

Another Vintage Year

2019 Acurty Annual Report



Yes, Another Vintage Year



Acuity's remarkable blend of world-class agents and empowered employees has delivered industry-leading performance not just in 2019, but for the past 20 years.

Ben Salzmann
President and CEO

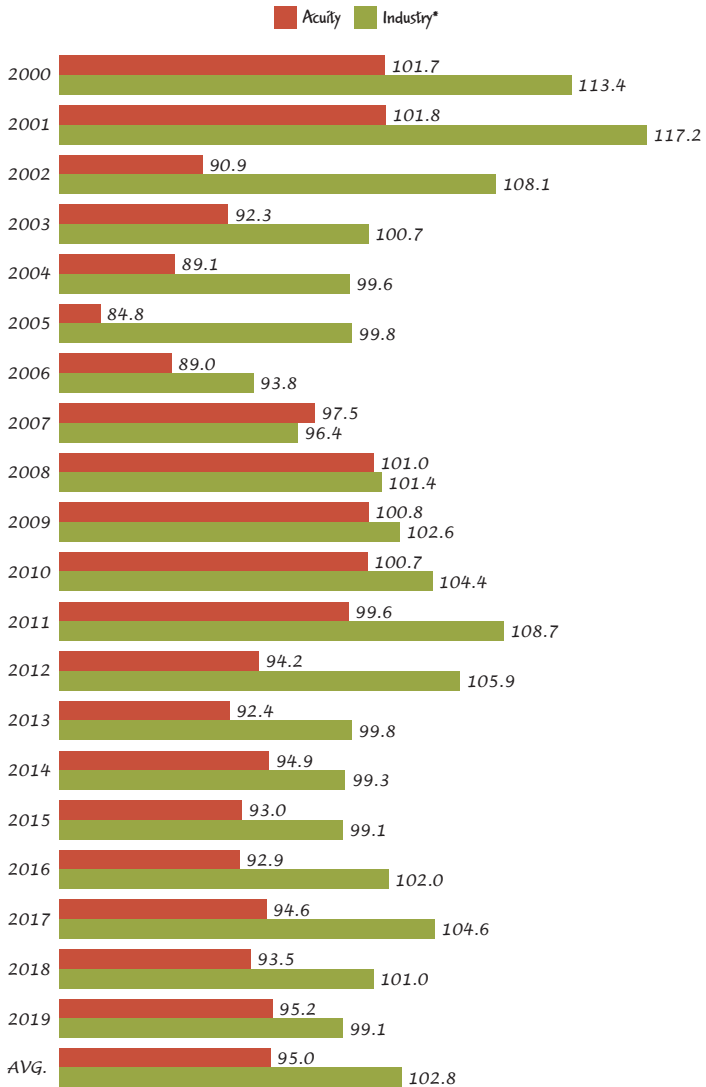


Enjoy Our Acuity Red

Aromas of dark cherry and chocolate are followed by flavors of dark berries, mocha, vanilla crème, and toasted oak, melding together perfectly to form this full-bodied wine.



Combined Ratio

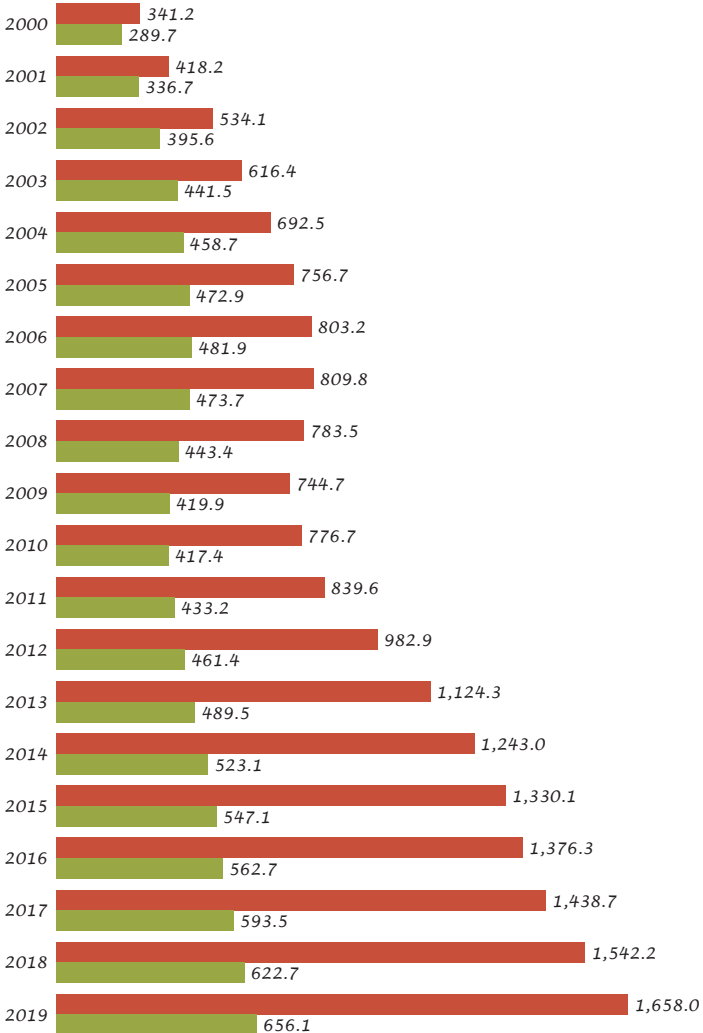


*Based on industry averages from Conning Research & Consulting, weighted by Acuity's mix of business (Statutory)

