



# INSURING OPPORTUNITY

*annual statement 2023*



**HARFORD MUTUAL**  
INSURANCE GROUP

# INSURING OPPORTUNITY

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.



# 2023 AT-A-GLANCE



## 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

**\$53M**  
**NEW BUSINESS**

**375 YEARS**

OF SERVICE FROM **33 TEAM MEMBERS**  
WITH **MILESTONE ANNIVERSARIES**

**\$436M**

**DIRECT WRITTEN PREMIUM**

**101%**

**PREMIUM RETENTION**

**90 AGENCIES**

WITH **\$1M+ IN PREMIUM WITH HMIG**

**15%**

REVENUE GROWTH OVER 2022

**\$417M**

**POLICYHOLDERS'  
SURPLUS**

**\$1.06B IN TOTAL ASSETS**

*Harford Mutual Insurance Group results reflect merger with ClearPath Mutual*

# A MESSAGE FROM THE PRESIDENT

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“Luck is what happens when Preparation meets Opportunity.” Roman Philosopher Seneca

Even before 2022 ended, we began carefully adjusting our strategies to address the multitude of forces pressuring our financials with the ultimate goal of steering us back to underwriting profitability. As “luck” would have it, that preparation enabled us to successfully navigate the 2023 challenges of dramatic shifts in claim frequency and severity, catastrophic weather events, economic turbulence, and the cost and availability of reinsurance, as well as complete the strategic merger of ClearPath Mutual Insurance into the Group.

While we remain committed to the Habitation segment, we focused on further diversifying our book of business in 2023, targeting growth in featured classes outside of Habitation and reducing our dependency and exposure while increasing our capacity for the class for key agency partners. This allowed our Business Development and Underwriting teams to improve the overall class diversification and exceed their unit goals and annual plan with **\$53 million in new business and \$436 million in year-end direct written premium.**

We took steps to enhance service to our agency partners across multiple fronts. We further segmented our underwriting business units and added **Foundation Plus** to deliver elevated proficiency for our accounts between \$25 thousand and \$75 thousand in total account premium. We created the new **Agency Engagement Unit**, consisting of three team members dedicated to improving the agency experience with HMIG. They facilitate licensing, train agents and producers in our core underwriting systems, and assist agency producers and CSRs with technical challenges when entering new business or accessing online systems and resources. We added the ability to **quote Package** business in the Mercantile, Restaurant, Service, and Wholesale business segments in RapidWrite, updated Inland Marine Coverage options, and introduced Umbrella Enhancement Endorsements that align with our underlying coverage extensions. We launched **Ecopia**, a geospatial-based system automating the evaluation of exposing risks and the calculation of aggregate risk value, freeing up our underwriters to focus on other critical aspects of the policy and account servicing. Lastly, we responded to requests from our agency partners and now offer **EFT bill pay enrollment for our policyholders.**

We continued our journey in 2023 of replacing our core legacy systems and improving existing systems to support efficiency and ease of doing business. We launched our



new claims management platform, **Claims360**, in July, streamlining the claims process while adding robust capabilities and resources for our agents and policyholders. We made improvements to our **RapidWrite** online rating system, which contributed to our most successful year on record, with **\$9.3 million written** and over 40% of accepted submissions not requiring underwriter review. In a move to cement our commitment to innovation, we allocated a full-time IT developer to concentrate on implementing technology initiatives emanating from our Innovation Chamber and other areas of the organization. We also started the vendor selection and scope development to replace our current billing platform, our last legacy system, by the end of 2024.

We advanced several initiatives in response to a growing and diverse team. We announced a **Flex 5 Hybrid** schedule, maximizing in-office collaboration coupled with virtual flexibility. We started an annual **Employee Match Program** to amplify the giving spirit of our team members. Addressing mental health, we added an **Employee Wellness Program** as a corporate-sponsored benefit and presented a **Wellness Day** with guided meditation workshops and healthy nutrition. With an eye on succession planning and employee development, we promoted officers Jeffery Bischoff, Patrick Gagen, and Stacey Rebbert to Vice Presidents. Finally, we expanded the leadership and capability of our Board of Directors as we welcomed Sean Garber, establishing continuity with leadership from ClearPath Mutual, and John DeMartini, bringing critical reinsurance expertise to the Board. Rewarded for our efforts of creatively maintaining a vibrant employee culture, we were honored with awards from RISE Elite 50 Internships; Top Workplaces USA; Top Workplace Culture Awards in Work-Life Flexibility, Leadership, Purpose & Values, Compensation & Benefits, and Innovation; Cigna GOLD Healthy Workforce; and The Daily Record Empowering Women.

