



2024 Annual Report



PENN NATIONAL
INSURANCE

Feel Secure®

2024 President's Message

A message from Robert B. Brandon, president & chief executive officer



We Make Life Better When Bad Things Happen

Penn National Insurance protects people and businesses from the financial consequences of risk. However, the trauma of damaging events goes beyond financial, and remains forever with the policyholder.

Hurricane Helene's devastating damage in Western North Carolina perfectly illustrates that it is the policyholder, not the insurance company, who suffers the loss. For the insurance company, a tragic event is an opportunity to deliver value by helping people heal.

This is particularly true for mutual insurance companies, like Penn National Insurance, whose policyholders enjoy unique management rights, and where the cost of transferring risk does not include setting aside a slice of pie for shareholders.

Our mutual company structure affords us a singular sense of purpose. We exist to serve our policyholders and their trusted insurance advisors, the independent agents that live and work alongside them in their local communities.

Ashe Post & Times

From Asheville to Western Jefferson, Asheville to Spruce Pine

Wednesday, October 2, 2024

www.ashepostandtimes.com

Vol. 67 No. 45

DEVASTATION



Downtown Lansing was one of the hardest hit areas of Ashe County during Hurricane Helene. Main Street was completely covered with several feet of water that flooded businesses, homes and the Lansing Volunteer Fire Dept.

We are proud of the response our team delivered to the victims of Helene. We deployed more than forty adjusters to manage approximately 2,000 claims. On average, we were able to connect with a policyholder in less than six hours of them filing a claim and we closed more than 95 percent of the claims by the end of 2024. These numbers are particularly impressive considering the extremely challenging environment – with over six hundred roads closed in Western North Carolina and communications, electricity, and other utilities unavailable or severely compromised.

This response demonstrates our commitment to all who suffered losses this year, be it in the Western North Carolina communities of Asheville, Boone, West Jefferson, or Spruce Pine, or tornado affected Greenfield, Iowa, and anywhere else where nature's wrath disrupted lives.

95%
of claims closed by
year-end 2024

2024 President's Message



Our Care Beyond the Policy

Our team's help and assistance related to Helene extended beyond contractual obligations. Along with a corporate donation, our employees contributed \$5,000 to the American Red Cross and additional aid to other community organizations helping Helene's victims.

Inspiringly, an employee-led undertaking made certain that the children of Western North Carolina experienced some joy during the holiday season. Our team members placed smiles on the faces of youngsters by gifting four hundred toys, two hundred stuffed animals, and scores of blankets to struggling families.

We will remember 2024 for our caring response to Helene, and for the outstanding service and overwhelming compassion our team members extended to those in their time of need. Beyond Helene, our company and employees continued to extend support – both through contributions and time – to a wide range of community organizations including the United Way, Big Brothers Big Sisters, The Joshua Group, and the Veterans Outreach of Pennsylvania.



2024 President's Message

Growing Policyholder Surplus Underpins **Financial Strength**

While Helene, an event far out on the probability curve, negatively impacted our financial performance, our conservative operating and investment approach limited our 2024 total net income loss to \$7.2 million.

On a brighter note, our third-party administrator subsidiary, Inservco Insurance Services, Inc., recorded yet another strong year of performance and again generated dividends to the parent company.

Significantly, policyholder surplus reached a record high of more than **\$850 million** and reflected growth of **3.3% over year-end 2023.**

Our balance sheet strength is solid and is built to absorb the occasional tail events, like Helene's impact, that periodically happen.

Liability Storm Brewing

Adverse weather trends are not the only factor challenging both insurers and policyholders. The rising cost of settling liability claims driven by legal system abuse amount to a hidden tax on the consumer in the form of higher insurance premiums. According to the American Property Casualty Insurance Association and Munich Re, legal system abuse raises household costs by over \$3,600 a year on average. A return to a legal system that provides fair, appropriate, and rational jury awards is critical for insurance companies to effectively price risk and to protect all policyholders from unnecessary costs.



