

# Insuring **Opportunity**



**2024 Annual Statement**

Harford Mutual Insurance Group



# Leading with **Purpose**

**Harford Mutual Insurance Group** is here to ensure the financial well-being of our policyholders by providing quality products and services that give them peace of mind.

## Numbers At-A-Glance

2024

**\$56M**  
NEW BUSINESS

**430 YEARS**  
OF SERVICE FROM 43 TEAM MEMBERS  
WITH MILESTONE ANNIVERSARIES

**\$467M**  
DIRECT WRITTEN PREMIUM

**94%**  
PREMIUM RETENTION

**91 AGENCIES**  
with **\$1M+** IN PREMIUM WITH HMIG

**7.1%**  
REVENUE GROWTH  
OVER 2023

**\$389M**  
POLICYHOLDERS'  
SURPLUS

**\$1.13B** IN TOTAL ASSETS

### PURPOSE

Insuring opportunity through a commitment to mutual success.

### MISSION

Protecting the financial well-being of our policyholders through mutuality, financial strength, quality insurance products and services, and meaningful partnerships.

### VISION

We are a regional carrier of choice and a preferred employer with the resources and agility to best serve the expanding needs of our team, our policyholders, and our agency partners.

### VALUES

- Financial Strength & Stability
- Mutual Respect & Integrity
- Customer Service & Relationships
- Opportunity through Inclusion & Diversity
- Performance Accountability & Self-Improvement
- Corporate & Social Responsibility

# A Message from the President

After our successful merger in August 2023, we optimistically welcomed 2024 fully prepared to roll up our sleeves and get to work integrating our new underwriting company, Clearpath Specialty, into Harford Mutual Insurance Group (HMIG). With the new office and team members in Louisville, Kentucky, ready to support our Midwest expansion, we were poised to implement our growth strategies and offer our products to the region. Patience and persistence, however, would be required as the challenges and risks that emerged post-COVID became the norm, and we began to experience an increase in losses and activity in specific lines of business and states that would compel us to refocus our efforts and refine our strategies to ensure financial stability and a return to underwriting profitability.

While the workers' compensation book of business from Clearpath Specialty was added to the group, it required significant adjustments to stabilize volatility

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Patience is not passive; on the contrary, it is concentrated strength.

**Bruce Lee**

and ensure long-term profitability. These actions were necessary and demonstrate our dedication to preserving the successful legacy of Clearpath and the nearly 6,000 policyholders who rely on us to protect their businesses and safeguard their employees. The merger also solidified our commitment to Midwest expansion with the Louisville office now serving as our Midwest hub.

Georgia and South Carolina played a significant role in our success from 2018 to 2021. However, various challenging conditions in these two states led to deteriorating underwriting performance over recent years, requiring us to adjust our strategies. This negative loss trend began to take shape after COVID-19 as we experienced growing severity and frequency of automobile losses, an increase in severe weather events impacting our property business, and the legal system's exploitation in unfavorable litigation environments driving up casualty losses. Since 2022, we have focused on addressing this primarily through improved rate-to-exposure; however, the high-value liability environment in both states demanded more substantial changes, and in 2024 we implemented several profit improvement initiatives designed to improve our results.

Adding to an already challenging year, Hurricane Helene, which damaged businesses in Georgia, North Carolina, South Carolina, Tennessee, and Virginia, combined with significant development on a prior year Tennessee hailstorm loss, brought weather-related losses to approximately \$21 million. Although these events impacted our financials negatively, they demonstrated the importance of our mission in protecting the financial well-being of our policyholders and being there for them in their time of need.

Adverse loss development from previous accident years continues to impact the industry significantly. HMIG is no exception, especially with our casualty and workers' compensation portfolios and operating in



various challenging litigation environments. Although our overall reserve position adequately addressed the development we experienced during 2024, the ongoing negative trends prompted us to take substantial and proactive steps to strengthen reserves to maintain this position. We will keep assessing our position, adopt suitable practices, and uphold our conservative fiscal approach while continuing planned de-risking initiatives within the portfolio to align to the current risk environment.

