It may be impossible to predict the next Black Swan event.

But we can expect the unexpected and prepare. As part of the mutual insurance family, we are stronger together.
Reflect on the year 2020?

Many of us would really rather not. It was trying for most, tragic for millions. Yet a year into the COVID-19 pandemic, certain questions still beg reflection, questions ranging from “Was there any way we could have possibly seen this coming?” to “Why weren’t we ready?”

Some are calling the Coronavirus pandemic a “Black Swan Event,” a term coined by former Wall Street trader and finance professor Nassim Nicholas Taleb. A student of statistics, probability and randomness, Taleb defines a Black Swan as a highly improbable event with three characteristics: it is extremely rare; it has a massive impact on society; and after it’s over, there is widespread rationalization among experts and laymen alike that “it was bound to happen.”

Why “Black Swan?” In medieval times, Europeans assumed that there was no such thing as a black swan because they had never seen one. However, when a Dutch explorer discovered the species upon landing in Australia in 1697, it became clear that just because you’ve never experienced something doesn’t mean it doesn’t exist. Similarly, just because something hasn’t happened yet doesn’t mean that it won’t. As Taleb puts it, “There can be severe limitation when it comes to learning from observation or experience; what you don’t know may prove far more significant than what you do know. It’s best to assume that a Black Swan event can happen, and prepare as much as possible.”

Benjamin Franklin, founder of the American mutual insurance industry, once said: “By failing to prepare, you are preparing to fail.” Every day, companies like Mutual Benefit stand prepared to help their neighbors get through “improbable” events that threaten their lifestyles and livelihoods, what for some policyholders become their own personal Black Swan events. And mutual insurers have three characteristics of their own that make them uniquely suited for the job:

- Mutuals came into being because ordinary people expected the unexpected. They prepared for the unknown by pooling their resources and setting aside enough money so that those who did experience calamity had means to recover.
- Mutuals operate on the premise that we are stronger together, and share a history of concern for one another. In Franklin’s words, “Mutual insurance is an idea whereby every man might help another.”
- Mutuals are at their best when things are at their worst.

Did Mutual Benefit see a scourge the magnitude of COVID-19 coming in 2020? No. Were we completely prepared for it? No.

But as we reflect on 2020 in the pages of this annual report, you’ll see how our employees faced the crisis by drawing on MBG’s 112-year legacy of adapting to meet the needs of its policyholders during some of the toughest moments they face.

Our staff turned on a dime to comply with shutdowns and keep coworkers safe, all while staying focused on our mission to serve our agents and policyholders. We partnered with agents to help communities hit hard by the pandemic. Despite many working remotely, we were able to stay on track with a major companywide project that will ultimately result in better service to agent and policyholder alike.

Our commitment to treat your money like it’s our money led us to return a portion of auto premiums as you drove less in 2020, yet we were still able to increase our policyholder surplus so that we are even better positioned financially to protect you in the future.

Mutual insurance has stood the test of time for over three centuries, through billions of claims and a fair share of historic Black Swan events. Whether it’s a fender-bender on the way to work, or a world-changing pandemic, reflect on this: Our hand is always outstretched to help you, no matter how troubled the waters.
A term that has become more popular than its title belies is “Black Swan”. By definition, a black swan is a metaphor for an event that is an extreme outlier, carries an extreme impact and is highly improbable. In the past two decades, four events have been labelled as black swan events: the technology bubble, 9/11, the credit crisis and great recession, and our current pandemic. In each case, these events were not highly improbable. Yet their impacts were extreme, and they were outliers. Many companies were not prepared.

For many of us, being involved in an auto accident or experiencing a fire may come upon us as a black swan, a totally unexpected outlier to our thoughts that causes a significant impact to our lives. Because we know that the possibility of such an event would be catastrophic to our physical and financial well-being, we buy insurance to respond when the improbable becomes probable.

Mutual Benefit Group must be responsive to the types of events noted in the introduction of this message, as well as to the individual and collective claims of our policyholders. It is my privilege in this message to assure you that we have had an excellent record in successfully doing just that. Since the end of 1999, MBG has grown its Policyholder Surplus Account by 2.6 times to $131 million, while at the same time growing Direct Premium writings by 2.5 times to $120 million. We consistently provided you strong value through our comprehensive coverage and exceptional customer service while building and improving the financial strength necessary to effectively handle your claim, regardless of stock market plunges, terror attacks, credit crisis or pandemics. By partnering exclusively with independent agents, we also make sure that, regardless of our ability to cover your ever-changing and growing needs for effective protection, you will always be properly covered with or without MBG’s participation in your insurance program.

