

# Annual Report

2025 ▶ ▶ ▶ ▶ ▶



## BOARD OF DIRECTORS

(as of 1/1/26)

**Felix Gallagher**  
**Jonathan Grether**  
**Kirk Hayes**  
**Holly Whitcomb Henry**  
**Jill Link**  
**Richard Moon**  
**Matthew Mosher**  
**Aaron Pearce**  
**Kelly Selby**  
**Steven Simenson**  
**Susan Sutter**

## EXECUTIVE TEAM

(as of 1/1/26)

**Aaron Pearce**  
President & CEO

**Cami Hansen**  
VP, Finance & Controller

**William Hedges**  
Treasurer & CFO

**Gina Helmers**  
VP, Strategy & Reinsurance

**Peter Lambert**  
SVP, Claims

**Michelle Leonard**  
VP, Financial Planning & Analysis

**Lindsay Pilgrim**  
VP, Human Resources

**Brian Rakers**  
Division President, PMCA

**Derrick Shannon**  
SVP, Chief Actuary

**Kristi Tesni**  
VP, & General Counsel

**Sandy Ulrich**  
SVP, Information Technology

**Alison VanOtterloo**  
Division President, PMUW

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# A message from our President & CEO



**Aaron Pearce, J.D. & M.B.A.**

President & Chief Executive Officer

## FORWARD LOOKING STATEMENTS DISCLAIMER

Notice: this communication may contain forward-looking statements and information relating to, among other things, the company, its business plan and strategy, and its industry. These forward-looking statements are based on the beliefs of assumptions made by, and information currently available to the company's management. Words such as "project," "believe," "anticipate," "intend," "expect" and similar expressions are intended to identify forward looking statements. These statements reflect management's current views with respect to future events and are subject to risks and uncertainties that could cause the company's actual results to differ materially from those contained in the forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date on which they are made. The company does not undertake any obligation to revise or update these forward-looking statements to reflect events or circumstances after such date or to reflect the occurrence of unanticipated events.

Looking back at 2025, I can only begin this message with an expression of gratitude. I am grateful to you – our insureds, our incredible partners in distribution, the over 200 employees who make it happen every day, and our board of directors who have shown great courage as we navigate a period of change as a company.

Over the past year, with your overwhelming support, we followed through on a needed change to convert what was Pharmacists Mutual Insurance Company to Pharmacists Mutual Insurance Group, a mutual insurance holding company. As a result, this is the last annual report message you will see for Pharmacists Mutual Insurance Company. In the future, you will see a similar statement but from Pharmacists Mutual Insurance Group.

We made the change to a mutual holding company because our future demands more flexibility in how we operate, and the mutual holding company structure best provides it. Change can be difficult, but also necessary. In this instance, with the support of our partners, substantial diligence and planning, and an incredible team of colleagues, change happened easily. We are better for it. We have an even more promising future now because of it.

Last year at this time we were commenting on the challenges associated with 2024 – a year that showed great promise but fell slightly short of returning our underwriting business to profitable operation. I am pleased to share that in 2025 we crossed that threshold and returned to positive net income via an operating ratio of 97.6%. Our return on equity also returned to a positive value after three years of losses. We also realized a growth rate of 10.8% and wrote \$174.6 Million in Direct Written Premium.

Our insurance agency, PMC Advantage Insurance Services ("PMCA"), also delivered targeted returns and showed continued flexibility and strength through the holding company conversion process. I could not be prouder of this team of colleagues in how they have embraced their enhanced identity and how they have evolved. As a nationally operating insurance retail business, the future is bright for PMCA.

We have much work left to do to ensure our upward trajectory endures, but this is exciting progress for our business and a clear indication to our insureds and trading partners that we have turned a corner on operating results. It is a new day for Pharmacists Mutual. Working together as a team of colleagues and embracing the need to always stay nimble with our markets, the Pharmacists Mutual Insurance Group is excited for 2026 and beyond. We will not be slowing in the execution of our commitment to get better every day at fulfilling our ultimate purpose of being a stable and consistent risk transfer partner for the thousands of incredible healthcare professionals who care for us in our communities around the country.

