

2024

ANNUAL REPORT



Wayne Cooperative
Insurance Company



To Our Policyholders

After 40 years of dedicated service and 26 years in the position of President & CEO, I have decided to begin the next chapter of my life and will be retiring effective March 18, 2025.

I began my insurance career at Wayne Cooperative in 1985 as an underwriter and served in various roles and titles prior to being elected to the role of President & CEO in 1999.

I am deeply grateful for the Board of Directors' confidence and support over the years, which has allowed me to continue building the Company from a strong foundation left by previous administrations.

The opportunities and experiences I have had while here and at this position have been immense and

too numerous to list. Also, growing a good business requires a talented and supportive team for which I was blessed. Seeing the team grow and learn has been the true highlight of my long career here at the Company. I will cherish the many memories and friendships that have been made along the way.

"My heart continues to be with the Company that has provided so much for me and my family."

It has been my pleasure to serve our policyholders for so many years and I feel confident that the Company will continue to succeed and grow into the future.

JEFFREY W. RICE

President & Chief Executive Officer



2024 overview

It was a rough start to 2024 as we were immediately hit by a wind event between 01/09/2024 and 01/22/2024 that impacted a wide swath of NY from Erie to Cayuga and Yates to Jefferson Counties. This single event resulted in 291 reported claims and set the tone for the rest of the year.

Direct losses incurred, including salvage and subrogation, increased \$1,379,805 (14.72%) from \$9,371,420 in 2023 to \$10,751,225 in 2024. This is primarily due to an increase in loss payments of \$1,465,391 (15.56%) from \$9,415,223 in 2023 to \$10,880,624 in 2024. Where did this increase come from?



Fire-Related Claims Activity

Reported fire-related claims remained stable year-over-year, only increasing in count by one (1) from 94 to 95.

Although fire losses only made up 7.31% of reported claims in 2024, fire-related claims overall accounted for 48.03% of total loss payments issued in 2024.

Year-over-year, fire-related loss payments increased \$148,134 (2.92%) from \$5,077,913 in 2023 to \$5,226,047 in 2024.



Weather-Related Claims Activity

The primary cause of increased loss payments was a result of an increase in reported weather-related claims, up 336 (71.04%) from 473 to 809. These claims made up 62.28% of total reported claims in 2024 as compared to 46.19% in 2023.

In particular, the Company tracked three (3) catastrophe weather events that resulted in 473 claims. These events accounted for 58.47% of weather-related claims reported in 2024.

Loss payments issued for weather-related claims increased \$1,640,342 (77.27%) from \$2,123,065 to \$3,763,497 and accounted for 34.59% of total loss payments in 2024, up from 22.55% in 2023.

Losses Incurred	Accounting Year					
	2020	2021	2022	2023	2024	5-Year
Direct Losses Incurred	8,924,850	10,619,429	11,506,339	9,371,420	10,751,225	51,173,263
Reinsurance Loss Recovery	452,484	492,182	1,567,984	542,841	1,065,396	4,120,887
Net Losses Incurred	8,472,366	10,127,247	9,938,355	8,828,579	9,685,829	47,052,376
Net Loss Retention Rate	94.93%	95.37%	86.37%	94.21%	90.09%	91.95%
Reinsurance Premium	2,026,999	2,244,192	2,370,280	3,070,551	3,784,071	13,496,093
Reinsurance Recovery Rate						
Ceded Loss to Direct Loss	5.07%	4.63%	13.63%	5.79%	9.91%	8.05%
Ceded Loss to Ceded Premium	22.32%	21.93%	66.15%	17.68%	28.15%	30.53%

The Company's reinsurance loss recovery, the amount received from its reinsurers, increased \$522,555 (96.26%) from \$542,841 in 2023 to \$1,065,396 in 2024. Overall, with reinsurance included, net incurred losses increased \$857,250 (9.71%) from \$8,828,579 in 2023 to \$9,685,829 in 2024. This resulted in the Company retaining 90.09% of losses incurred.

Other financial results

Total policy count in 2024 increased 0.47%. While the homeowners line, representing 49.23% of total policies at year-end, continued to grow at 3.77%, the dwelling/farm fire, farmowners, mobile homeowners, commercial multi-peril, and landlord package lines experienced negative growth rates of -2.81%, -0.25%, -3.50%, -3.90%, and -2.56% respectively.

The Company's total policy retention rate modestly decreased from 87.34% in 2023 to 87.26% in 2024. Overall, as can be seen in the table below, policy retention rates for each line of business have remained very stable year-over-year.

