# 2022 AWARDS



## RISE ELITE 50 INTERNSHIP RECOGNITION

For the third year in a row, Encova's internship program was listed as a RISE Elite 50 Internship. Not only did we make the list, but we were also top-rated in the Highly Rated Training category. Interns at Encova thrive in dynamic, results-driven teams where they work alongside our associates. As members of developed teams, interns are trained to manage real-world situations. Our successful internship program attracts college students from across our region. Encova's internship program offers experience across several fields. We select a diverse set of positions from our departments to ensure students have a wide range of learning possibilities.



## IVANS SPARK AWARDS FOR COMMERCIAL LINES AND PERSONAL LINES

Encova Insurance is a gold-level 2022 Ivans Spark Awards winner in both commercial lines and personal lines. We received the recognition for our use of technology to support the growth of our agency partners and the entire insurance industry. Out of more than 450 carriers, Encova was one of only nine carriers to receive gold-level awards in both commercial lines and personal lines.



## AITE-NOVARICA INSURANCE TECHNOLOGY IMPACT AWARD

Encova was a winner of the 2022 Aite-Novarica Insurance Technology Awards for our Personal Lines Transformation. With 65 technology project submissions, we were one of 12 winners, and one of three winners in the category of core systems: large property/casualty. Our Personal Lines Transformation consolidated six legacy systems to improve the online experience for policyholders and agents, using Guidewire's InsuranceSuite and Digital Portals to create one system. Through this technology, we have implemented paperless delivery and automated payments for policyholders, in addition to e-signature and API integration. The success of this transformation was the result of a detailed strategy and plan, effective collaboration and defined goals amongst the team and partners.

## AITE-NOVARICA AWARD

“ We congratulate Encova Insurance on being recognized with a 2022 Insurance Technology Impact Award by Aite-Novarica and for their successful personal lines core systems transformation project with Guidewire InsuranceSuite. We are impressed with the work they have done and are delighted that they have been recognized with this well-deserved honor. ”

- Christina Colby,  
Guidewire Software  
chief customer officer

## IVANS AWARD

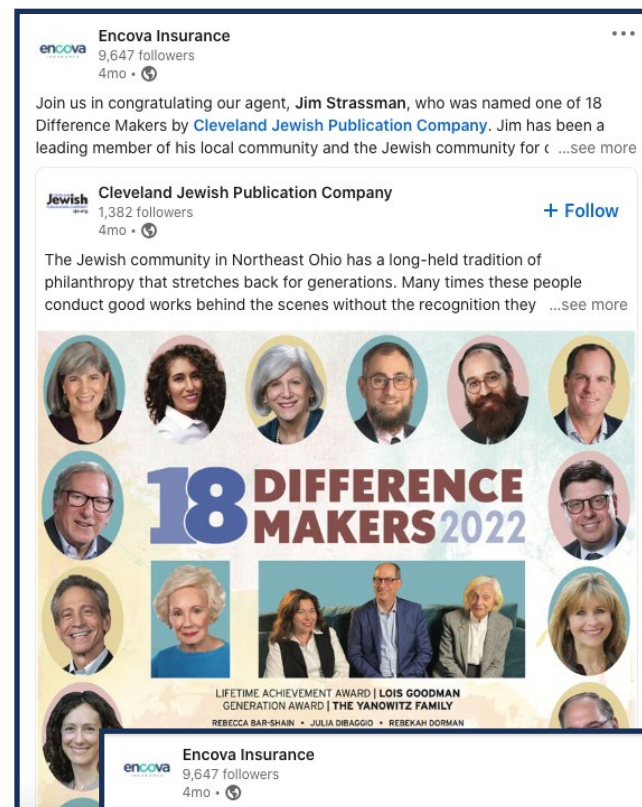
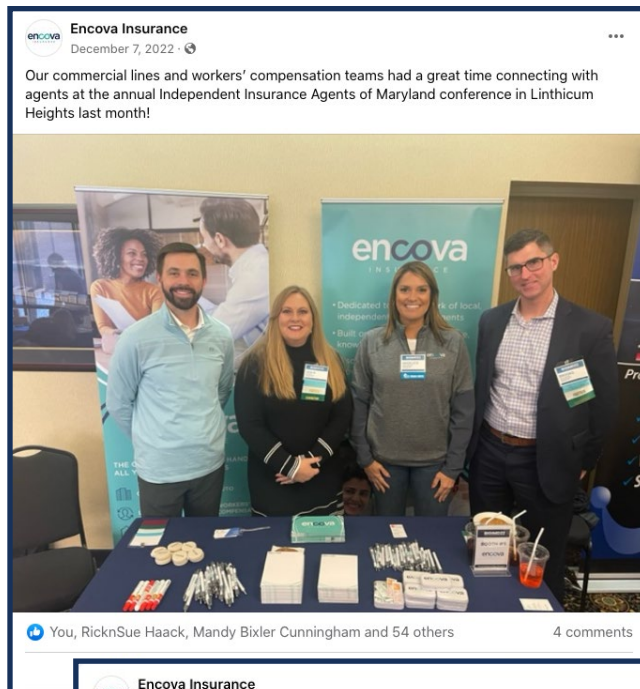
“ We are proud to have qualified for this honor in commercial lines for the last four years, and excited that our transformation in personal lines is also being recognized. Bringing modern digital connectivity to our agents, policyholders and associates is a top priority so we can provide innovative insurance products and an elevated level of service. ”