Expect more new products and tools to meet the needs of tomorrow's healthcare industry in the coming year. We cannot wait!

In closing, our founder, Al Falkenhainer, is the best reminder of all that when we embrace problems needing a solution and show a willingness to take informed risk, great things can happen. Thank you again for your continued support. We are proud to be a part of the broader healthcare community. It is truly our privilege to serve you.

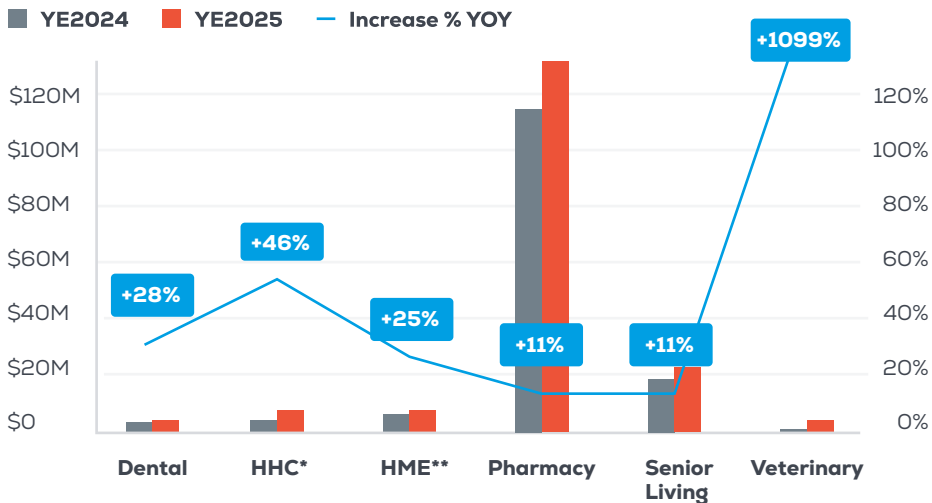
<sup>1</sup>Financial results are consolidated outcomes based upon the aggregated financial results of Pharmacists Mutual Insurance Company, NAIC No. 13714 and wholly-owned insurance company subsidiary Chiron Insurance Company, NAIC No. 16356.

# Growth across our core underwriting business

Disciplined underwriting growth across key healthcare verticals continues to strengthen and diversify our portfolio.

In 2025, we continued strengthening our underwriting business through disciplined growth across key healthcare verticals. While Pharmacy remains our core foundation, we also experienced continued momentum across Veterinary, Dental, Senior Living, and Home Healthcare markets. By expanding our underwriting capabilities and supporting the evolving needs of healthcare professionals and businesses, we are building a more diversified and resilient insurance portfolio.

## UNDERWRITING GROWTH ACROSS KEY HEALTHCARE VERTICALS



**▲ 11%**  
Pharmacy growth

**\$122M+ in premium**

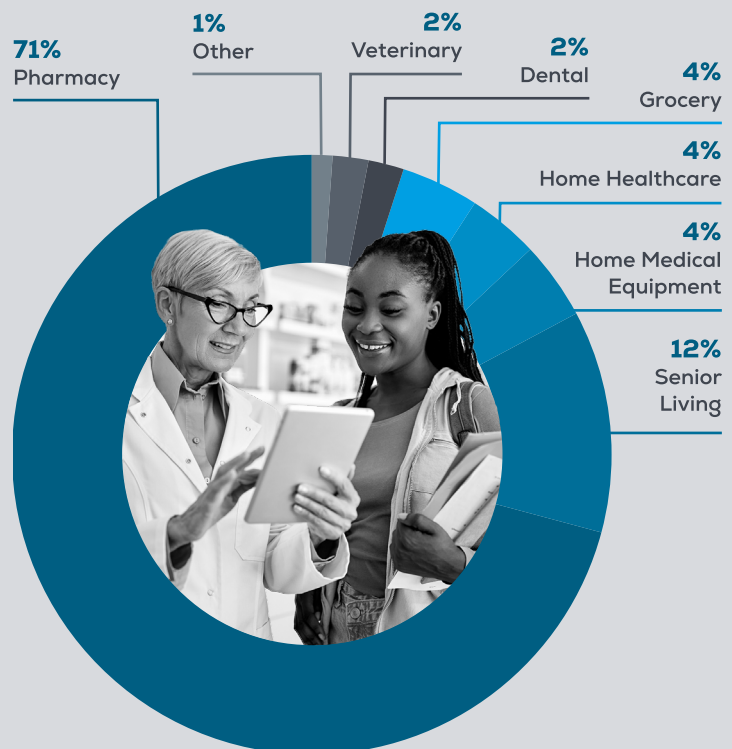
**▲ 1,099%**  
Veterinary growth, year-over-year