At the beginning of 2020, I used to pun that our vision for the year would be so much clearer. I could not have been more near-sighted. COVID-19 arrived near the end of the first quarter, and MBG had to quickly move to operating mostly on a remote basis. However, we made the transition quickly and successfully, maintaining our service levels and responsiveness. Our claim satisfaction level remained virtually unchanged and our net promoter score continued to grade out at a world-class level. We also provided a premium refund to our auto policyholders, knowing their vehicles were mostly parked at home for a few months. Whether I could see clearly or not, MBG clearly did what was necessary to keep COVID-19 from becoming a black swan to your insurance protection.

Doing what is necessary, effective problem-solving and constant responsiveness to meeting the challenges of an ever-changing environment are all characteristics of the wonderful people of MBG. I feel very comfortable in saying that our folks work harder, day in and day out, to meet your needs for security and protection expectations than most anyone else in the insurance industry. They make me very proud because they make you very satisfied and safe.

I have no predictions to offer about the coming year; but I can assure you that whatever comes your way, MBG will be there protecting you, delivering the MBG Experience and helping you to continue building your economic well-being.

We have been honored and privileged to serve you during this most inauspicious and trying year of 2020. We would be proud to continue protecting you again in the coming year and for decades to come.
Reflecting Leadership

Directors

Mark R. Cummins
Sparta, NJ

Debra A. Goodling-Kime
Dover, PA

Janis Herschkowitz
Hummelstown, PA

Judy Loy
Port Matilda, PA

Peter M. McManamon
Huntingdon, PA

Robert R. Packer
Clymer, PA

Steven C. Sliver
Huntingdon, PA

Bradley J. Wagner
Manheim, PA

Officers

Robert R. Packer
Chair of the Board

Mark R. Cummins
Vice Chair of the Board

Steven C. Sliver
President
Chief Executive Officer

Peter M. McManamon
Secretary

Kevin M. O’Brien
Chief Operating Officer

Joseph L. Sloan
Vice President
Treasurer
Chief Financial Officer

Timothy I. Havice
Director Emeritus
Lewistown, PA
Can a Black Swan have a silver lining?

Yes. Mutual Benefit’s Network and Operations Manager Mike Toland can vouch for that.

Black Swans can be negative or positive events. They simply have to be rare and massively impactful. They may come in the form of natural disasters and financial collapses, as well as amazing scientific or technological advances such as the moon landing and the development of the internet. They often lead to change for the good in society as new technology, protocols or medications are developed in the wake of the event.

Challenge equals opportunity

On the afternoon of March 19, 2020, Mike and his staff of two, Ben Kilian and Rick Grissinger, received confirmation from MBG’s executive team that 118 employees would have to operate their corporate computers from their homes by the next morning.

Pennsylvania Governor Tom Wolf had just ordered the immediate shut-down of all non-life-sustaining businesses in the Commonwealth to stem the spread of COVID-19.

Insurance companies were not classified as life-sustaining, but MBG certainly could not suspend operations. Policyholders and agents would still have claims, transactions and questions that would need immediate response.

At the time the governor’s order came down, only 20 of MBG’s 155 employees worked remotely; everyone else came into the home office in Huntingdon, Pennsylvania. But MBG’s Chief Information Officer, Adam Solomon, and Mike had been preparing for the possibility of a work-from-home scenario as the number of positive COVID tests mushroomed in the state.

“Every challenge is an opportunity,” Mike comments. “Adam asked everyone in the Information Services Department, not just the Networking team, to pitch in. They embraced it. We could count on the strength of our entire team, and each person pulled a share of the weight.”

Remote possibilities

The first hurdle was getting everyone out the door with the ability to connect to MBG’s network the next day. Most already had laptops and network access through a secure virtual private network. But there were still 42 people who used desktop PCs in the office.

“With the quick action from one of our vendors, Morefield Communications, we were able to purchase virtual desk software in five days and have it deployed in three,” says Mike.

When the lockdown came, employees had immediate access to the remote PC technology so they could securely log on to their MBG computer desktop from any PC or mobile device.

Once “triage” was over, it was time to “set the bones,” as Mike puts it.

Working “remotely” took on a whole new meaning as Mike’s team sought solutions for employees living in some of the most rural parts of central Pennsylvania, without access to high speed internet.

“We’d call a roundtable and say, ’Anyone has ideas?’ And someone would always come up with a fix. We ended up purchasing cell-phones to serve as wifi hotspots for employees without a strong internet connection.

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We also discovered that PC users were struggling with lag time between mouse clicks. We had to add servers immediately to handle the virtual desktop streaming load. Everyone at home just rolled right over the bumps and kept working.