Lines of Business	2020	2021	2022	2023	2024	5-Year Avg.
Dwelling/Farm Fire	81.44%	82.80%	83.98%	81.39%	81.33%	82.19%
Farmowners	94.89%	94.71%	93.87%	94.07%	94.25%	94.36%
Homeowners	91.07%	90.62%	89.85%	89.87%	89.77%	90.24%
Mobile Homeowners	91.73%	92.15%	89.99%	90.75%	90.40%	91.00%
Commercial Multi-Peril	90.42%	84.24%	88.23%	87.19%	83.22%	86.66%
Landlords Package	86.53%	85.76%	84.92%	84.20%	84.19%	85.12%
Total	88.41%	88.21%	87.84%	87.34%	87.26%	87.81%

Premiums for dwelling farm/fire, allied lines, private flood, farmowners, homeowners, landlord package, inland marine, and mechanical breakdown increased.

The homeowners line increased \$981,861 (10.92%) to \$9,969,303 due to exposure growth from inflation indexed policies, new submissions valued at replacement cost, and an update to the homeowners program effective 09/01/2024 that included:

- program changes;
- expanded coverage offerings; and
- refined rating factors.

In addition, the inland marine line increased \$359,322 (20.19%) to \$2,138,866. Equipment increased \$188,438 (20.39%) and livestock increased \$176,460 (31.78%) over the previous year. The overall premium growth is attributable to an average rate increase of 5.00% across the inland marine classes of business that took effect in July 2023 and carried over into 2024, and insuring larger farms with higher coverage limits for equipment and livestock.

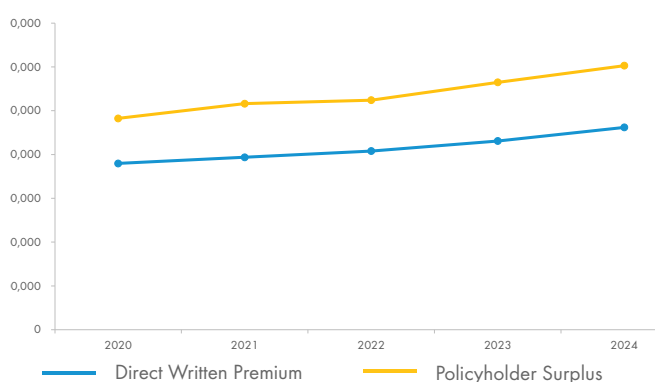
For all other lines of business, premium growth was a direct result of increased policy limits and additional policy coverage on new and current policies.

Total direct written premium (DWP) continued to grow in 2024, increasing \$1,553,242 (7.21%) to \$23,100,376. We also saw another year of strong growth in policyholder surplus (PHS) which increased \$1,903,551 (6.74%) to \$30,140,912.

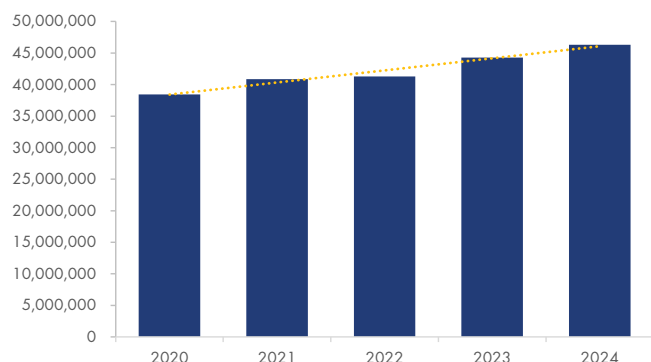
Since 2020, DWP has increased 21.73% from \$18,977,447 to \$23,100,376 and PHS has increased 24.97% from \$24,119,370 to \$30,140,912.

In this time, our gross leverage ratio (direct written premium/policyholder surplus) modestly declined from having \$131 of policyholder surplus for every \$100 of premium to \$130 of policyholder surplus for every \$100 of premium.

DWP VS. POLICYHOLDER SURPLUS (2020-2024)



TOTAL INVESTED ASSETS (2020-2024)



Our investment portfolio consisted primarily of diversified high-grade fixed income securities. The book value of the bond portfolio totaled \$34,024,249. It was a \$1,121,248 (3.41%) increase from 2023 and represents 73.49% of the total portfolio, down slightly from 74.30% in 2023.

We returned a 3.08% net yield on our invested assets. U.S. two-year treasury rates modestly increased from 4.23% to 4.25% and ten-year treasury rates increased from 3.88% to 4.58% year-over-year. The net yield has remained very stable over the past five years, ranging from 2.55% to 3.08%.