**▲ 28%**  
Dental growth

**▲ 46%**  
Home Healthcare (HHC) growth

## Building strength through a broader mix of businesses

As we continue to grow, our portfolio is becoming more diversified across complementary business segments. While pharmacy remains our foundation, we are expanding into additional verticals that align with our expertise and long-term strategy. This broader mix strengthens our ability to serve a wider range of customers while supporting sustainable growth across the organization.



In-force premium as of 12/31/2025

\*HHC (Home Healthcare) \*\*HME (Home Medical Equipment)

## Strong underwriting results driven by disciplined execution and strategic growth

▶ **102.7%**

Combined Ratio

▶ **\$0.7M**

Net Income

▶ **24%**

Improvement in Operating Ratio

▶ **\$96.5M**

Policyholders' Surplus

▶ **\$174.6M**

Direct Written Premium

Our 2025 performance reflects continued focus on underwriting discipline, operational efficiency, and strategic growth across the business. We achieved meaningful improvement across key financial metrics while continuing to invest in long-term opportunities.

### COMBINED BASIS FINANCIAL METRICS FOR ANNUAL REPORT

Reflects Combined Basis Pharmacists Mutual and Chiron Insurance Companies

	2024	2025	CHANGE
<b>Net Premiums Written</b>	<b>\$62,923,076</b>	<b>\$70,703,164</b>	<b>\$7,780,088</b>
<b>Net Premiums Earned</b>	<b>\$88,885,478</b>	<b>\$66,474,219</b>	<b>(\$22,411,259)</b>
+ Net Losses & LAE	\$74,154,295	\$41,569,014	(\$32,585,281)
+ Underwriting Expense	\$27,059,441	\$28,151,117	\$1,091,676
+ Policyholder Dividends	\$165,428	\$228,776	\$63,348
<b>Combined Ratio</b>	<b>126.6%</b>	<b>102.7%</b>	<b>-23.9%</b>
- Investment Income	\$4,167,225	\$3,415,670	(\$751,555)
<b>Operating Ratio</b>	<b>121.9%</b>	<b>97.6%</b>	<b>-24.4%</b>
Free Cash Flow (FCF)	(\$53,064,437)	(\$17,296,349)	\$35,768,088
EBITDA	(\$936,743)	\$3,869,378	\$4,806,121
Net Income	(\$3,985,402)	\$707,948	\$4,693,350
Average Surplus	\$98,839,619	\$95,824,074	(\$3,015,545)
Return on Equity (ROE)	<b>-4.0%</b>	<b>0.7%</b>	<b>4.8%</b>

## 2025 Financial summary

<b>Total Assets</b> <b>\$326.5M</b> \$346.9M in 2024	<b>Total Liabilities</b> <b>\$230.1M</b> \$251.7M in 2024
<b>Policyholders' Surplus</b> <b>\$96.5M</b> \$95.2M in 2024	<b>Net Premiums Earned</b> <b>\$66.5M</b> \$88.9M in 2024
<b>Net Income (Loss)</b> <b>\$0.7M</b> (\$4.0M) in 2024	<b>Change in Surplus</b> <b>\$1.3M</b> (\$7.3M) in 2024

## 2025 PMCA book composition & commission mix