The underwriting loss we experienced, worsened by our proactive reserving efforts during the final quarter, were not offset by our investment income and unrealized gains. This resulted in a \$28.6 million, 6.9% decrease in Policyholders' Surplus for the year, bringing the total to \$389 million. Our capital position remains exceptionally strong, with our net written premium to surplus ratio at 1:1 – highlighting the critical importance of significant growth in our capital over the past decade.

It is essential to highlight that 75% of our portfolio is performing exceptionally well, thanks to our underwriting efforts over the past few years. As a result, our overall revenue remains extremely robust, with an impressive premium retention rate of 94% for the year. We wrote \$56 million in new business and concluded 2024 with \$467 million in direct written premium, reflecting a 7.1% increase from 2023. The value of our franchise and agency partnerships is critical to our success, as evidenced by our growth to 91 agencies with over \$1 million in premium volume.

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Dripping water hollows out stone, not through force but through persistence.

Ovid

While not all our financial expectations for 2024 were met, our achievements in operational efficiency and bolstering our foundation for future success remained impressive. We fully integrated all Clearpath Specialty policies into HMIG systems and replaced our last legacy system for accounts receivables and billing. We formed an Artificial Intelligence (AI) governance committee to evaluate AI tools and their impact

across all departments. We introduced ACORD uploads for faster quoting and new software platforms to analyze call volume and service levels, budgeting, and auto claims handling. Many of these initiatives were the final components of a strategic plan launched in 2019 to advance the organization and sustain our profitable growth. Thanks to the incredible efforts of our team, we were able to conclude this plan three years ahead of schedule, allowing us to present a new strategic plan to our team at the end of March!

In an industry where strategic underwriting adjustments take two years to fully affect results, patience and persistence are once again necessary as we move into 2025. By understanding and embracing the principle of persistence, we can better navigate our journey toward success, knowing that every effort, no matter how small, brings us closer to our goals. It reminds us that true success is rarely the result of a single, monumental effort. Instead, it is the culmination of consistent, determined actions over time, often blending setbacks with achievements.

As a mutual carrier, it is also important to remember that our primary objective isn't solely to generate profit. Instead, we strive for the long-term success and capital appreciation essential for fulfilling our mission of protecting our insureds from unforeseen loss events that could threaten their businesses. While we did not meet our financial targets, we successfully maintained our core responsibilities: safeguarding our insureds, providing a quality work environment for our employees, and supporting the communities in which we operate – just as we have for more than 182 years.

So, let's embrace and learn from the setbacks, and always find the strength to get back up and keep moving forward.

Always to our mutual success,



**STEVEN D. LINKOUS**

*President and Chief Executive Officer*





# A Culture of Giving Back

Harford Mutual Insurance Group believes in making a meaningful impact beyond insurance. Through our **#HMIGivesback** program, we are dedicated to supporting our communities through charitable donations, helping local organizations thrive, and making a difference in the lives of those in need. Giving back is part of who we are, and we're proud to invest in the people and causes that strengthen the places we call home.

**788**

VOLUNTEER PTO HOURS  
USED BY EMPLOYEES

**84**

ORGANIZATIONS  
SUPPORTED

**\$6.2M**

CHARITABLE SUPPORT  
SINCE 2005

**\$16,510**

ADVERTISING &  
EVENT SUPPORT

**\$26,500**

SCHOLARSHIPS

**\$13,000**

GIVING TUESDAY  
CHALLENGES

**\$117,500**

HMIG  
COMMUNITY FUND



Over **\$561,000** in Charitable support.



## Volunteering with Purpose

In 2024, our team members stepped up in a big way, volunteering nearly 800 hours to support organizations in the areas where we write business and where our employees live and work. We launched an internal department challenge – encouraging team members to volunteer together and give back. This resulted in 25 out of 27 departments participating in the challenge. From landscaping and apartment cleaning – to packing food bags for those in need, our employees made an impact wherever they went.