2024 President's Message

Aesop's Fable: **The Tortoise & the Hare**



2024
Achievement

\$1 billion
Direct Written Premiums

Because we take the long-term view, and in line with our structure as a mutual insurance company, we do not grow for growth's sake. We manage our capital conservatively and are satisfied with a slow and steady approach. However, like Aesop's tortoise, we quietly achieved a "win" in 2024 by exceeding the \$1 billion in direct written premiums milestone.

Slow and steady is not the only similarity between tortoises and mutual insurance companies, both are also famously known for their longevity.

At 105 years old, Penn National Insurance is a youthful mutual and we look forward to meeting the needs of our policyholders and agents for years to come.



2024 President's Message



A Note of Gratitude

We thank our team members for their dedication and commitment, which enables us to serve our policyholders, agents, and each other. Our culture is employee-driven and is demonstrated by the results of our 2024 employee engagement survey which surpassed industry benchmarks. Employees both past and present have built our reputation of trust, responsiveness, and integrity, one policyholder and one claim at a time. Thank you for capably fulfilling our mission of helping people feel secure and making life better – not just at work, but also throughout the communities in which we operate.

Robert R. Brandon

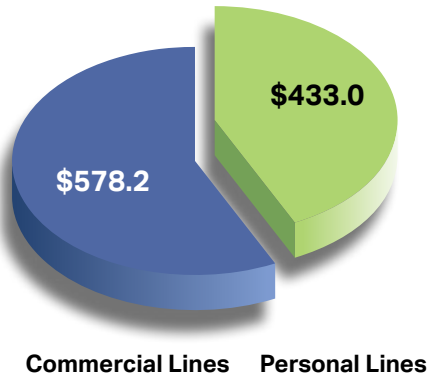
Bob Brandon,
President & CEO, Penn National Insurance



2024 Financials At A Glance

Direct Premiums Written (in thousands)

Total Direct Premiums Written
\$1,011.2



Policyholder Surplus

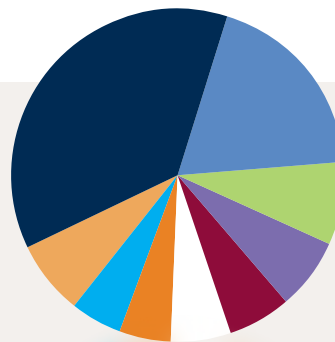
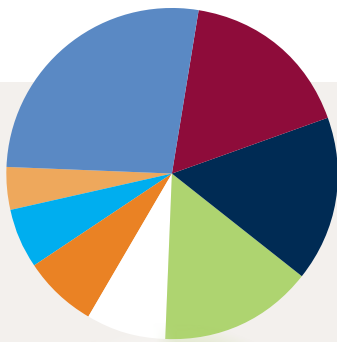
\$851.5M