Next came rehab. “Once we had everyone up and running, it was time to make things even better. We installed new virtual meeting software as well as soft phone technology that resolved issues with areas where there was poor cell service.”

“Just about everything of consequence comes from Black Swans.”
- Nassim Nicholas Taleb

The entire process was like taking several system upgrades at once, says Mike. “I’ve dealt with networking nightmares before in my career, but never one that had such a short timeline for solving problems. And I can say I’ve never worked for a company before that would have spent the time and money to upgrade so much so quickly. Everything we did last year was not even on last year’s work schedule. But many of the changes and improvements we had to make as a result of the pandemic had been on our wish list for some time. Now we’re actually ahead of the game.

“So that’s one aspect of the silver lining. The other is that this unexpected event confirmed that we are a flexible organization that can handle a lot of evolution in a short time. We know our employees are committed to doing whatever it takes to be there for our agents and policyholders. Everyone pitched in a little; no one had to shoulder the mountain themselves.”

And isn’t that what mutual insurance is all about?

FOR A YEAR NOW, the MBG employee family has been apart due to the pandemic. While most had to adapt to working from their homes, a core group, shown above has been coming into the office daily since the beginning of the lockdown. Most are members of MBG’s Operation Service Team, handling work that cannot be performed remotely. Others work in the executive offices, accounting, computer networking and maintenance. Seven members of the MBG’s executive team continue to work from the office as well.

“We also discovered that PC users were struggling with lag time between mouse clicks. We had to add servers immediately to handle the virtual desktop streaming load. Everyone at home just rolled right over the bumps and kept working.”
Reflecting Compassion at Claim Time

“I had never been in an accident before, so I appreciated their patience and kindness.”
- Rachel, Johnsonburg, PA, Policyholder

“They handled my claim as promptly as possible, even in the midst of the COVID-19 issue.”
- Jack Manor, PA, Policyholder

“Lori Wible was one of the nicest people I have experienced. Thank you for having such a good employee.”
- Robert, Shippensburg, PA, Policyholder

“Paul Graham was wonderful to deal with.”
- David, Sykesville, MD, Policyholder

“Dawn Engle was wonderful to work with. She made an unpleasant situation such a pleasant one! Top employee!”
- Susan, Irwin, PA, Policyholder

“Phil Hynes was extremely helpful in resolving my claim. Would highly recommend!”
- Business Policyholder, Hollidaysburg, PA

“My adjuster Katie Ross did an outstanding job. She went above and beyond…friendly and courteous.”
- Patrick, Harrisburg, PA, Policyholder

“My claim rep Amanda Jones was outstanding and commendable.”
- Robert, Dunkirk, MD, Policyholder
Mutual Benefit was proud to be among the carrier partners supporting The Insurance Alliance Network’s “Stronger Together” initiative in the midst of the COVID-19 crisis.

As the Insurance Alliance Network’s website reads: “The Stronger Together Program helps support the local heroes in our communities who are out every day, doing their jobs, and helping keep the rest of us safe and functioning. Meals were purchased from our restaurant clients and donated to those heroes as a small way to say ‘thanks’ and to help support local economies.”

“Stronger Together was by far the most comprehensive charitable undertaking that we had ever organized,” comments Jane Koppenheffer, CEO of Insurance Alliance Network. “Through the generosity of our agency members and our partners like MBG, we were able to organize 40 different projects that benefitted 54 different organizations and their employees/constituents. Insurance often gets a ‘bad rap,’ but we were overwhelmed by the willingness of everyone to work together to address needs in our own communities. Thanks to MBG for partnering with us.”

The Insurance Alliance Network is based in Camp Hill, PA. It includes agency members with 16 office locations from State College to Chalfont.

Insurance Alliance Network member agency PDM Insurance, with offices in Chambersburg and Dry Run, partnered with MBG to provide lunch for the heroes at Wellspan Chamberburg Food & Nutrition Department, above, and Keystone Pediatrics, Chambersburg, below. PDM chose to patronize its client, 30 West Family Restaurant, Chambersburg, to prepare and deliver the meals.
Our focus on financial strength and stability helps secure your future and build a “Black Swan robust” society, one that can withstand both the probable and highly improbable events.
Company Overview

- Rated A- (Excellent) by A.M. Best Company, the leading independent analyst of the insurance industry.
- Represented by more than 225 independent insurance agents throughout Pennsylvania and Maryland.
- Providing prompt, efficient claims service to nearly 70,000 policyholders through full-time staff adjusters and independent adjusting specialists.
- Offering a full line of personal and commercial insurance coverages, including homeowners, automobile, commercial package plans, workers’ compensation, inland marine, and umbrella through Mutual Benefit Insurance Company and Select Risk Insurance Company.

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