Comparative Written Premium

in millions of dollars

■ Acuity ■ Acuity at Industry Growth Rate*

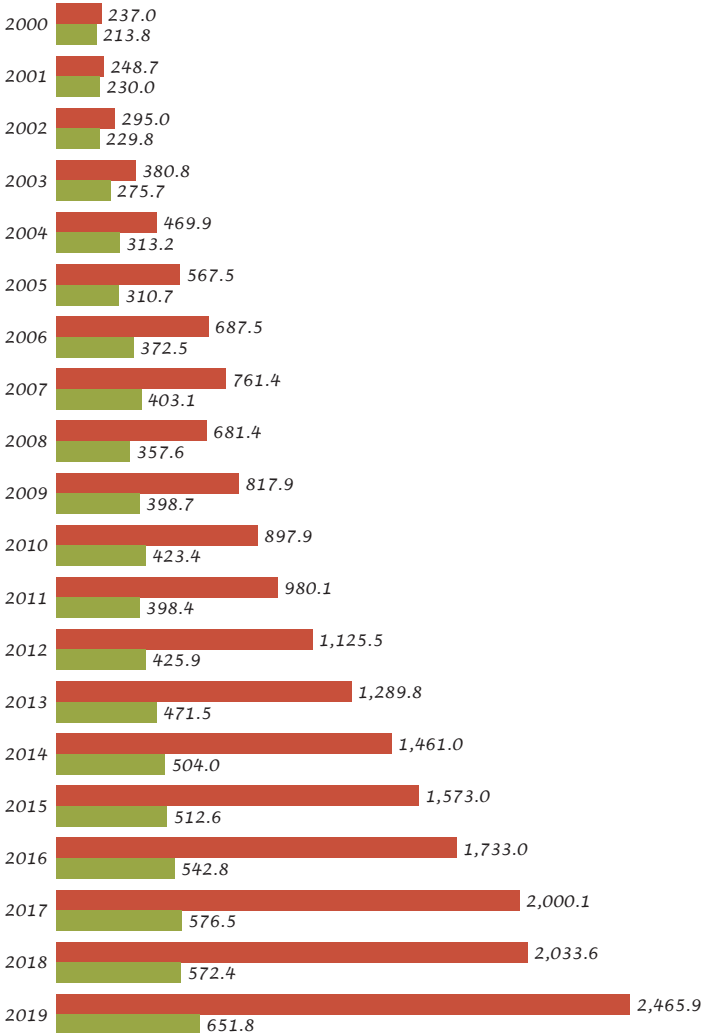


*Based on industry averages from Conning Research & Consulting weighted by Acuity's mix of business (Statutory)

Policyholders' Surplus

in millions of dollars

■ Acuity ■ Acuity at Industry Growth Rate*



*Based on industry averages from Conning Research & Consulting, weighted by Acuity's mix of business (GAAP)

The Right Blend for You



We make it easy to do business with Acuity, while providing the products and pricing that have helped agents grow with us to record levels.

Wally Waldhart
Vice President - Sales and
Communications



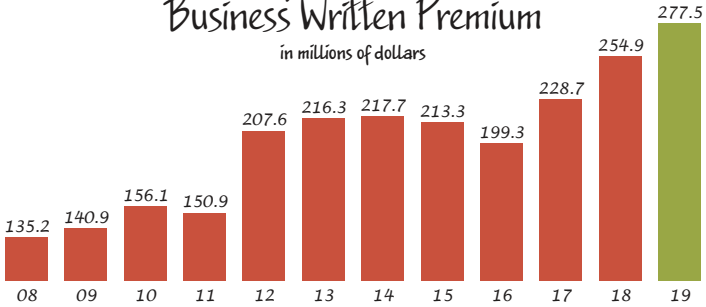
Enjoy Our Acuity White

Aromas of apple blossoms and hints of honeydew open up the glass and lead way to essence of Asian pear, pineapple, and hints of peach.