They volunteered with Habitat for Humanity Susquehanna, Harford Family House, Boys & Girls Clubs of Harford & Cecil Counties, Kentucky Humane Society, Metro United Way, and many more. After a post-COVID dip in volunteer PTO hours, we're proud to have seen a major rebound in 2024 – volunteer hours surged by an impressive 58% compared to 2023. Together, we are making a difference and building stronger communities, one volunteer hour at a time.

## HMIG Community Fund

In addition to Harford Mutual's direct contributions, more than \$117,000 in donations were distributed to nonprofits and charitable organizations through the HMIG Community Fund managed by the Community Foundation of Harford County. This included capital contributions made to First Fruits Farm, the Boys & Girls Clubs of Harford and Cecil Counties, the Harford Community College Foundation, and Steppingstone Farm Museum. Funds were also distributed to charitable organizations as part of Harford Mutual's Employee Match Program, as well as donations made to additional nonprofits as part of the company's Flagship Agency Grant Program, which provides \$1,000 grants to nonprofits selected by our Flagship agencies.





# Team Member Achievements

Investing in our employees' growth and recognizing their dedication are key to our success at HMIG. In 2024, a total of **38 team members** completed coursework to advance their careers. Among them, **11 earned insurance designations** and **6 received certificates** or other professional recognition. Additionally, **43 employees celebrated milestone anniversaries**, contributing to an impressive collective total of **430 years of service**.

## Embracing Inclusivity

HMIG is dedicated to creating a workplace where all employees feel valued, respected, and a true sense of belonging. Throughout the year, our Inclusion, Diversity, and Opportunity Committee (IDOC) championed diverse perspectives, backgrounds, and beliefs while giving back to the community through initiatives like a professional clothing drive and Tools for Schools donation drive.

## Celebrating Milestone Anniversaries

*Team members celebrating 15 years or more of service.*





L-R Kym Horton, Teri Ralston,  
Brian Holloway

# Agent Engagement



Our online quoting platform, RapidWrite has experienced significant growth in system utilization over the last five years, increasing online new business production from **\$3 million in 2020 to \$15.5 million in 2024**. Continuous enhancements have made RapidWrite the preferred method for our agency partners to transact small business with HMIG.

In 2024, we introduced RapidWrite to our Monoline Workers' Compensation agents in the Midwest. Through a series of in-person and virtual training sessions, we achieved an impressive adoption rate, streamlining their workflow and improving efficiency.

Our dedicated RapidWrite Underwriting Unit ensures prompt responses for online submissions and regularly proposes process enhancements. This includes the ability to upload Workers' Compensation ACORD applications for quicker quoting. This capability will be expanded to Commercial Automobile applications in 2025.

## Agency Engagement

Our Agency Engagement Unit was established to ensure our agency partners are fully informed and equipped to utilize the range of applications we provide online, making business interactions with Harford Mutual as seamless as possible.

**Brian Holloway** and **Teri Ralston** are experts in utilizing the agency portal and RapidWrite, as well as our other online services, Claims360 and Billing360, supporting partners with real-time inquiries and proactive training. **Kym Horton** completes our Agency Engagement team by handling all agency and producer appointments and licensing for HMIG. You can reach the Agency Engagement Unit with questions or schedule an in-person or virtual training session for your team at [AgentSupport@hm1842.com](mailto:AgentSupport@hm1842.com)

**\$15.5 Million**

New business entered in 2024

**1,000**

Unique users in 2024

**<24-hour**

Response time on referred RapidWrite submissions

**87**

Agent training sessions

**395**

Agents trained

“

*“RapidWrite is user friendly and one of the easiest rating systems we use. All pertinent information for each screen is available without the need to flip back and forth to review necessary details. HMIG has really taken the time to build a system that is convenient for the agent.”*

**Yates Insurance Agency**

# Regional Summary

## Midwest Region – (IN, KY, TN)

- **12** New Agency Appointments
- **26** Monoline Workers' Compensation Agencies Opened to Multi-line

The Monoline Workers' Compensation Unit in the Midwest Region saw a significant increase in claims frequency and severity in 2024. As a result, a mid-year underwriting effort to evaluate and rehabilitate the book successfully led to a considerable reduction in the number of claims and the number of large losses by year-end.