- John Kessler,  
executive vice president  
and chief strategy officer





# DIGITAL CONNECTION



## GOOGLE REVIEWS

At Encova Insurance, our customers' satisfaction is our top priority, and their feedback is important to us. We invite all our customers to leave a review about their experience with us to ensure we're providing the highest level of service.

## LEAVE US A GOOGLE REVIEW!



CHECK OUT WHAT OUR CUSTOMERS ARE SAYING ON GOOGLE:

“ Responsive ”

“ Professional ”

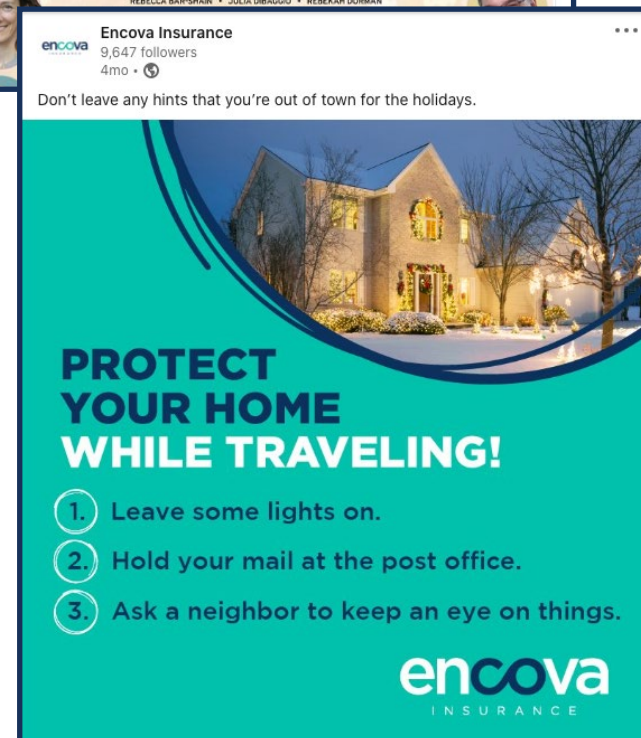
“ Efficient ”

“ Highly recommend ”

“ Timely ”

“ Courteous ”

READ MORE REVIEWS ON OUR GOOGLE PAGE



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 FOLLOW US ON LINKEDIN

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# DIVERSITY, EQUITY AND INCLUSION AT ENCOVA



We have committed ourselves to highlighting and emphasizing diversity, equity and inclusion (DEI) internally and externally, seeking to ingrain DEI into our culture. Over the past few years, this commitment has manifested in creation of our Diversity Council, of which our CEO is a permanent member, the incorporation of focus on DEI into our mission document and annual, required DEI training for all associates, among other initiatives and programs.

At the end of 2022, Marchelle Moore was named our first senior vice president, external affairs, chief diversity officer and president of the Encova Foundation of Ohio. Previously, Marchelle served as the senior vice president, chief legal officer and corporate secretary of Encova.

In her new role as chief diversity officer, Marchelle continues to serve on the Diversity Council and work closely with Human Resources and other areas to ensure our commitment to a more diverse and inclusive culture remains at the forefront of all we do.

Our seven active associate resource groups played a key role in associate and community engagement in 2022 as well. These voluntary, associate-driven groups are organized around a shared or common diversity dimension and give associates opportunities for professional development and community involvement. These groups are A-PARenT (working parents), Asian Pacific Islander, Making HerStory (women), Military Appreciation Group, Mosaic (LGBTQ+), NextStep (young professionals) and Onyx (African American).



Our LGBTQ+ associate resource group, Mosaic, led us in the 2022 Columbus Stonewall Pride March.



The Military Appreciation and Making HerStory associate resource groups hosted Vice Admiral Sandra Stosz, USCG (ret.) to speak about her book "Breaking Ice and Breaking Glass: Leading in Uncharted Waters."

“Progress has been made. However, it became evident that we need a full-time focus from an experienced and dedicated senior leader to elevate our efforts.

A more diverse, open and inclusive environment creates a richer, more collaborative experience for all associates. I'm certain Marchelle is the right person to lead us in these efforts.”

- TJ Obrokta Jr.,  
President and CEO



**YOUR PEACE OF MIND IS WHY WE'RE HERE**



**CLICK TO WATCH OUR 60-SECOND TV COMMERCIAL.**

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