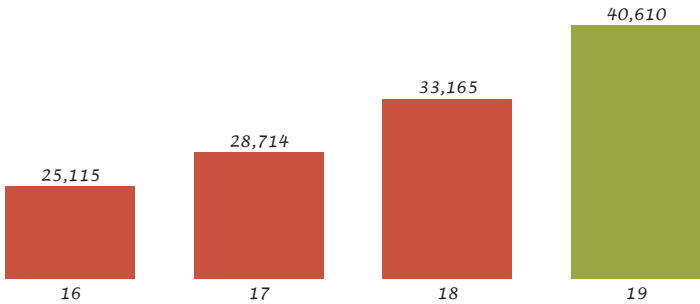


Companywide New Business Written Premium

in millions of dollars

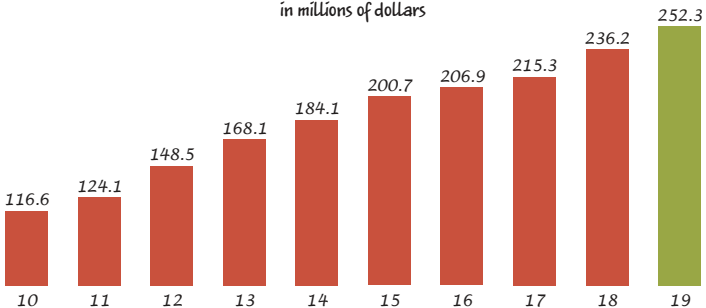


CE Credits Earned by Agents from Acuity



Total Commissions Paid

in millions of dollars



Toasting a Record Year



Acuity achieved amazing growth in commercial lines, driven by a competitive, consistent appetite and record-setting quote flow from agents.

Ed Warren
Vice President - Commercial Lines



Acuity Red Pairing

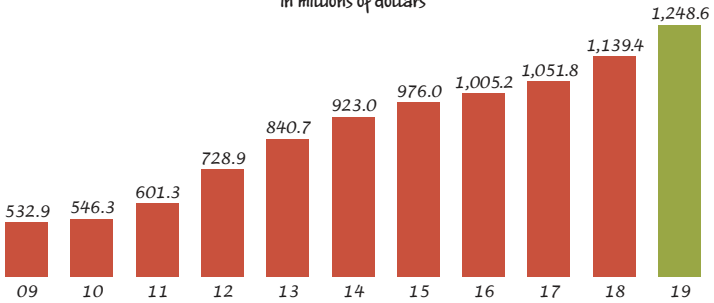
Roast Beef Stew

The wine's full-bodied flavor is a perfect match for this hearty meal.



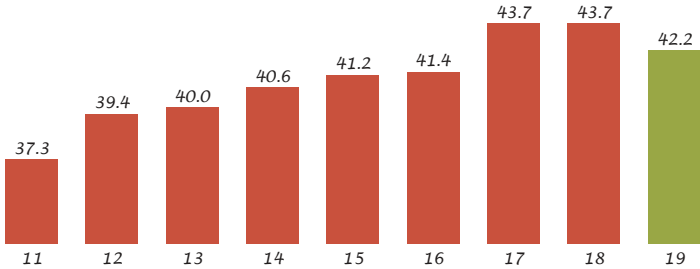
Commercial Lines Written Premium

in millions of dollars



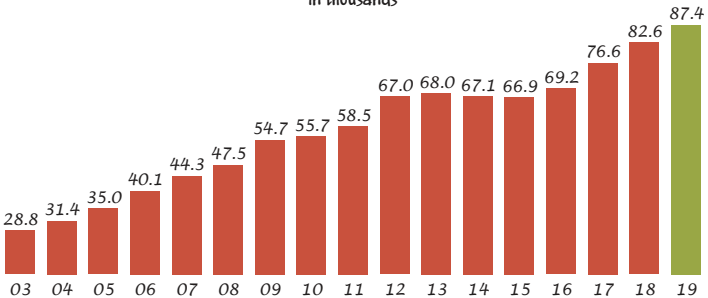
Commercial Lines Quote Hit Ratio

percent



Commercial Lines Quotes Received

in thousands



Raising Our Glass to Success



Growth in new and existing states pushed written premium to new heights, while Acuity continued to outperform the industry in profitability.

Shane Paltzer
Vice President - Marketing
and Personal Lines



Acuity White Pairing

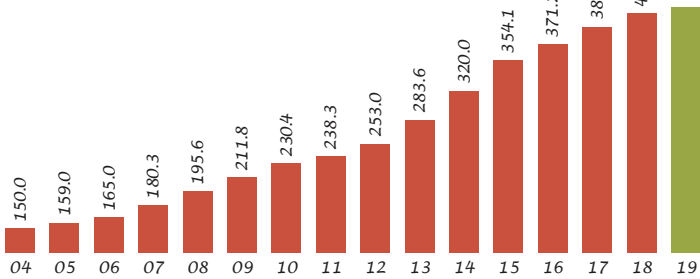
Spicy Asian Dishes

The mellow acidity and hint of sweetness balance some of the heat and bring forward the true flavors of the dish.