Perhaps the biggest story of 2023 was the successful completion of the merger of ClearPath Mutual Insurance, rebranded as **Clearpath Specialty**, into Harford Mutual Insurance Group. After more than two years of due diligence, research, meetings, and planning, we got “lucky” when the merger became official on August 4, 2023. We added Kentucky and Indiana to our geographic footprint, over 400



agencies and more than a thousand producers to our agency plant, 56 employees to our team, expanded our workers' compensation line by over 140% to \$92 million, and established our Midwest office in Louisville, Kentucky.

Our integration plan, dubbed “*Better Together*,” advanced quickly after approval as we readied people and processes for a January 1 effective date for Clearpath's monoline workers' compensation renewals, quoting, and new policy issuance under the merged entity and on HMIG systems. The bulk of the initial integration has passed, but more will continue through the first quarter of 2025. Financially, we can credit the merger and formation of Clearpath Specialty with adding \$54.2 million to our revenue, \$6.3 million to our new business, and \$85.2 million to our combined policyholders' surplus for the Group.

Our industry is fraught with unplanned circumstances and catastrophic events. It's the way of the world and the very reason our products, this industry, and Harford Mutual exist. Knowing this, we always have our eyes focused on what lies ahead, around the corner, and down the road. We make adjustments for tomorrow, calculations for next year, and predictions for the longer term. Then, with a little “luck,” when the opportunities present themselves in 2024 and beyond, we are prepared and ready to capture them.

**STEVEN D. LINKOUS,**  
*President and Chief Executive Officer*

“Through all my 45 years, I can truly say I have not had one bad day at Harford Mutual. I have always loved my job.”

- Gail Maschke

# TEAM MEMBER ACHIEVEMENTS

20 team members advanced their careers by participating in professional development courses, with 10 achieving accredited insurance designations. Furthermore, an impressive 33 employees reached milestone anniversaries, collectively accumulating an outstanding 375 years of dedicated service.

## A REMARKABLE MILESTONE

Joining Harford Mutual in 1978, Gail Maschke made history in 2021 by becoming the longest-serving employee, marking an impressive 43 years, 1 month, and 1 day of dedicated service. In 2023, she achieved an even more remarkable milestone—celebrating her 45-year anniversary. Gail’s unwavering dedication is rare, but reflective of the company where she has worked for more than four decades. It stands as a testament to Harford Mutual’s distinctive company culture, core values, and commitment to its employees.



## IDOC: A CULTURE OF INCLUSION

Our commitment to Inclusion, Diversity, and Opportunity involves making meaningful change through self-examination. In 2023, we emphasized raising awareness of unconscious bias, creating and maintaining a sense of belonging—especially as we merged with a new company and added nearly 60 new employees, and partnering with organizations making a difference to underrepresented populations.

Our efforts to create opportunities for all employees were recognized with awards from The Daily Record 2023 Empowering Women Award, Top Workplaces Culture awards in the areas of Work-Life Flexibility, Purpose & Values, and Top Workplaces USA.

HMIG conducted an employee engagement survey in 2023 with independent company DecisionWise. We had 94% employee participation and an overall positive engagement score of 88%. Additionally, and related to our efforts in promoting our values, we scored high when asking how employees felt about belonging here at HMIG.



INCLUSION • DIVERSITY  
OPPORTUNITY



### EMPLOYEE ENGAGEMENT

96%

**Agreed:** I feel comfortable in this organization's culture

96%

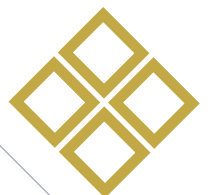
**Agreed:** I enjoy working with the people in my work group

96%

**Agreed:** Employees here are treated equitably, regardless of race, ethnicity, age, gender, disability, religious beliefs, and sexual orientation

95%

**Agreed:** The people I work with treat me with respect





# HMIG REGIONAL SUMMARY

01 **Direct written premium grew** by 15% in 2023 driven by strong new business production and better than expected renewal premium retention.