Leveraging the established agency relationships from the Clearpath Specialty merger with HMIG, we expanded multi-line offerings to 26 agencies in Kentucky and Indiana. To support agents in those states, Ryan Eppert was hired as a Business Development Specialist for Indiana and northern Kentucky, while Jamie Hobgood expanded his region from solely Tennessee to also include southern Kentucky.

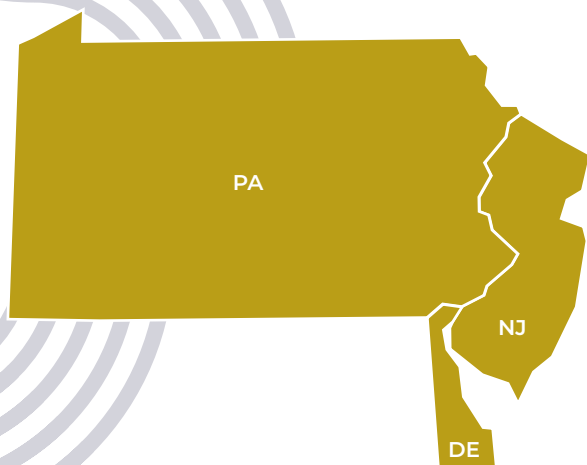


### Midwest Underwriting & Business Development Team



Our regional office in Louisville, traditionally focused on Monoline Workers' Compensation, now has several team members who have been cross-trained in multi-line underwriting and loss control services. Our goal is to continue offering more resources closer to the agents and insureds we serve.

We are optimistic about Midwest prospects for 2025, focusing on enhancing our Monoline Workers' Compensation portfolio and expanding our multi-line writings into Kentucky and Indiana. This also supports growth in Tennessee, providing the ability to write multi-state business throughout the region.



### Northern Region - (DE, NJ, PA)

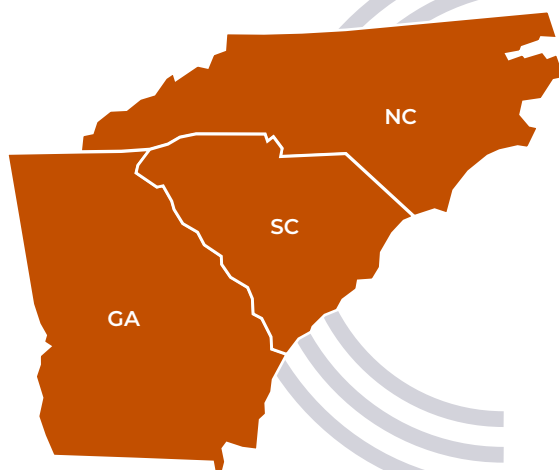
- **98%** Premium Retention
- **10.6%** DWP Growth over 2023
- **\$17.5M** in New Business

The Northern Region ended the year at \$157 million in direct written premium, moving into the number one spot as our largest region for the first time. We've experienced consistent profitable growth in this region with direct written premium increasing by 71% over the last five years. New Jersey has led the way by growing more than \$50M since 2014. Our success in the region is largely attributable to our strong agency relationships that yielded 98% premium retention, the highest retention rate of any region. We limit our new agency appointments to maintain our franchise value, but we did make eight new agency appointments in previously underrepresented areas.

### Mid-Atlantic Region – (DC, MD, VA, WV)

- **30%** New Business Increase over 2023
- **41%** Direct Loss Ratio
- **\$144M** Direct Written Premium

The Mid-Atlantic ends 2024 as our most profitable region recording a direct loss ratio of 41%. The region continued to diversify beyond Habitation business into several other classes, including Restaurants, Lessor's Risk, and Service industries. The region grew to \$144 million direct written premium in 2024 and expanded new business by 30% year-over-year.