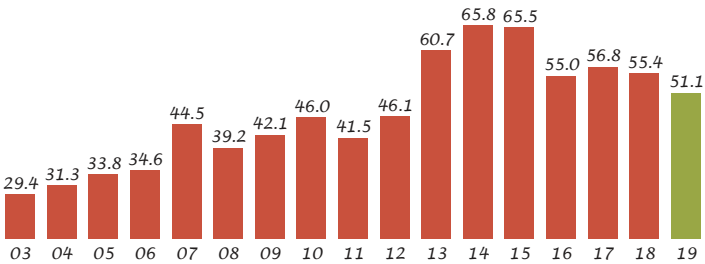
Personal Lines Written Premium

in millions of dollars



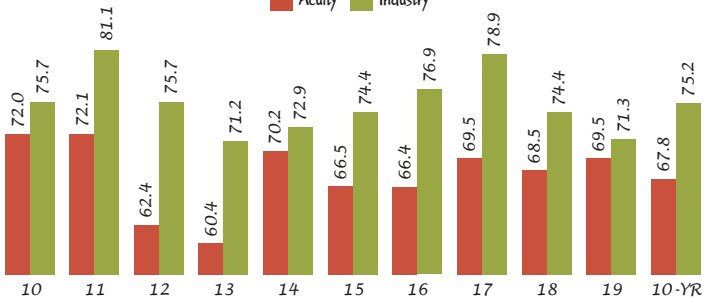
Personal Lines New Business Written Premium

in millions of dollars



Personal Lines Loss Ratio

Acuity Industry*



*Coming industry projections; includes Loss and LAE costs

Did You Know?

As we created these wonderful blends of Acuity wine for you, we came across some interesting winemaking facts.

Cork It!

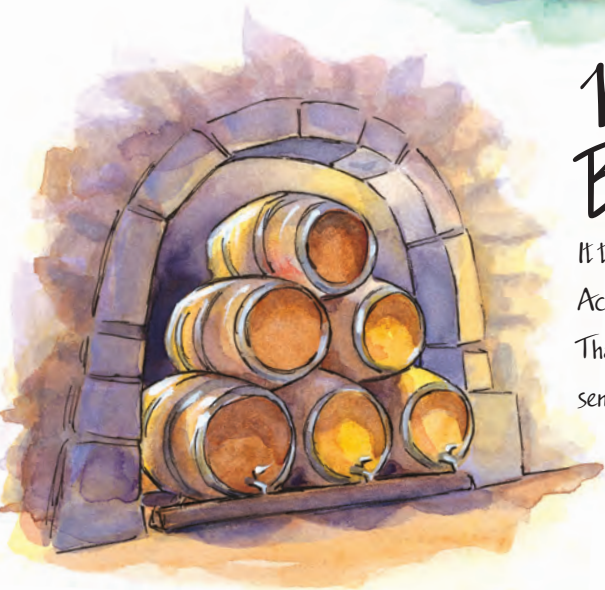
Laid end to end, all the corks in Acuity's wine bottles would stretch over a mile!

But don't worry—cork harvesting is a renewable process that doesn't harm the trees.



167 Barrels

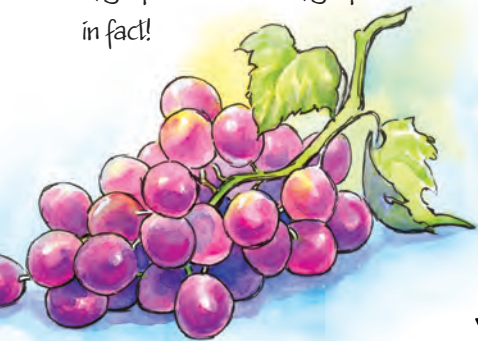
It took 167 barrels to hold Acuity's wine before bottling. That's enough wine to fill a semi truck tanker!





70 Tons of Grapes

Creating this great wine took a lot of grapes—70 tons of grapes in fact!



50,000 Bottles

You read that right. We produced over 50,000 bottles of these special reserve Acuity wines—nearly 10,000 gallons!

Amazingly Smooth



When customers suffer a loss, we help make the claim process smooth and worry-free, while delivering on our promise of protection.

Jamie Loiacono
Vice President - Claims



Acuity Red Pairing

Blue Cheeseburger

Tannins in the wine bring out the complexity of the blue cheese and create a smooth balance with the richness of the beef.



Claims Satisfaction

percent

Industry



Acuity*



*Based on surveys of claimants and insureds

\$1+ Million Storm Claims

■ Number of Claims ■ Incurred Loss (millions of dollars)



Acuity's Top Five Storm Events

incurred loss in millions of dollars

2017 Minnesota/Wisconsin Wind & Hail (2,729 claims)



2018 Colorado Wind & Hail (862 claims)



2019 Northern Wisconsin Tornadoes (1,636 claims)



2019 Sioux Falls Tornado (220 claims)



2017 Colorado Wind & Hail (1,188 claims)



Well-Balanced Performance



Acuity's continued financial strength and stability are built on a foundation of conservative investing, disciplined underwriting, and reasonable reserving.

Wendy Schuler
Vice President - Finance



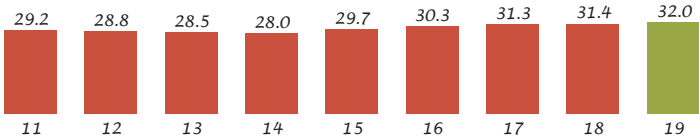
Acuity White Pairing

Slow-Roasted Chicken

Light, crisp acidity allows for the herbs on the chicken to shine brightly without being overpowered.