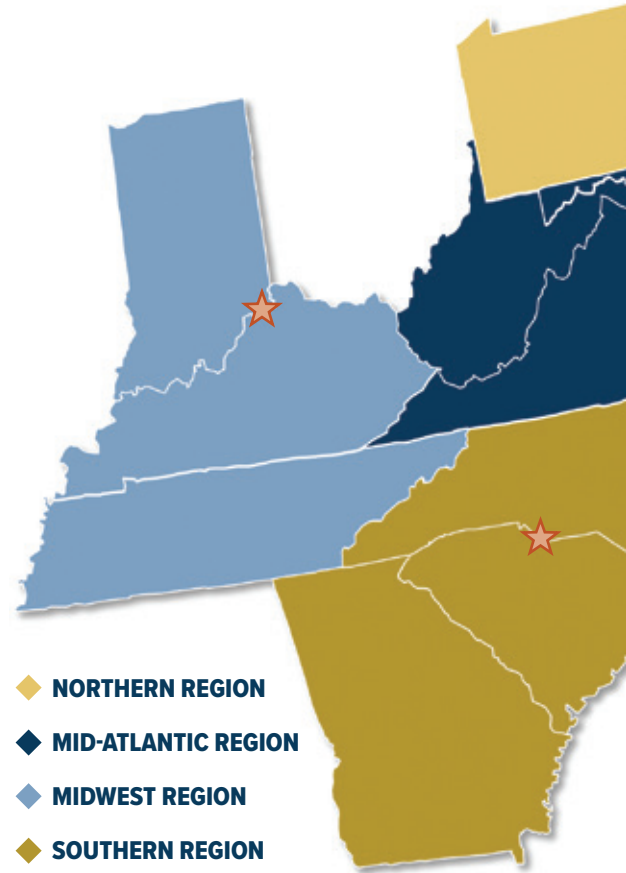
02 **Diversified the book** across various classes of business with substantial increases seen in Manufacturing, Lessors Risk, Restaurant, and Mercantile segments, while maintaining commitment to Habitational and Contracting segments.

03 **Continued geographic diversification** across our four regions with significant growth experienced in Georgia, South Carolina, North Carolina, and Tennessee.

04 **Expanded reach** into the Midwest through our merger with Clearpath Specialty, integrating efforts to consolidate policy management, claims, and billing systems into a unified platform.

05 **Developed strong agency partnerships** in the Midwest to serve as the foundation for multi-line product expansion into Indiana and Kentucky in 2025.

06 **Strategy for 2024** involves further diversification of writings, the introduction of new products like Auto Service and Craft Brewing, and commitment to enhancing automation in the Agent's Portal and RapidWrite.



◆ **NORTHERN REGION**

◆ **MID-ATLANTIC REGION**

◆ **MIDWEST REGION**

◆ **SOUTHERN REGION**

★ **OFFICE LOCATIONS**

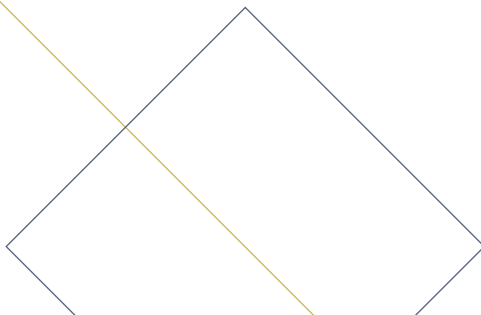
Midwest Office: Louisville, KY

Home Office: Bel Air, MD

Southern Office: Fort Mill, SC



Nearly **\$53 million**  
in new business  
premium and **101%**  
renewal premium  
retention.





## ENDURING PARTNERSHIPS

Lechner & Stauffer Inc. was founded by Donald Lechner in 1956. With a passion for community, the agency has flourished, growing from a small main street agency to one of the premier brokers in the Philadelphia area. Today, led by Donald's son-in-law and grandson, John and Harrison Kauffman, respectively, the agency writes over \$55 million in premium annually.

Harford Mutual Insurance Group Business Development Specialist Bob McKinley has fostered the relationship and built unwavering trust between the Lechner & Stauffer and HMIG teams, enabling seamless collaboration.

With a clear appetite, efficient underwriting, and an open line of communication, Lechner finds it easy to place business with HMIG, even on complex accounts.