The equity portfolio of preferred and common stocks increased \$395,498 (6.91%) from \$5,720,478 to \$6,115,976, representing 13.21% of the portfolio. This growth was driven by net unrealized gains totaling \$416k.

Total cash and short-term investments increased \$457,300 (8.63%) to \$5,759,055, representing 12.44% of invested assets as compared to 11.97% in 2023. This is a result of the following:

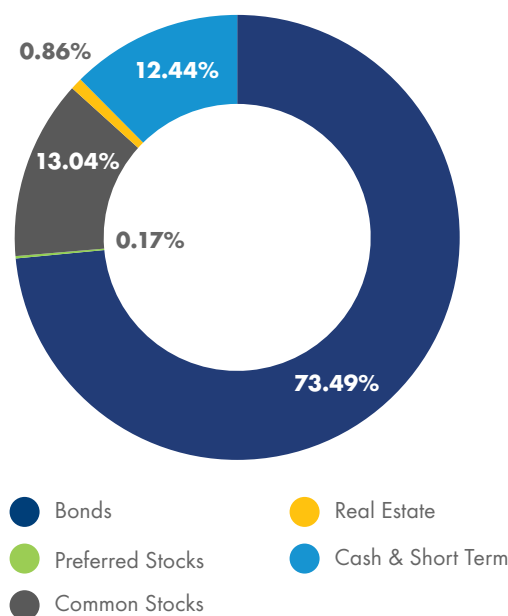
- increasing 2025 retentions for the excess of loss and catastrophe reinsurance programs;
- similar level of agency contingent commissions as 2023;
- continued elevated short-term interest rate levels; and
- a favorable net underwriting gain in the 4th quarter.

A net underwriting gain of \$129,565 was augmented by investment and other income totaling \$1,646,146, resulting in a pre-tax net income of \$1,775,711.

Total admitted assets increased \$2,555,334 (5.19%) from \$49,276,208 in 2023 to \$51,831,542 in 2024. The growth can primarily be attributed to increases in both the bond and equity portfolios and cash and short-term investments.

Total invested assets increased \$2,012,485 (4.54%) from \$44,286,241 in 2023 to \$46,298,726 in 2024. Between 2020 and 2024, invested assets have increased \$7,846,283 (20.41%).

INVESTED ASSETS CONCENTRATION



	2023	2024
DIRECT PREMIUMS EARNED	100.00	100.00
EXPENSES		
Reinsurance Costs	14.66	16.83
Loss & Loss Adjusting Expenses		
Net Losses	42.25	43.22
Net Loss Adjusting Expenses		
Net Outside Adjustment Costs	1.50	1.21
In-House Adjustment Costs	4.87	4.79
Total Loss Adjustment	6.37	5.99
Total Loss & Loss Adjustment	48.62	49.21
Underwriting Expenses		
Net Agency Commissions	19.29	19.03
Salary, Payroll Tax & Benefits	8.52	8.89
Operations	4.88	4.80
Taxes, Licenses & Fees	0.63	0.66
Total Underwriting Expenses	33.35	33.37
NET UNDERWRITING GAIN/(LOSS)	3.37	0.59

Where does your premium dollar go?

As a policyholder, you may wonder how the premium you pay to the Company is utilized. We think it's important that you know.

For every premium dollar received, the following company expenses are deducted:

- reinsurance costs;
- loss and loss adjusting expenses; and
- underwriting expenses.

Reinsurance costs are the ceded premiums that the Company incurs for its various reinsurance programs. Despite making additional changes to the Company's reinsurance program in 2024, including increasing retention limits, the Company's reinsurance costs significantly increased \$708,990 (23.15%) from \$3,062,369 in 2023 to \$3,771,359 in 2024. This caused the portion of premium that's allocated to

reinsurance costs to increase by 2.17 (14.80%) from 14.66 to 16.83.

Loss and loss adjusting expenses have the largest variability and are the typical driver of a net underwriting gain or loss. As a portion of the premium dollar, the total modestly increased 0.59 (1.21%) from 48.62 in 2023 to 49.21 in 2024. This is primarily due to a 9.71% increase in net losses incurred from \$8,828,579 in 2023 to \$9,685,829 in 2024.

Total underwriting expenses remained consistent year over year as a portion of the premium dollar with only a 0.02 change from 33.35 in 2023 to 33.37 in 2024.

Overall, this resulted in 0.59 of the premium dollars being allocated as a net underwriting gain in 2024 as compared to a net underwriting gain of 3.37 in 2023.