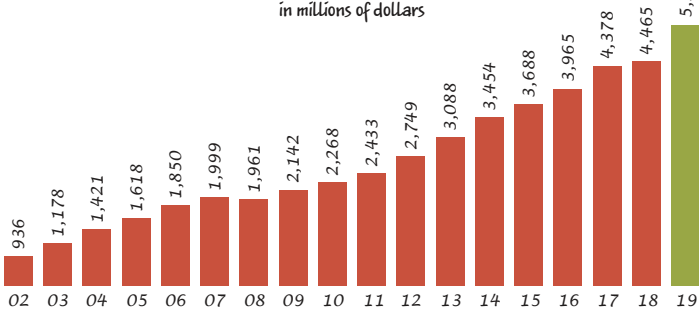


Expense Ratio

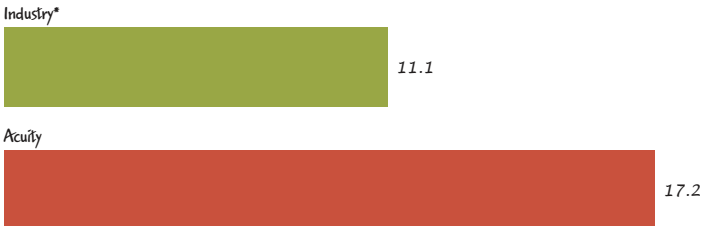


Total Assets (GAAP)

in millions of dollars



Cash Flow As a Percentage of Net Written Premium (GAAP)



*Based on industry averages from Conning Research & Consulting, weighted by Acuity's mix of business

A Brilliant Accomplishment



With precision analytics driving results, Acuity again grew surplus and recorded a profitable loss ratio despite record storm activity.

Pat Tures
Vice President - Actuarial
and Strategic Analytics



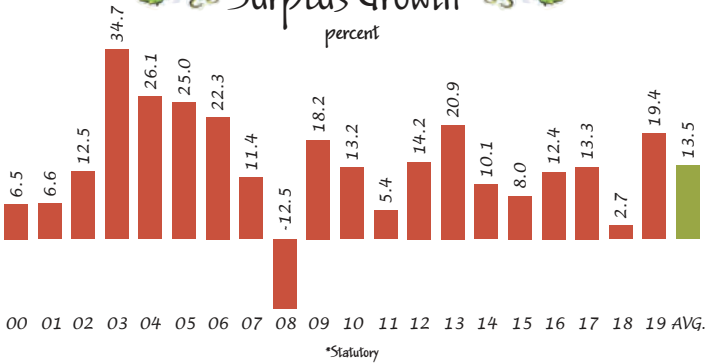
Acuity Red Pairing

Grilled Lamb Shank

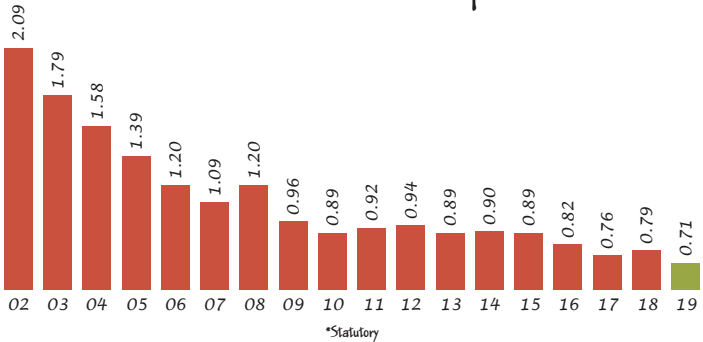
Balanced acidity of the wine softens the gamy aspect of lamb while enhancing the meat's rich flavors.



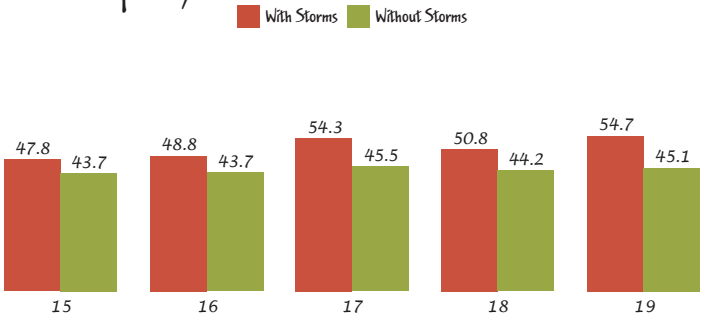
Surplus Growth* percent



Net Written Premium to Surplus Ratio*



Companywide Accident Year Loss Ratio*



*All years as of December 31

The Fruits of Our Labor



Growth leads to opportunity at Acuity. We've hired 900 employees over the past five years and nearly 200 in 2019 alone.