### Southern Region – (GA, NC, SC)

- **15%** NC Direct Written Premium Growth over 2023

In 2024, the Southern Region faced numerous challenges, including hurricanes and convective storms, significantly affecting profitability in the already difficult Commercial Property market. Rapid deterioration of the legal environment in Georgia and South Carolina required quick underwriting adjustments to restore profitability. North Carolina, however, saw a profitable year with over 15% growth over 2023. As we enter 2025, we remain dedicated to supporting our Southern agency partners and aim to restore profitability in the region.

# New Jersey Spotlight



New Jersey  
State Flower:  
Blue Violet

Harford Mutual began offering insurance products in New Jersey in 2009. We ended 2024 with over \$61 million in our NJ portfolio making it our second-largest state. This success is driven by a select group of 35 agencies, with 17 of them each exceeding the \$1 million direct written premium benchmark.

Our strategy in New Jersey emphasizes franchise value and building a robust, diverse book of business through a relationship-driven approach. New Jersey agents have remained profitable, achieving a 47% direct loss ratio in 2024 and consistently maintaining an average direct loss ratio of 50% since entering the state. The diverse portfolio includes Contractors, Mercantile, Commercial Property, Commercial Services, Restaurants, and Habitational sectors, fostering continuous premium growth and ensuring future success.

## NJ Agency Spotlight

The Barclay Group, founded in 1945, and J.S. Braddock Agency, established in 1923, have a rich history of providing personal and commercial insurance for the Greater Philadelphia area. Under the leadership of John A. Latimer, J.S. Braddock Agency joined The Barclay Group in 2000 as a sister company and he continues to serve as President of both agencies.

“ Since joining HMIG in 2011, our remarkable growth can be attributed to their exceptional underwriting talent, prompt response times, and collaborative approach to providing solutions that meet our clients’ unique needs. This strong foundation of mutual respect and shared goals has been instrumental in our thriving partnership.

One of our favorite things about working with HMIG is their personalized approach, including a dedicated team for the agency, which fosters strong connections and open communication. The insurance industry thrives on personal connections, and HMIG has some of the best professionals in the field! ”

