

MUTUAL ASSURANCE SOCIETY OF VIRGINIA STATEMENTS
OF ADMITTED ASSETS, LIABILITIES, AND POLICYHOLDERS'
SURPLUS-UNAUDITED YEARS ENDED DECEMBER 31, 2021
AND 2020

	2021	2020
ADMITTED ASSETS		
Investments:		
Bonds, at amortized cost	\$ 88,550,801	\$ 78,673,493
Common stocks, at fair value	312,691,317	263,701,763
Real estate	1,307,225	1,354,066
Cash and short-term investments	<u>13,542,497</u>	<u>9,056,670</u>
Total cash and invested assets	416,091,840	352,785,992
Accrued investment income	1,051,654	984,287
EDP equipment, net	-	9,556
Other admitted assets	<u>596,185</u>	<u>1,589,676</u>
Total Admitted Assets	<u>\$ 417,739,679</u>	<u>\$ 355,369,511</u>

**LIABILITIES AND
POLICYHOLDERS' SURPLUS**

Liabilities:		
Losses	\$ 3,463,245	\$ 5,127,844
Loss adjustment expenses	543,041	655,774
Other expenses	1,456,634	1,107,699
Unearned premiums	8,480,717	7,746,617
Net deferred taxes	44,325,455	31,146,122
Ceded reinsurance premiums	184,233	161,481
Deferred compensation	1,222,762	1,191,677
Liability for pension benefits	2,394,126	3,322,114
Other liabilities	<u>63,920</u>	<u>12,217</u>
Total liabilities	62,134,133	50,471,545
Policyholders' Surplus	<u>355,605,546</u>	<u>304,897,966</u>
Total Liabilities and Surplus	<u>\$ 417,739,679</u>	<u>\$ 355,369,511</u>

MUTUAL ASSURANCE SOCIETY OF VIRGINIA STATEMENTS
OF INCOME-UNAUDITED YEARS ENDED DECEMBER 31,
2021 AND 2020

	2021	2020
Income:		
Premiums earned	\$ 16,376,313	\$ 16,382,368
Less reinsurance ceded earned	<u>6,599,259</u>	<u>6,067,648</u>
Net premiums earned	9,777,054	10,314,720
Net investment income	5,819,433	6,364,807
Realized capital gains, net of taxes	7,812,657	4,142,392
Other income	<u>31,790</u>	<u>19,120</u>
Total income	<u>23,440,934</u>	<u>20,841,039</u>
Expenses:		
Losses	8,519,816	13,797,885
Loss adjustment expenses	2,233,832	2,479,513
Other underwriting expenses	<u>8,882,098</u>	<u>8,185,501</u>
Total expenses	<u>19,635,746</u>	<u>24,462,899</u>
Net gain/(loss) before income taxes	3,805,188	(3,621,859)
Provision for income tax benefit	<u>(2,002,308)</u>	<u>(2,150,305)</u>
Net gain/(loss)	<u>\$ 5,807,496</u>	<u>\$ (1,471,554)</u>

**STATEMENTS OF POLICYHOLDERS' SURPLUS-UNAUDITED
YEARS ENDED DECEMBER 31, 2021 and 2020**

	2021	2020
Surplus, beginning of year	\$ 304,897,966	\$ 281,618,984
Net gain/(loss)	5,807,496	(1,471,554)
Unrealized gain/(loss), net of taxes	45,343,987	25,332,767
Other surplus adjustments	<u>(443,903)</u>	<u>(582,231)</u>
Increase (decrease) in surplus	<u>50,707,580</u>	<u>23,278,982</u>
Surplus, end of year	<u>\$ 355,605,546</u>	<u>\$ 304,897,966</u>

President's Annual Message to the Members:

I am happy to report that 2021 was a remarkable year for the Society and its members. Losses decreased year over year, our net profit for the year was \$5.8 million, and our Policyholder Surplus at year-end reached a new high of \$355.6 million. Following is a brief overview of our 2021 financial and operational highlights.

