



## A Message from Our CEO

2024 was a year of incredible change and evolution for the Pharmacists Mutual family of companies. It began with dialogue on our financial strength rating with AM Best. It ended with the purchase of \$2.5 million in agency renewal rights for our retail agency, PMC Advantage Insurance Services, Inc. (PMCA). We also announced our plan to seek your support for our Limited Mutual Holding Company Act filing. The year also included a tremendous effort to return our underwriting performance to profit achievement and value creation, all while continuing to drive our retail business, PMCA.

On the surface, our 2024 net loss of \$4.0 million does not meet our standard for success. However, beneath this number lies a story of significant underwriting improvement reflected in our 2024 accident year results, and the volume of prior year losses closed. As I previously mentioned, our decision to underwrite retail grocery and large account workers compensation coverage created a stream of claims that will take years to resolve, and a loss of premium that will take only slightly less time to replace. Exiting this business is vital to our future, and I applaud all my colleagues for the good work done to make this right.

In 2022 and 2023, we experienced the pain of poorly understood risk firsthand through net losses of \$43.4 million and \$29.4 million, respectively. With a 2024 net loss of \$4.0 million, which includes \$16.2 million of adverse development on prior accident years, I can confidently predict that the business we are underwriting today will prove to be profitable. We begin 2025 with strong loss reserves, a corrected revenue plan, and two insurance businesses now more appropriately sized to their budgets. All organizations within the Pharmacists Mutual family of companies are now built for success.

Over the past year, we have worked to correct our pricing deficiencies and align our underwriting with the true nature of our exposure. We will never again make the mistake of not servicing this fundamental economic reality. As our members and source of capital, you should expect proactive work from us in this regard, and I am pleased to have resolved these issues.

PMCA will deliver a strong dividend to Pharmacists Mutual Insurance Company of approximately \$494k and will continue to grow steadily in value. The efforts of our lowa-based and nationally focused Business Development Executives continue to help distinguish our ability to bring value to the insurance experience beyond price alone.

We have become more efficient users of member-provided capital. As stewards of our membership's capital, we have a responsibility to manage this resource as efficiently as possible. A 15% improvement in the company's Return on Average Equity (ROAE) is a direct measure of the quality of the job done over the past year. This is a substantial and meaningful improvement.

2025 is the second year of our three-year plan for improvement in our results. We remain on schedule in this regard because of your choice to remain with us in mutual partnership. Thank you for your trust and the opportunity to serve you as a vital healthcare provider in our communities. At Pharmacists Mutual, we take great pride in caring for those who care for our communities. I am confident you will continue to experience our organization as one that operates as a fundamentally sound group of insurance businesses committed to being a long-term partner to each of our mutual members. There is great strength in mutual partnership, and we believe the best is yet to come.



Aaron Pearce, J.D. & M.B.A.  
President & Chief Executive Officer  
Pharmacists Mutual Insurance Company

## BOARD OF DIRECTORS

Felix Gallagher

Jonathan Grether

Kirk Hayes

Holly Whitcomb Henry

Jill Link

Richard Moon

Randall Myers

Aaron Pearce

Kelly Selby

Steven Simenson

Susan Sutter

## EXECUTIVE TEAM

**Aaron Pearce**

Chief Executive Officer

**Cami Hansen**

Vice President Finance Controller

**William Hedges**

Chief Financial Officer

Sr. Vice President Finance

**Gina Helmers**

Vice President Strategy & Reinsurance

**Peter Lambert**

Sr. Vice President Claims

**Lindsay Pilgrim**

Vice President Human Resources

**Brian Rakers**

Sr. Vice President Distribution and Member Support

**Derrick Shannon**

Chief Actuary

Sr. Vice President Product Development

**Kristi Tesni**

Vice President General Counsel

**Sandy Ulrich**

Sr. Vice President Information Technology

**Alison VanOtterloo**

Sr. Vice President Underwriting & Risk Management



## PHARMACISTS MUTUAL INSURANCE COMPANY FINANCIAL HIGHLIGHTS

Assets	2023	2024
Cash & Short-Term Investments	637,677	6,621,189
Bonds	248,000,400	205,699,892
Stocks	14,727,016	4,905,599
Subsidiaries	15,049,622	16,365,056
Real Estate	23,200,454	6,458,161
Other Investments	21,423,804	19,721,369
Premiums Receivable	52,095,075	49,581,989
Deferred Taxes	11,201,000	8,777,800
Other Resources	16,702,908	24,562,382
<b>Total Assets</b>	<b>403,037,956</b>	<b>342,693,437</b>

