



**1780 S Bell School Rd
Cherry Valley, IL 61016
www.mutualre.com**

July 22, 2020

Dear Valued Business Partner,

Mutual Re has always prided itself on our close business relationships. Whether you are a broker, an insurance company employee, or another business partner, chances are you have a close relationship with at least one of Mutual Re's staff. In these unfortunate times, when travel is extremely limited and visits to our partners are taboo, communications can be challenged like never before. For this reason, I write this memo to provide an update on Mutual Re's operations. I recognize that many of you are in direct contact with our claims and underwriting departments, but others may have had limited contact with us over the past three-plus months. We look forward to the day when we can visit you at conferences or in your offices, shake hands, and speak in person. In the meantime, here is an update on Mutual Re.

Our physical office is closed and we are all working remotely. While claims and underwriting have not missed a beat, we continue to update our technology to be more efficient in handling our work-from-home situation. Each department spends more time in meetings now (on the phone) than we had when working from the office. Some internal procedures have been changed to accommodate our current situation. And while we have had to cancel our employee social events for the year, we do still have a weekly all-employee meeting to keep everyone posted on changes and events.

The pandemic, as tragic as it is, does not seem to be a huge event for Mutual Re from a profitability standpoint. Losses from the pandemic are extremely low, and therefore not expected to be material to Mutual Re. Though unemployment has been high in the country for the past three months, we do not expect significant reductions in our income (reinsurance premium). This is partially because Mutual Re's book is only 25% WC, and partially because much of that book has not been affected by the increased unemployment – ie – contractors were not very impacted and restaurants were highly impacted. Our book is comprised mostly of industries in the not-very impacted category.

Many of you are familiar with our RRCP (Regional Reciprocal Catastrophe Pool). For those that are not: It is a top layer property cat product through which members both receive coverage and participate in providing coverage for the other members. The RRCP is performing well again this year, with a zero percent loss ratio YTD. Annually, Mutual Re holds a breakfast meeting at the NAMIC convention and invites all participants, their brokers, and some potential prospects with their brokers. As you know, NAMIC will be a virtual event in 2020 and so our breakfast meeting will not occur. For those of you who would have been attending, you will be receiving my PowerPoint slide deck and relevant notes in late September. You also will be invited to contact me to answer any questions after you have reviewed the material. Your refund checks will not be impacted by the pandemic, and you will receive them on the normal schedule. For those of you who would not have been invited, if you would like to receive information about the RRCP, simply reply to this email.

Mutual Re's YTD numbers are exactly on track with our goals. Loss ratio, expense ratio, combined ratio, and profit, are all consistent with where we expected to be at this point in time. Premium projections are also on target with 2020 goals. At July 1, we added a few treaties and we are currently prepping for the end-of-year renewal season.

We hope this note finds you well and we look forward to seeing you in person at some point in the near future.

Stay safe and God bless,

A handwritten signature in black ink, appearing to read "John W. Meyers". The signature is fluid and cursive, with the first name "John" being particularly prominent.

John W. Meyers, MBA, CPCU, ARe, AU, AIS
President/CEO