Direct Written Premium

\$21.5M / **\$23.1M**

Policyholder Surplus

\$28.2M / **\$30.1M**

Net Underwriting Gain/(Loss)

\$704K / **\$130K**

Admitted Assets

\$49.3M / **\$51.8M**

Pre-Tax Net Income

\$2.2M / **\$1.8M**

Combined Ratio

94.69% / **97.89%**

Financial highlights

AT AND FOR THE YEAR ENDED DECEMBER 31

	2020	2021	2022	2023	2024
Direct Written Premium	18,977,447	19,686,586	20,398,834	21,547,134	23,100,376
Net Earned Premium	16,584,507	17,101,524	17,644,245	17,831,616	18,636,626
Direct Losses Incurred	8,924,850	10,619,429	11,506,339	9,371,420	10,751,225
Net Losses Incurred	8,472,366	10,127,247	9,938,355	8,828,579	9,685,829
Net Loss Adjusting Services	422,667	592,200	433,561	313,512	270,341
Net Underwriting Gain/(Loss)	1,095,002	(480,032)	364,214	703,976	129,565
Total Other Income	194,711	268,620	288,683	285,788	275,592
Net Investment Gain/(Loss)	1,031,606	1,010,390	1,023,397	1,191,490	1,378,309
Realized Cap Gain/(Loss)	14,341	106,941	132,017	6,564	(7,755)
Net Income	2,335,660	905,919	1,808,311	2,187,818	1,775,711
Total Invested Assets	38,452,443	40,861,628	41,292,942	44,286,241	46,298,726
Total Admitted Assets	42,700,535	45,430,691	45,792,496	49,276,208	51,831,542
Policyholder Surplus	24,119,370	25,805,358	26,208,035	28,237,361	30,140,912
Policyholder Surplus Change	2,282,977	1,685,988	402,677	2,029,326	1,903,551
Return Analysis					
Net Yield on Invested Assets	2.83	2.58	2.55	2.82	3.08
Return on Average Equity	8.27	2.94	5.71	6.37	4.79
Return on Average Assets	4.56	1.70	3.30	3.66	2.79
Pre-Tax Operating ROAE (%)	10.39	3.18	6.51	8.10	6.12
Ratio Analysis					
Net Loss Ratio	51.09	59.22	56.33	49.51	51.97
Net LAE Ratio	7.72	8.54	7.30	7.47	7.21
Net Loss & LAE Ratio	58.80	67.76	63.63	56.98	59.18
Net Commission Ratio	19.53	20.11	19.07	21.81	22.08
Salaries & Benefits	8.57	8.31	8.50	9.66	10.31
Taxes, Licenses & Fees	0.76	0.76	0.72	0.72	0.76
Admin & Other Expense Ratio	4.99	5.19	5.28	5.52	5.57
Expense Ratio	33.85	34.36	33.58	37.71	38.72
Combined Ratio	92.65	102.12	97.20	94.69	97.89
Operating Ratio	86.43	96.21	91.40	88.01	90.50
Net Leverage Ratio (NWP/Avg PHS)	75.87	69.32	70.06	68.59	66.30

It feels good to do good.

The WCICNY team participated in the Tour de Teddi on September 7, a charity cycling event supporting **Camp Good Days & Special Times** in their mission to improve the quality of life for families affected by cancer or sickle cell anemia. This was our second time participating in the event as a team, the first time ten years ago in 2014 for the inception of our biennial charity cycling fundraising event.

All proceeds went towards providing free residential camping programs and year-round recreational and support activities and events for impacted children and families. The ride, with 27- or 44-mile route options along Keuka Lake, began and ended at the Camp Good Days Recreational Facility.

In addition to employees, we had agent representatives from the Stan Steele Agency, Inc. (Bloomfield, NY) and Van Parys Associates, Inc. (Palmyra, NY) and a business partner from Kenney Shelton Liptak Nowak LLP join our team.

With the help of our agents, business partners, peer companies, Board of Directors, and family and friends, our team was able to raise \$16,830. This greatly surpassed our goal of \$13,000 and was the highest team total. We were extremely grateful for every donation we received to help support our team and Camp Good Days & Special Times.

The event was a big success, and we had a great time participating while supporting a worthy cause!



**11
RIDERS**



**\$16,830
RAISED**



**FUNDRAISING
TEAM**





J.P. Morgan Corporate Challenge



United Way Day of Caring



Setting a new horizon for Wayne Cooperative.