Joan Ravanelli Miller
General Counsel and Vice President -
Human Resources



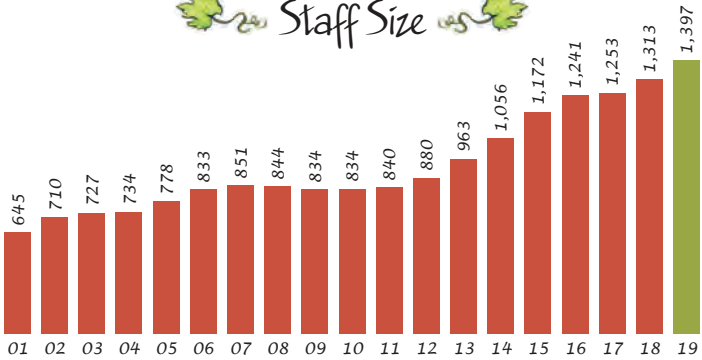
Acuity White Pairing

Pan-Seared Scallops

The hints of citrus in the wine complement the butter and salt in this dish and brighten the rich meal.

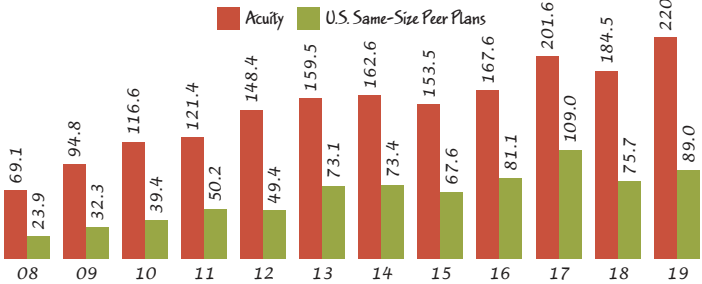


Staff Size



Average 401(k) Account Balance

in thousands of dollars



Voluntary Turnover

percent

Acuity (10-year average)



Insurance Industry



All Industries



About the Wines

Acuity partnered with award-winning Windsor Vineyards to bring you two special wines celebrating a vintage year!

Windsor's Achievements

Headquartered in Windsor, California, this vineyard has been among the top three most award-winning wineries in the U.S. for over 60 years.



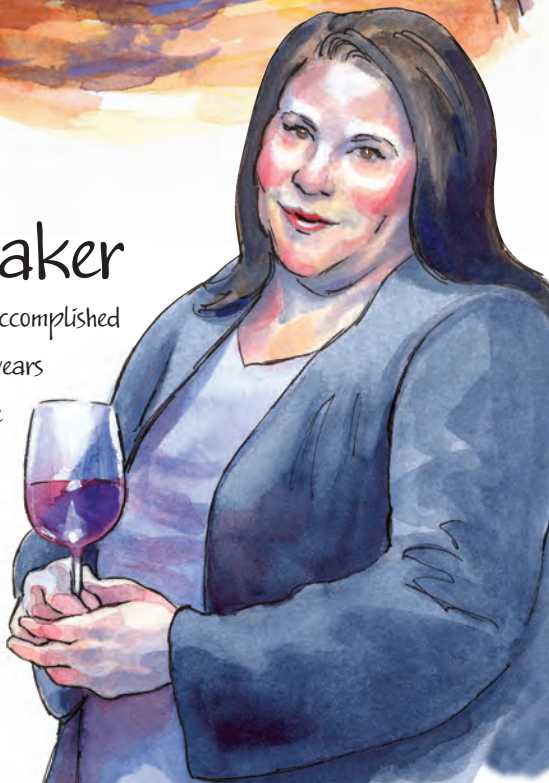
California Appellation

This indicates that 100% of the wine is sourced from multiple wine growing regions throughout the state. By utilizing multiple terroirs from all over California, winemakers are able to bring their vision of wine to fruition.



About the Winemaker

Nancy Walker is a renowned, accomplished winemaker with more than 20 years of experience in California. She has produced 90+ wines for multiple winemaking ventures.



Sparkling Service



Outstanding productivity, speed of response, and accurate service combine at Acuity to create high levels of customer and agent satisfaction.

Sheri Murphy
Vice President - Services and Administration



Acuity Red Pairing

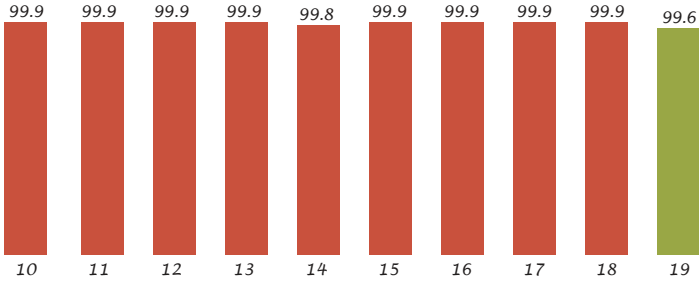
Grilled Eggplant

Eggplant is creamy and mild by nature and pairs well with the bolder, full-bodied elements of the wine.