Growth 3.3%
Return 2.6%



Total Admitted Assets

\$2,241.2M



Consolidated Lines of Business

Written by Line of Business

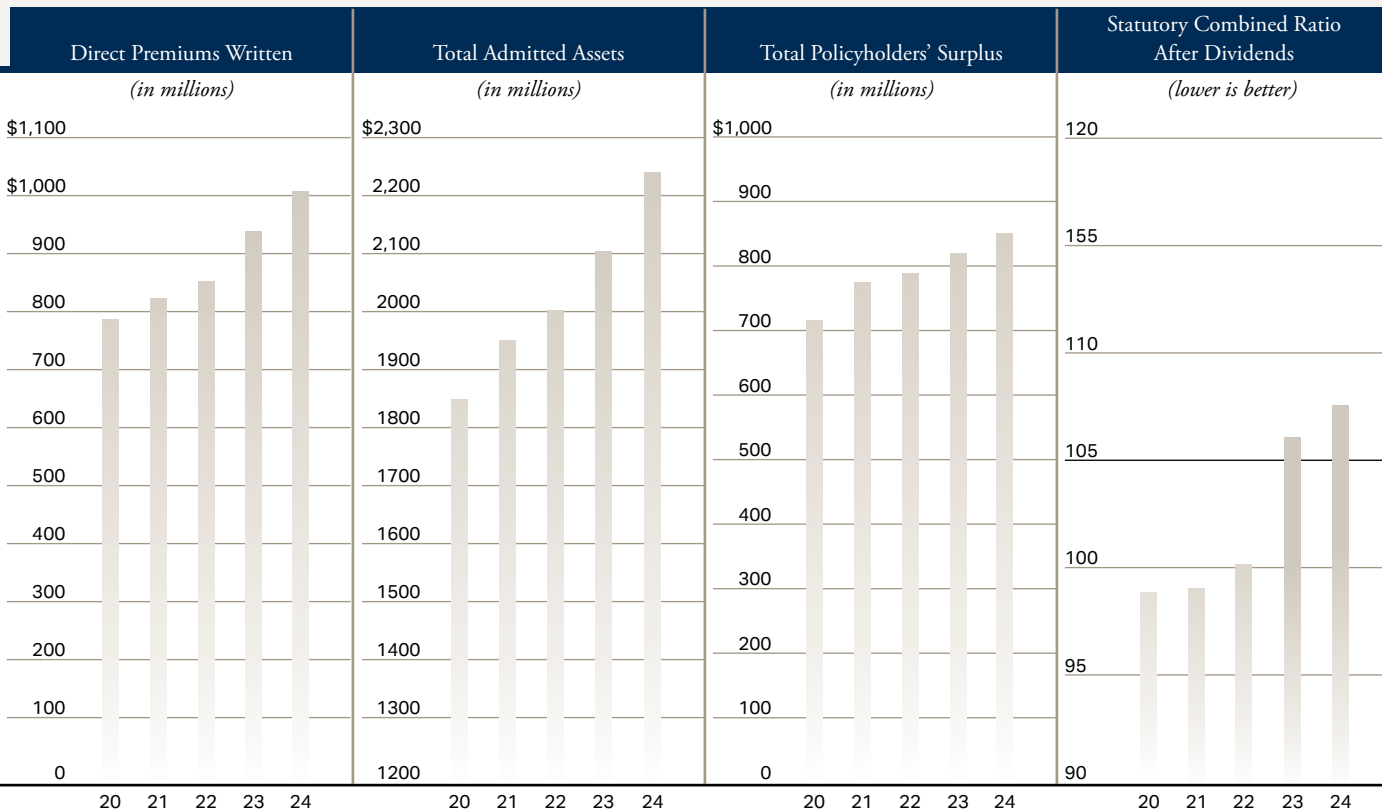
Personal Automobile	27%
Other Liability	17%
Commercial Automobile	16%
Homeowners	15%
Commercial Fire	8%
Businessowners	7%
Workers' Compensation	6%
Other	4%

Written by State

Pennsylvania	37%
North Carolina	19%
New Jersey	8%
Viginia	7%
Tennessee	6%
Maryland	6%
Alabama	5%
Wisconsin	5%
Other:	
South Carolina	3%
Iowa	2%
Delaware	1%
Minnesota	1%

2024 Combined Statutory Financial Statements (Unaudited)

(Dollars in thousands)	2024	2023	2022	2021	2020
Direct premiums written	\$1,011,176	\$ 942,303	\$ 851,118	\$ 817,374	\$ 792,272
Net premiums written	949,765	881,753	806,051	771,248	749,933
Net premiums earned	917,450	842,034	786,773	761,765	745,578
Investment income, including realized gains and losses	72,938	58,466	48,506	52,737	45,719
Net (loss) income	(7,168)	(8,457)	30,265	43,917	48,188
Total cash and investments	\$1,909,079	\$1,793,145	\$1,723,331	\$1,707,268	\$1,614,703
Total admitted assets	2,241,180	2,105,496	2,001,811	1,957,778	1,866,786
Total policyholders' surplus	851,531	824,281	798,116	788,506	718,028
Combined ratio after dividends	107.7	106.8	100.4	99.8	98.7



2024 Combined Statutory Financial Statements (Unaudited)

Combined Statutory Balance Sheets (Unaudited)