Beyond business, McKinley's dedication to the relationship-based partnership epitomizes "Insuring Opportunity through a Commitment to Mutual Success." As Lechner & Stauffer transitions to its third-generation ownership, they remain steadfast in their values and grateful for their enduring partnerships to continue fueling their growth.



"Our partnership with HMIG extends far beyond the business; it's about the profound appreciation for time spent to develop and cultivate a relationship built on trust and mutual respect."





# A SUCCESSFUL MERGER

When we launched our VISION 2027 Strategic Plan in 2019, we included state expansion to support geographic diversification and the continued growth of the company. The opportunity to merge ClearPath Mutual Insurance into Harford Mutual Insurance Group revealed itself in 2021 and helped us fulfill those plans with a stable and respected company that also aligned with our “people-first” culture and values. As a leading workers’ compensation carrier in Kentucky, the merger increased our writings of this profitable line of business. Workers’ compensation now represents 21% of our book of business compared to 10% before combining forces.

We are excited that the merger, completed in August 2023, is proving to not only advance our strategic goals but also establish Harford Mutual Insurance Group and Clearpath Specialty Insurance Company as premier providers of quality insurance products for our policyholders and their agents. We look forward to bringing Harford Mutual’s multi-line capabilities to our agency partners in the Midwest.

ORIGINAL

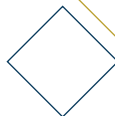


REBRAND



“Uniting our companies allows us both to maintain our financial strength and stability, fortify our commitment to policyholder protections, and expand our employee development and community support while providing the opportunity for more profitable growth.”

Jeff Borkowski, President  
Clearpath Specialty



**CLEARPATH SPECIALTY  
YEAR-END 2023 HIGHLIGHTS**

\$54.2M

Direct Written Premium

\$6.3M

New Business

6,743

Monoline Workers'  
Compensation Policies Written

56

Team Members

\$85.2M

Policyholders' Surplus

“Our long-term relationship with ClearPath Mutual (formerly KESA) has been successful and meaningful to us. Now, we look forward to extending that partnership with Harford Mutual.”

Charles Adams, Charles M. Moore Insurance

“The merger opens doors to amazing opportunities, combining strengths for broader coverage. As an agent, I’m excited to offer clients enhanced solutions and unparalleled service with Harford Mutual.”

Ashely Foley Klein, AssuredPartners

“As an insurance agent, I am thrilled to witness the successful merger of ClearPath Mutual and Harford Mutual. This strategic alliance will not only broaden our product offerings but also strengthen our commitment to providing unparalleled coverage and service. Exciting times ahead for our clients and team!”

Chris Wiseman, Houchens Insurance Group



# PROMOTING A CARING COMMUNITY

Harford Mutual Insurance Group has a rich tradition of giving back to the communities where we write business and where our team members live and work. In 2023, under our #HMIGgivesback initiative, we launched our Employee Match Program and the Flagship Agency Grant Program, which provides \$1,000 grants to nonprofits selected by our Flagship agencies.



496

Volunteer PTO hours used by employees

\$28,900

Scholarships

\$7,000

Advertising and event support

\$5.7M

Charitable support since 2005

87

Organizations supported through donations or volunteer hours

\$5,000

Capital contributions

\$13,000

Giving Tuesday challenges

\$447,000

for future support through the Community Foundation of Harford County

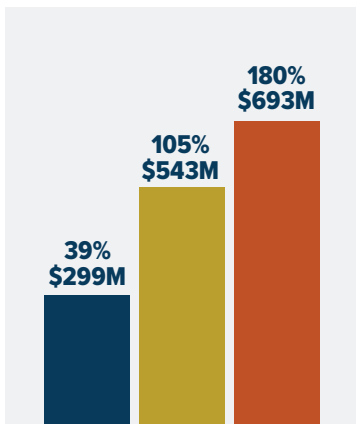
Charitable support in 2023 totaled more than