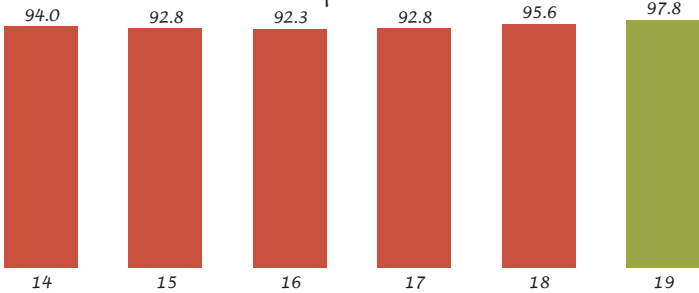
Accuracy

percent



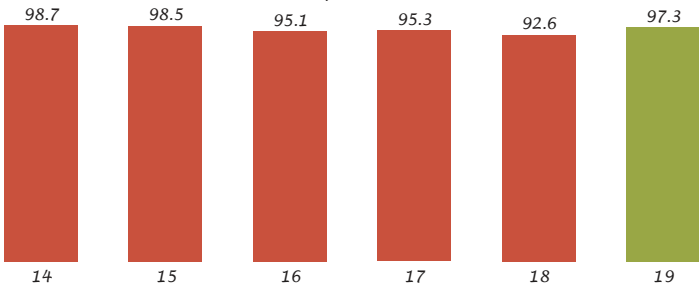
Productivity

percent



Calls Answered in 16 Seconds or Less

percent



Uncorking Excellence



Acuity continues to find innovative ways to improve efficiency and increase productivity, never losing sight of delivering quality to customers and agents.

Melissa Winter
Vice President - Business Consulting



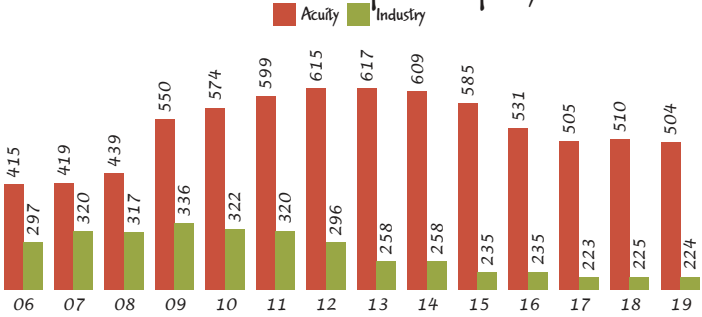
Acuity White Pairing

Artisanal Cheeses

Balanced acidity of the wine cuts through sharper elements of the cheese and accents the wine's elegant, subtle floral components.



Policies in Force per Employee



Employees per \$100 Million of Revenue

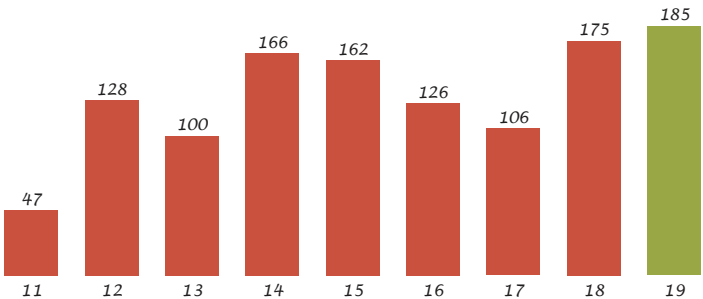
Acuity



Industry



New Hires



The Perfect Finish



Acuity's ease-of-business technology, effective system integration, and agency connectivity power efficient processing from start to finish.

Marcus Knuth
Vice President - Enterprise
Technology



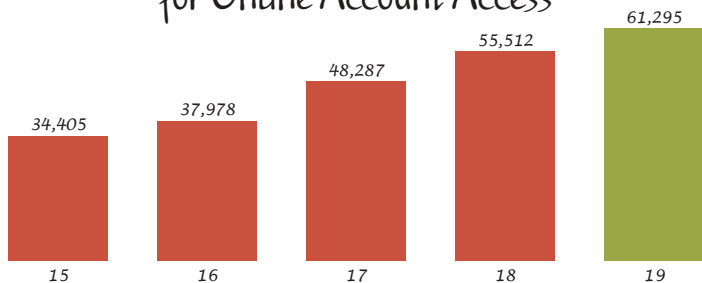
Acuity Red Pairing

Dark Chocolate Mousse

The hints of chocolate in the Cabernet Sauvignon come to life when combined with dark chocolate mousse.