As a part of the President & CEO transition process, the Executive Team worked diligently to recast the Company's Corporate Strategic Plan from the ground up, with an initial focus on 2025. Some key elements of the new plan include:

- honing in on our value proposition to update our mission and vision statements;
- having honest conversations about who we are and what's important to us to develop a corporate value system;
- developing a deep understanding of how we'll need to compete to be successful in the future to form the basis of our strategic pillars; and
- being intentional and specific in developing goals and targets in support of our strategic plan.

Our outlook for the next five years

Our vision is to uphold our cooperative beginnings of reliability, responsiveness, and care for the community while continually innovating within the modern insurance marketplace to make us the most sought-after cooperative in New York.

Our strategic goals

Developing strategic goals and targets are undoubtedly some of the most challenging and important tasks of any planning effort. They take into consideration where we are now and where we want to be in the future while supporting every aspect of the strategic plan.



Increase Market
Share Amongst
Peer Competitors



Diversify
Product
Offerings



Be Profitable,
Give Back



Build our
Brand



Be Easy to Do
Business With



Deliver Best in
Class Service

Drawing from the themes above, we crafted specific and measurable metrics that will be consistently monitored against identified targets. These metrics focus on:

- operating performance;
- process features and enhancements;
- volunteerism.
- product and rate;
- advertising; and

Where do we go from here?

We've started priority setting for the future and have laid out a roadmap of strategic and maintenance deliverables for 2025 that support the goals and targets we've developed.



Corporate Officers

JEFFREY W. RICE

President/Chief Executive Officer &
Chief Investment Officer

MARSH J. HANCOCK

Chief Operating Officer & Chief Claims Officer

BRYAN J. RICE

Chief Technology Officer

HARLEY D. ROBERSON

Chief Accounting Officer

SEAN P. CAMPBELL

Vice President & Chief Risk Officer

THOMAS J. LISENO

Chief Underwriting Officer

LAURA M. HARRIS

Chief Consumer Affairs Officer & Chief Marketing Officer

KRISTEN L. RICE

Chief Regulatory Officer

Board of Directors & Officers

ROBERT F. BRISKY, VICE CHAIRPERSON

Owner - Finger Lakes Garage Door
Director since 1994

KENNETH E. DISANTO, SECRETARY

Retired Chief Engineer - Xerox
Director since 1996

GRETTA B. MILES

Vice President, Controller & Asst. Treasurer - Carrols Corp.
Director since 2018

MICHAEL W. PALUMBOS

Owner - Family Wealth & Legacy LLC
Director since 2010

WAYNE V. RICE, CHAIRPERSON & TREASURER

Retired President & CEO - Wayne Cooperative Ins. Co.
Director since 1979

RICHARD A. WADSWORTH, ASST. SECRETARY

Auditor - Lyons & Gananda Central School Districts
Director since 1994

CLAIR J. BRITT, JR., ASST. TREASURER

EVP Lending - Lyons National Bank
Director since 2007

BRADLEY E. KEEM

Owner - Keem Appeals, PLLC
Assistant Conflict Defender - Livingston County
Director since 2016

ROBERT C. OAKS

Retired - Robert C. Oaks Ins. Agency & NYS Assemblyman
Director since 2021

JEFFREY W. RICE

President & CEO - Wayne Cooperative Ins. Co.
Director since 1985

STEVEN D. STASIUKONIS

President - Secure Network Technologies, Inc.
Director since 2002

MELANIE L. WICKHAM

Owner - RR Events LLC
Partner - Flint Enterprises LLC
Employee - Pick 'n Patch
Director since 2011

Board Committees

NOMINATIONS & GOVERNANCE COMMITTEE

Bradley Keem
Robert Oaks
Michael Palumbos
Steven Stasiukonis
Melanie Wickham*

AUDIT COMMITTEE

Robert Brisky
Clair J. Britt, Jr.
Gretta Miles*
Steven Stasiukonis
Richard Wadsworth

COMPENSATION COMMITTEE

Robert Brisky
Kenneth DiSanto*
Robert Oaks
Michael Palumbos
Richard Wadsworth

FINANCE COMMITTEE

Clair J. Britt, Jr.*
Robert Oaks
Michael Palumbos
Wayne Rice
Richard Wadsworth

RISK COMMITTEE

Clair J. Britt, Jr.
Kenneth DiSanto
Bradley Keem*
Gretta Miles
Steven Stasiukonis
Melanie Wickham

EXECUTIVE COMMITTEE

Clair J. Britt, Jr.
Kenneth DiSanto
Bradley Keem
Gretta Miles
Wayne Rice*
Melanie Wickham

*Committee Chair