Years Ended December 31, (dollars in thousands) 2024 2023

Admitted Assets

Investments:		
Bonds	\$1,546,043	\$1,474,340
Stocks	272,349	229,022
Real estate	21,254	21,871
Other invested assets and securities receivable	1,395	1,492
Cash, cash equivalents and short-term investments	68,038	66,420
Total cash, cash equivalents and investments	1,909,079	1,793,145
Agents' balances and uncollected premiums	277,029	258,372
Investment income due and accrued	11,594	11,209
Amounts due from reinsurers	14,024	12,512
Federal income tax recoverable	10,024	8,652
Deferred income taxes, net	8,155	11,473
Other assets	11,275	10,133
Total admitted assets	\$2,241,180	\$2,105,496

Liabilities

Reserves for losses and loss adjustment expenses	\$ 839,955	\$ 771,612
Unearned premiums	450,308	417,993
Premium taxes and other expenses	24,413	22,871
Other liabilities	74,973	68,739
Total liabilities	1,389,649	1,281,215

Policyholders' Surplus

Surplus notes	29,500	\$ 29,500
Special surplus	1,000	1,000
Unassigned surplus	821,031	793,781
Total policyholders' surplus	851,531	824,281
Total liabilities and policyholders' surplus	\$2,241,180	\$2,105,496

2024 Combined Statutory Financial Statements (Unaudited)

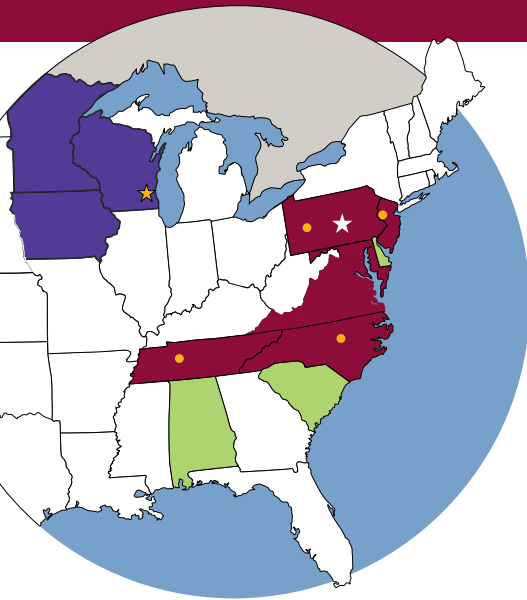
Combined Statutory Statements of (Loss) Income (Unaudited)

Years Ended December 31, (dollars in thousands)	2024	2023
Underwriting income:		
Net premiums written	\$949,765	\$881,753
Increase in unearned premiums	(32,315)	(39,719)
Premiums earned	917,450	842,034
Losses and loss adjustment expenses	692,905	619,001
Underwriting expenses	301,809	286,762
Total losses and expenses	994,714	905,763
Total underwriting loss	(77,264)	(63,729)
Investment income:		
Net investment income	65,173	58,252
Net realized gains on investments	7,765	214
Total investment income	72,938	58,466
Other income, net	1,293	2,959
Pretax loss before dividends	(3,033)	(2,304)
Dividends to policyholders	3,706	6,103
Pretax loss	(6,739)	(8,407)
Federal income tax expense	429	50
Net loss	\$ (7,168)	\$ (8,457)

Combined Statutory Operating Statistics (Unaudited)

Years Ended December 31, (dollars in thousands)	2024	2023
Net losses incurred to net premiums earned	65.0	62.9
Net loss adjustment expenses to net premiums earned	10.5	10.6
Loss and loss adjustment expense ratio	75.5	73.5
Underwriting expenses incurred to net premiums written	31.8	32.6
Dividends to net premiums earned	0.4	0.7
Combined ratio after dividends	107.7	106.8
Net premiums written to surplus ratio	1.1	1.1
Net liabilities to surplus ratio	1.6	1.5
Net leverage ratio	2.7	2.6

2024 Facts in Brief



- ☆ Penn National Insurance
Headquarters: Harrisburg, PA
- Personal & Commercial
- Commercial Only
- Partners Mutual Insurance
An Affiliate of Penn National Insurance
Personal & Commercial
- ★ *Headquarters: Waukesha, WI*
- Branch & Claims Offices

Financial Strength
Rating:
A (Excellent)



- We were founded in 1919.
- We employ more than 800 people.
- We sell through more than 1,200 independent agency operations in 12 states.
- Our principal lines of business are Personal Automobile, Other Liability, Commercial Automobile and Homeowners.
- We have received the Ward's Claims Customer Experience Superior Rating for six consecutive years.
- We have a financial strength rating of A (Excellent) from the A.M. Best Company.