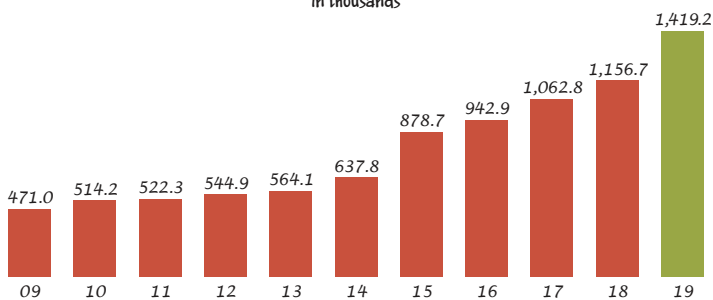


Policyholders Registered for Online Account Access



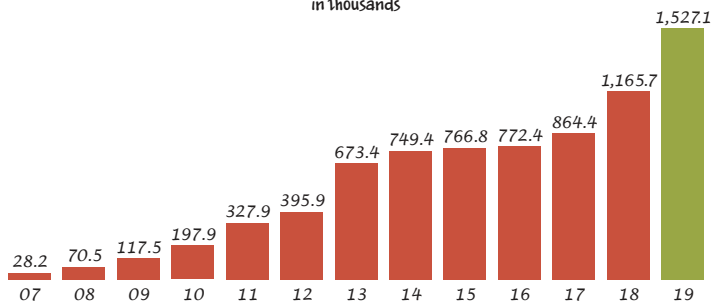
Agent Download Transactions

in thousands



Real-Time Quotes Provided

in thousands





STATEMENT OF INCOME

For the year ending December 31, 2019



Underwriting income		\$1,519,608,914
Underwriting deductions		
Losses incurred	\$803,029,399	
Loss expenses incurred	135,560,974	
Underwriting expenses incurred	473,963,307	
Total underwriting deductions		1,412,553,680
Net underwriting gain		107,055,234
Investment income		
Net investment income earned	125,240,451	
Net realized capital gains	914,446	
Total net investment income		126,154,897
Other income		757,914
Net income (before dividends and taxes)		233,968,045
Policyholders' dividends		17,097,343
Net income (after dividends and before taxes)		216,870,702
Income taxes (including deferred)		32,769,290
NET INCOME		\$184,101,412



A.M. Best Rated A+, Superior / Standard & Poor's Rated A+

Statements are presented on the basis of consolidated generally accepted accounting principles (GAAP). However, changes in unrealized gains/losses on equity securities, net of tax, are not included in net income but are reflected directly in policyholders' surplus.





COMPARATIVE STATEMENT OF CONDITION



December 31,	2019	2018
ASSETS		
Bonds	\$2,547,148,256	\$2,337,918,573
Stocks	1,313,105,251	964,179,914
Premiums receivable	516,381,289	472,376,777
Cash and short term investments	61,214,580	48,232,399
Accrued interest and dividends	25,438,297	25,806,947
Property and equipment, net	275,446,509	274,115,892
Reinsurance recoverables	208,714,347	187,715,704
Deferred acquisition costs	147,788,274	136,455,126
Other miscellaneous assets	30,699,624	17,944,410
Total Assets	\$5,125,936,427	\$4,464,745,742
LIABILITIES AND SURPLUS		
Loss reserves	\$1,275,331,468	\$1,215,836,210
Unearned premium reserves	795,412,419	732,066,579
Loss adjustment expense reserves	291,358,802	280,685,627
Accrued expenses	206,746,649	182,330,487
Deferred income tax liability	85,350,737	13,431,677
Other miscellaneous liabilities	5,806,477	6,805,637
Total liabilities	2,660,006,552	2,431,156,217
Policyholders' surplus	2,465,929,875	2,033,589,525
Total Liabilities and Surplus	\$5,125,936,427	\$4,464,745,742



A.M. Best Rated A+, Superior / Standard & Poor's Rated A+

Statements are presented on the basis of consolidated generally accepted accounting principles (GAAP). However, changes in unrealized gains/losses on equity securities, net of tax, are not included in net income but are reflected directly in policyholders' surplus.



Decode the Secret Phrase!

You could be one of five lucky agents to win \$1,000!

- Fill in the missing word in each of the phrases. All the answers can be found in this year's annual report.
- Enter the boxed letters to complete the secret phrase.
- Email the secret phrase to sellacuity@acuity.com by May 1.

Good Luck!



Acuity has delivered industry-leading performance

for the past 20 $\frac{Y}{10}$ $\frac{E}{2}$ $\frac{A R S}{}$. Clue:
page 2

Agents earned over 40,000 CE $\frac{\square}{6}$ _____ $\frac{\square}{1}$ in 2019.

Clue:
page 7

Acuity's commercial lines quote hit $\frac{\square}{9}$ $\frac{\square}{8}$ was over
40 percent for the 7th straight year. Clue:
page 9

Based on surveys of claimants and insureds, Acuity earned a
95 percent $\frac{\square}{3}$ $\frac{\square}{5}$ _____ satisfaction rating. Clue:
page 15

In 2019, despite record storm activity, Acuity again grew
 $\frac{\square}{7}$ $\frac{\square}{4}$ _____ and recorded a profitable loss ratio.

Clue:
page 18



Secret phrase: $\frac{E}{1}$ $\frac{2}{2}$ $\frac{3}{3}$ $\frac{4}{4}$ $\frac{5}{5}$ $\frac{6}{6}$ $\frac{7}{7}$ $\frac{8}{8}$ $\frac{9}{9}$ $\frac{Y}{10}$!

Email the secret phrase to sellacuity@acuity.com!

