

**82nd Annual Report**

*Together, We Are Stronger*

**October 22, 2020**

**StanleyMutual.com**

**1-800-442-9714**

**Our Mission**

To create a community where the strength of all supports the need of each.

***Agenda***

* Call to order
* Approval of the minutes from last annual meeting and any intervening special meetings as posted on the company website
* Approval of the report from the Chairman of the Board as posted on the company website
* Approval of the report from the President as posted on the company website
* Financial Report - posted on the company website
* Approval of changes in bylaws adopted by Directors since the last meeting as posted on the company website
* Election of Directors
* Appointment of Auditor
* Unfinished Business
* New Business
* Adjournment

***Financial Report***

**Our Mission**

Stanley Mutual Insurance is a progressive and profitable Company. We sell, service and deliver insurance products based on our customers preferred way of doing business.

**Statement of Financial Position**

December 31, 2019

|  |  |  |
| --- | --- | --- |
|  |  |  |
|  |  |  |
|  | 2019 | 2018 |
| **Assets** |  |  |
|  |  |  |
| Cash and cash equivalents | $ 675,469 | $ 356,238 |
| Investments | 11,035,406 | 8,134,086 |
| Receivables | 2,646,536 | 2,449,738 |
| Prepaids | 38,982 | 167,779 |
| Due from reinsurer | 3,813 | 909,676 |
| Deferred policy acquisition costs | 322,285 | 342,190 |
| Reinsurer’s share of reserve for unpaid claims | 1,184,169 | 1,139,818 |
| Property and equipment  Deferred income taxes  Intangible Assets  Investment in affiliate held for sale | 274,904  317,462  40,000  -  16,539,026 | 269,871  362,909  -  2,216,399  16,348,704 |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
| **Liabilities** |  |  |
| Payables and accruals | $ 269,785 | $ 415,293 |
| Provision for unpaid and unreported claims | 2,500,707 | 2,311,418 |
| Unearned premium reserve | 4,021,845 | 3,854,767 |
|  | 6,792,337 | 6,581,478 |
|  |  |  |
|  |  |  |
| **Policyholders’ Equity** |  |  |
| General reserve | $8,893,843 | $9,184,545 |
| Accumulated other comprehensive income | 852,846 | 582,681 |
|  | 9,746,689 | 9,767,226 |
|  | $ 16,539,026 | $ 16,348,704 |
|  |  |  |

*Please note: This is a brief unaudited summary. Complete audited financial statements are available upon request.*

**Statement of Comprehensive Income**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| For the year ended December 31, 2019 | | | 2019 | 2018 |
|  |  |
| **Premiums** | | |  |  |
| Direct premiums written | | | $ 7,281,772 | $ 7,163,858 |
| Less: Reinsurance ceded | | | (1,237,861) | (1,237,398) |
| Net premiums written | | | 6,043,911 | 5,926,460 |
| Add: Decrease in unearned premiums | | | (167,077) | 279,185 |
| **Net premiums earned** | | | 5,876,834 | 6,205,645 |
|  | | |  |  |
| **Claims** | | |  |  |
| Claims and adjusting expenses incurred | | | 4,408,291 | 4,241,969 |
| Less: Reinsurance recoveries | | | (543,803) | (917,778) |
| Net claims and adjusting expenses incurred | | | 3,864,488 | 3,324,191 |
|  | | |  |  |
| **Premium acquisition expense** | | |  |  |
| Commission expense | | | 668,403 | 934,284 |
| Premium Taxes | | | 254,041 | 250,892 |
| Sales office Expense | | | 417,020 | - |
|  | | | 1,339,464 | 1,185,176 |
| **Underwriting income before expenses** | | | 672,882 | 1,696,278 |
| Operating expenses | | | 2,129,488 | 2,090,046 |
| Net underwriting (loss) income | | | (1,456,606) | (393,768) |
|  | | |  |  |
| **Other income (loss)** | | |  |  |
| Investment and other income | | | 1,145,998 | 561,856 |
| Impairment of investment in affiliate held for sale | | | - | (540,266) |
| Share of loss of affiliate | | | - | (801,864) |
|  | | | 1,145,998) | (780,274) |
| (Loss) income before taxes | | | (310,608) | (1,174,042) |
| Income tax (recovery) expense | | | (17,969) | (10,612) |
| **Net (loss) income** | | | (292,639) | (1,163,430) |
|  | | |  |  |
| Other comprehensive (loss) income – net of tax | | | 270,165 | (228,734) |
| Comprehensive (loss) income | | | $ (22,474) | $ (1,392,164) |