As a mutual insurance company, we are owned by our policyholders. We focus all of our attention and resources on delivering on our promise of protection to our policyholders.



Our Mission

We help people feel secure and make life better when bad things happen.



**PENN NATIONAL
INSURANCE**
Feel Secure®

Our Vision

We build enduring relationships with policyholders, agents and team members by serving their long-term best interests.

Our Culture

Every decision we make, every interaction we have, is an opportunity to live our values, fulfill our vision and achieve our mission. We believe in doing the right thing, treating everyone with dignity, being open in our actions and making a positive impact on society.

Our Core Values

We exhibit integrity, respect, transparency and social responsibility in all that we do.

Integrity

We behave ethically, guided by a strong understanding of right and wrong.

Respect

We treat everyone fairly, promote diversity and inclusiveness and foster a sense of belonging.

Transparency

We openly and honestly share our successes and shortcomings.

Social Responsibility

We are committed to strengthening our communities by volunteering our time and financial support.

Our Ground Rules

Our ground rules guide us to ensure that we are not just doing well, but also doing good for all those we serve.



Executive Team



Karen C. Yarrish, Esq.
senior vice president,
secretary & general counsel

John V. Foster
senior vice president, Insurance Operations

Robert B. Brandon, CPCU
president & CEO

Kelly C. Miller
vice president, Human Resources

Jacquelyn M. Anderson, CPCU, CPA
senior vice president, CFO & treasurer

Mike Watts
chief information officer

Listed as pictured left to right

Corporate Leadership



PENN NATIONAL
INSURANCE
Feel Secure®

Leadership Council

John Buchenauer, CPCU
vice president, Personal Lines Division

Tracy Fleager, MS, CPCU, ARe
vice president, Corporate Risk

Randal Mancini, CPCU, ARM, ARe, AIS
vice president, Field Operations

Nicole Noel, MBA, CPCU, AU, ARe
vice president, Commercial Lines Division

Chad Ott, ACAS, MAAA
vice president, Actuarial

Adam Parsons, Esq., CPCU
vice president, Claims Division

Andrew Potalivo, MS, CPCU,
ARM, AIAF, CRIS, AU
vice president, Distribution

Robert Potter, CPCU, AIAF, ARe, ARC
vice president, Finance

Scott Sloat
vice president, Corporate Communications

Regional Vice Presidents

Jeff Blatherwick, MBA, CPCU, CIC
regional vice president, Harrisburg

Jonathan Dillon
regional vice president, Greensboro

Bill Emerick, CPCU, CIC, ARM
regional vice president, Nashville

Mark Fitzgerald
vice president, Surety

Donald McAuliffe, Jr., CPCU, AIC
regional vice president, Central Atlantic

Richard Keith
regional vice president, Pittsburgh

Claims Office Managers

Neil French, CPCU, CIC, AIM, AIS, SCLA
claims manager, Pittsburgh & Waukesha

Gary Gibson, CPCU, AIC, AIM,
AIS, SCLA
claims manager, liability,
North Carolina, Tennessee & Alabama

Heather Norris, CPCU, AIC,
AIM, AIS, SCLA
claims manager,
Harrisburg & Central Atlantic

Mark Romah, INS, AIC, SCLA
claims manager,
Harrisburg & Central Atlantic

Nicole Sherrill, CPCU, CIC, SCLA,
AIS, AIM, API, AIC, AINS
director, Auto Claims Management

Partners Mutual Insurance

David Zeller, CPCU, AU
president

Mark Ewert, CPCU, CIC
executive vice president & secretary

Inservco

Staci Ulp, AIC
president & CEO