**\$451,128**

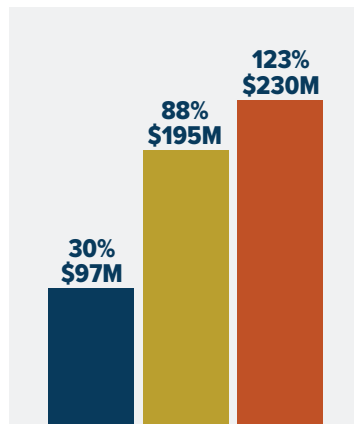
# COMBINED GROUP FINANCIAL GROWTH & HIGHLIGHTS

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

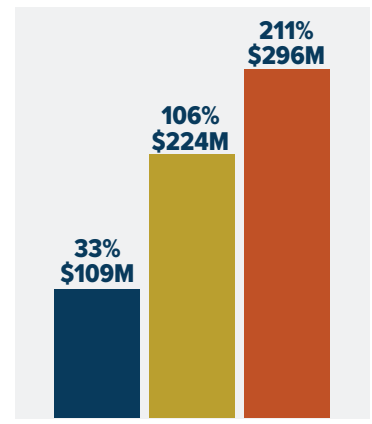
**TOTAL ADMITTED ASSETS**



**POLICYHOLDERS' SURPLUS**



**DIRECT WRITTEN PREMIUM**



**\$417M**

Policyholders' Surplus

**\$53M**

New Business

**101.9%**

Net Combined Ratio

**\$436M**

Direct Written Premium

**101%**

Premium Retention



AM Best Financial Size IX

(Surplus greater than  
\$250 million)

**\$1.06B**

Total Assets

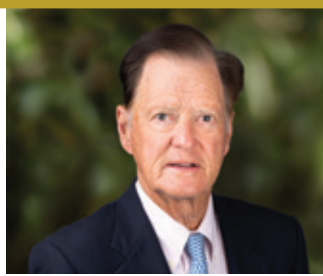
**90**

Agencies with \$1M+ in Premium

# BOARD OF DIRECTORS



**DONALD C. FRY, CHAIR**  
Retired President & CEO,  
Greater Baltimore Committee



**ATWOOD COLLINS III**  
Retired Executive  
Vice President  
M&T Bank Corporation



**JOHN J. DEMARTINI**  
Retired Managing Director  
Guy Carpenter, LLC



**JILLIAN E. FROMENT**  
EVP & General Counsel  
American Counsel  
of Life Insurers



**SEAN M. GARBER**  
Chairman & CEO  
Algar, Inc.



**STEVEN D. LINKOUS**  
President & CEO,  
Harford Mutual  
Insurance Group



**TERESA Q. MCTAGUE**  
Retired Chief  
Investment Officer  
U.S., Aflac Global Investments



**ALBERT J. MEZZANOTTE JR.**  
Partner  
Whiteford, Taylor &  
Preston, LLP



**VERNON A. REID JR.**  
Retired Bond Trader  
T. Rowe Price



**SANDRA L. RICH**  
Retired SVP & Chief  
Compliance Officer  
Nationwide Mutual Insurance  
Nationwide Financial Services



**SPENCER M. ROMAN**  
Retired President & COO  
AAA Mid-Atlantic Insurance  
Group



**STEPHEN T. SCOTT**  
Retired Principal  
Investment Counselors  
of Maryland



**ABIGAIL E. SMITH**  
President  
Abigail E. Smith Associates, P.A.

# HMIG OFFICERS



**STEVEN D. LINKOUS**  
President & CEO



**JEFFREY S. RINK**  
CPCU  
Executive Vice President



**F. WAYNE GEARHART**  
CPCU, AIC  
Senior Vice President, Chief  
Operating Officer



**KAREN L. MASHINSKI**  
CPA, CPCU  
Senior Vice President, Chief  
Financial Officer & Treasurer



**D. JEFFREY BORKOWSKI**  
President, Clearpath Specialty



**GENEAU M. THAMES**  
ESQ.  
Vice President, General  
Counsel & Corporate Secretary



**JEFFERY J. BISCHOFF**  
Vice President, Information  
Technology



**DAVID R. CURTIN**  
MBA, CPCU, CIC, CRM  
Vice President, Underwriting



**PATRICK J. GAGEN**  
SPHR/SHRM-SCP  
Vice President, Human  
Resources



**FRANK P. KELLNER III**  
CPCU, AIC  
Vice President, Administrative  
Operations



**STACEY A. REBBERT**  
AINS  
Vice President & Chief  
Marketing Officer

INSURING  
OPPORTUNITY



# AWARDS & RECOGNITION



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800-638-3669

[HARFORDMUTUAL.COM](https://www.harfordmutual.com)

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