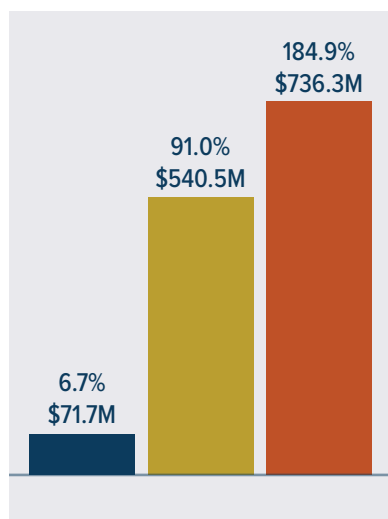




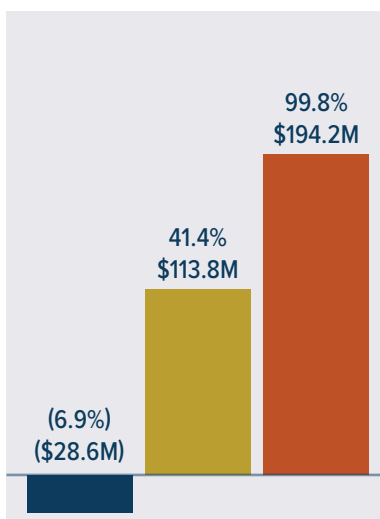
# Combined Financials

- 1-YEAR GROWTH
- 5-YEAR GROWTH
- 10-YEAR GROWTH

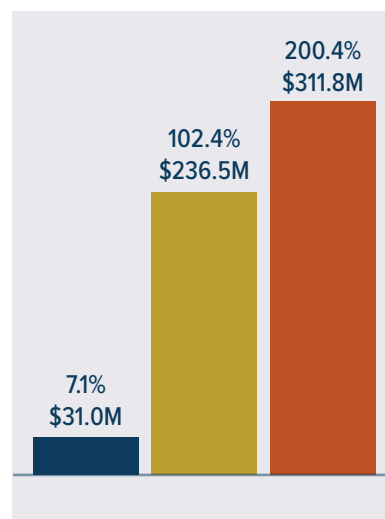
TOTAL ADMITTED ASSETS



POLICYHOLDERS' SURPLUS



DIRECT WRITTEN PREMIUM



**\$389M**

Policyholders' Surplus

**\$467M**

Direct Written Premium

**\$1.13B**

Total Admitted Assets

**\$56M**

New Business

**94%**

Premium Retention



AM Best Financial Size IX  
(Surplus greater than \$250 million)

NOTE: For the Condensed Consolidated Statutory Financial Report, visit our website at [HarfordMutual.com](http://HarfordMutual.com)

# BOARD OF DIRECTORS



**Donald C. Fry, Chair**  
Board Chair

## Directors

**Theodore M. Alexander III**  
Director Nominee

**Atwood Collins III**

**John J. DeMartini**

**Jillian E. Froment**  
Audit Committee Chair

**Sean M. Garber**

**Steven D. Linkous**

**Albert J. Mezzanotte Jr.**

**Teresa Q. McTague**  
Risk Committee Chair

**Vernon A. Reid Jr.**  
Investment Committee Chair

**Sandra L. Rich**  
Compensation Committee Chair

**Spencer M. Roman**  
Governance Committee Chair

**Stephen T. Scott**

**Abigail E. Smith**

## In Memoriam

Harford Mutual remembers and honors our 8th President & CEO, **Thomas A. Burke**, who passed away on January 14, 2025. Burke dedicated 40 years to Harford Mutual, joining the company in 1954 as an accounts receivable clerk. Over the years, he advanced to Senior Vice President and then Executive Vice President. In 1982, he became President & CEO until he retired in 1994. Additionally, he served as Chair of the Board of Directors from 1993 to 1995. Burke's legacy at Harford Mutual is one of dedication, vision, and leadership. His contributions have left an indelible mark on the company. Burke will be remembered not only for his professional achievements but also for his commitment to the people and values of Harford Mutual.



# OFFICERS

## Executive Leadership

**Jeffrey S. Rink**, Executive Vice President

**Karen L. Mashinski**, Senior Vice President,  
Chief Financial Officer & Treasurer

**F. Wayne Gearhart**, Senior Vice President,  
Chief Operating Officer

## Vice Presidents

**Jeffery J. Bischoff**, Information Technology

**Shane A. Crockett**, Chief Underwriting Officer

**Patrick J. Gagen**, Human Resources

**Frank P. Kellner III**, Administrative Operations

**Stacey A. Rebbert**, Chief Marketing Officer

**Geneau M. Thames, Esq.**, General Counsel &  
Corporate Secretary



**Steven D. Linkous**  
President & CEO

## Assistant Vice Presidents

**Pauline L. Bao**, Chief Actuary

**Christopher J. D'Alessio**, Underwriting

**Matthew D. Summerell**, Business Development

**Jillian R. Taylor**, Finance

**Bryan E. Yekstat**, Claims



## Leadership Change

**David R. Curtin**, Vice President of Underwriting, retired from Harford Mutual on March 3, 2025, after six years of dedicated service. He joined the company in 2019 as AVP of Underwriting and was promoted in 2021. Curtin was instrumental in realigning underwriting business units, enhancing profitability analysis, and expanding our manufacturing appetite. Known for his optimism and motto, “*Work hard and be nice*,” David’s leadership and positivity will be missed. We wish him all the best in his retirement.

# Awards and Recognition



Harford Mutual Insurance Group  
200 North Main Street  
Bel Air, MD 21014-3544  
800-638-3669

**HARFORDMUTUAL.COM**

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Harford Mutual Insurance Company, Founded 1842  
Firstline Insurance Company, Founded 1988  
1842 Insurance Company, Founded 2020  
Clearpath Specialty Insurance Company, Formed 2017