Admitted assets on December 31, 2021, were \$417.7 million, representing an increase of \$62.4 million or 17.6% over 2020. An increase in our equity portfolio drove this increase. On a total-return basis, the Society's domestic investment portfolio returned 20.9% during 2021. Our domestic equity portfolio, comprising 98% of our total equity portfolio, increased 28.5% during 2021 compared to the S&P 500 return of 28.7% and the Lipper Large Cap Core Equity Index return of 26.5%. Since January 1, 2000, our domestic equity portfolio has had a cumulative return of 347.5%, vs. the S&P 500 cumulative return of 328.3% and the referenced Lipper index cumulative return of 216.2%. The 2% of our equity portfolio allocated to international stocks, through two Vanguard index funds, returned 4.8% on a weighted average basis during the year. The fixed income portfolio returned 1.8% for the year compared to the Bloomberg Intermediate Government/Corporate Index return of negative 1.5% and the Bloomberg Intermediate Treasury Index return of negative 1.7%. Since January 1, 2000, our fixed income portfolio has had a cumulative fixed income return of 243.0%, compared to the cumulative return of the referenced Bloomberg indexes of 150.2% and 126.6%, respectively.

Gross premiums increased by 6.2% to \$55.6 million. Our base annual assessment rate remained at 22% for 2021. An additional assessment of 22% was applicable to secondary residences, and an additional assessment of 10% was applicable to coastal properties located in designated territories. The Society had an after-tax net profit of \$5.8 million. Realized capital gains for 2021, net of taxes, amounted to \$7.8 million. The Society has been assigned a Financial Strength Rating of A (Excellent) from A.M. Best Company. It has been given a Financial Stability Rating of A from Kroll Bond Rating Agency.

Residential construction costs increased steadily during 2021. This increase was primarily driven by continued increases in material and labor costs. Based on E2Value's residential construction cost indexes for Virginia, our insured property values are increasing by 7.4% on a state-wide basis for 2022. If you feel your coverage needs to be adjusted, either upward or downward, we are always willing to re-inspect your property and re-evaluate the amount of coverage you need.

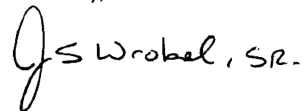
Net losses incurred decreased by \$5.3 million or 38% from 2020. Losses incurred for 2021 were categorized as follows: 48% from water damage from plumbing, heating, and air conditioning systems, 9% from windstorm or hail, 19% from fire, and 24% from all other causes. The frequency and severity of water damage losses continue to rise, representing one of the most disruptive types of loss our members face. We strongly recommend that our members not leave their homes while clothes washers, toilets, or dishwashers are running. When such appliances fail or malfunction while no one is at home to remedy the situation, the nature and scope of damage to homes and the personal inconvenience to families can be enormous.

To help our members to control these types of losses, the Society has partnered with Beagle Services, LLC to protect their homes from water damage. Please visit <https://www.mutual-assurance.com/resources> to learn more about this innovative partnership.

Annually, we remind you of available optional property coverage endorsements, our paperless option, and the online portal. For a more complete presentation on these offers, visit our website at www.mutual-assurance.com/annualreport.

As always, we appreciate the cooperation and support of the members of the Society and welcome any questions you may have about the Society or this Annual Report.

Sincerely,



Jeffrey S. Wrobel, Sr., CPCU, A.U., AIT
President

April 1, 2022

BOARD OF DIRECTORS

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Managing Partner, Richmond Office
Williams Mullen

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Managing Director, Municipal Bonds
Stifel Nicolaus

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Harris Williams & Company

R. Gregory Williams (1)(3)(C)
Vice Chairman
CCA Financial Services, LLC

Jeffrey S. Wrobel, Sr. (1)(2)(A)
President & CEO
Mutual Assurance Society of Virginia

- (1) Member of Executive Committee
- (2) Member of Investment Committee
- (3) Member of Audit Committee
- (A) Term Expires in 2022
- (B) Term Expires in 2020
- (C) Term Expires in 2021

OFFICERS & MANAGERS

Jeffrey S. Wrobel, Sr., CPCU, A.U., AIT, President
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Paul R. Davis, AIC, Vice President – Claims
Lisa Eckart, CPCU, CISR Vice President - Underwriting
C. Lewis Marsh, CFA, CPA, FLMI Vice President – Investments
Jonathan D. Sisk, Vice President – Information Systems

GENERAL COUNSEL

Williams Mullen, Richmond, Virginia

2021 ANNUAL REPORT



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