Liabilities & Policy Surplus	2023	2024
Estimate for Losses & Adjusting	191,388,706	162,244,606
Unearned Premiums	65,889,298	39,755,290
Accrued Expenses & Taxes	43,798,632	45,297,244
Dividends Payable	243,653	205,884
Total Liabilities	301,320,289	247,503,024
Policyowners Surplus	102,488,824	95,190,413
<b>Total Liabilities &amp; Policyowners Surplus</b>	<b>403,809,113</b>	<b>342,693,437</b>

Income Statement & Change in Surplus	2023	2024
Net Premiums Earned	142,029,397	88,027,934
Loss & Adjusting Incurred	128,853,593	73,064,576
Underwriting Expenses	52,130,468	28,646,006
<b>Underwriting Income</b>	<b>(38,954,664)</b>	<b>(13,682,648)</b>
Investment Income	4,284,203	3,781,230
Realized Capital Gains (Losses)	5,590,091	4,461,662
Other Income (Expense)	(97,411)	(191,288)
Dividends to Policyowners	550,321	165,428
Federal Income Tax	(121,616)	(367,950)
<b>Net Income (Loss)</b>	<b>(29,606,486)</b>	<b>(5,428,522)</b>
Unrealized Capital Gains (Losses)	(2,936,513)	(33,501)
Surplus Notes Issued	-	-
Other Changes to Surplus	1,043,292	(1,836,387)
<b>Change in Surplus</b>	<b>(31,499,707)</b>	<b>(7,298,410)</b>

## PHARMACISTS MUTUAL INSURANCE GROUP CONSOLIDATED RESULTS

Assets	2023	2024
Cash & Short-Term Investments	1,986,211	9,187,224
Bonds	263,534,883	220,796,895
Stocks	14,727,016	4,905,599
Subsidiaries	(289,567)	(648,585)
Real Estate	23,200,454	6,458,161
Other Investments	21,553,709	19,008,989
Premiums Receivable	55,783,340	55,001,556
Deferred Taxes	11,474,270	9,017,800
Other Resources	17,525,453	24,731,282
<b>Total Assets</b>	<b>409,495,770</b>	<b>348,458,921</b>

Liabilities & Policy Surplus	2023	2024
Estimate for Losses & Adjusting	193,020,884	163,695,802
Unearned Premiums	71,317,685	44,551,283
Accrued Expenses & Taxes	42,380,649	44,166,952
Dividends Payable	243,653	205,884
Total Liabilities	306,962,871	252,619,921
Policyowners Surplus	102,488,824	95,190,414
<b>Total Liabilities &amp; Policyowners Surplus</b>	<b>409,451,695</b>	<b>347,810,335</b>

Income Statement & Change in Surplus	2023	2024
Net Premiums Earned	143,039,737	88,885,478
Commission Revenue	3,748,305	20,062,991
Other Income (Expense)	153,652	(305,452)
<b>Total Operating Revenue</b>	<b>146,941,694</b>	<b>108,643,017</b>
Investment Income	4,650,796	6,483,661
Realized Capital Gains (Losses)	5,587,053	4,384,962
<b>Total Investment Income</b>	<b>10,237,849</b>	<b>10,868,623</b>
Benefits/Claims	130,413,290	68,329,591
Operating Expenses	55,775,647	54,737,289
Dividends to Policyholders	550,321	165,428
<b>Total Expenses</b>	<b>186,739,258</b>	<b>123,232,308</b>
<b>Net Income Before Tax</b>	<b>(29,559,715)</b>	<b>(3,720,668)</b>
Federal Income Tax Incurred	(179,815)	(94,285)
<b>Net Income (Loss)</b>	<b>(29,379,900)</b>	<b>(3,626,383)</b>
Unrealized Capital Gains (Losses)	(3,084,413)	(1,348,935)
Surplus Notes Issued	-	-
Other Changes to Surplus	984,486	(2,323,092)
<b>Change in Surplus</b>	<b>(31,479,827)</b>	<b>(7,298,410)</b>