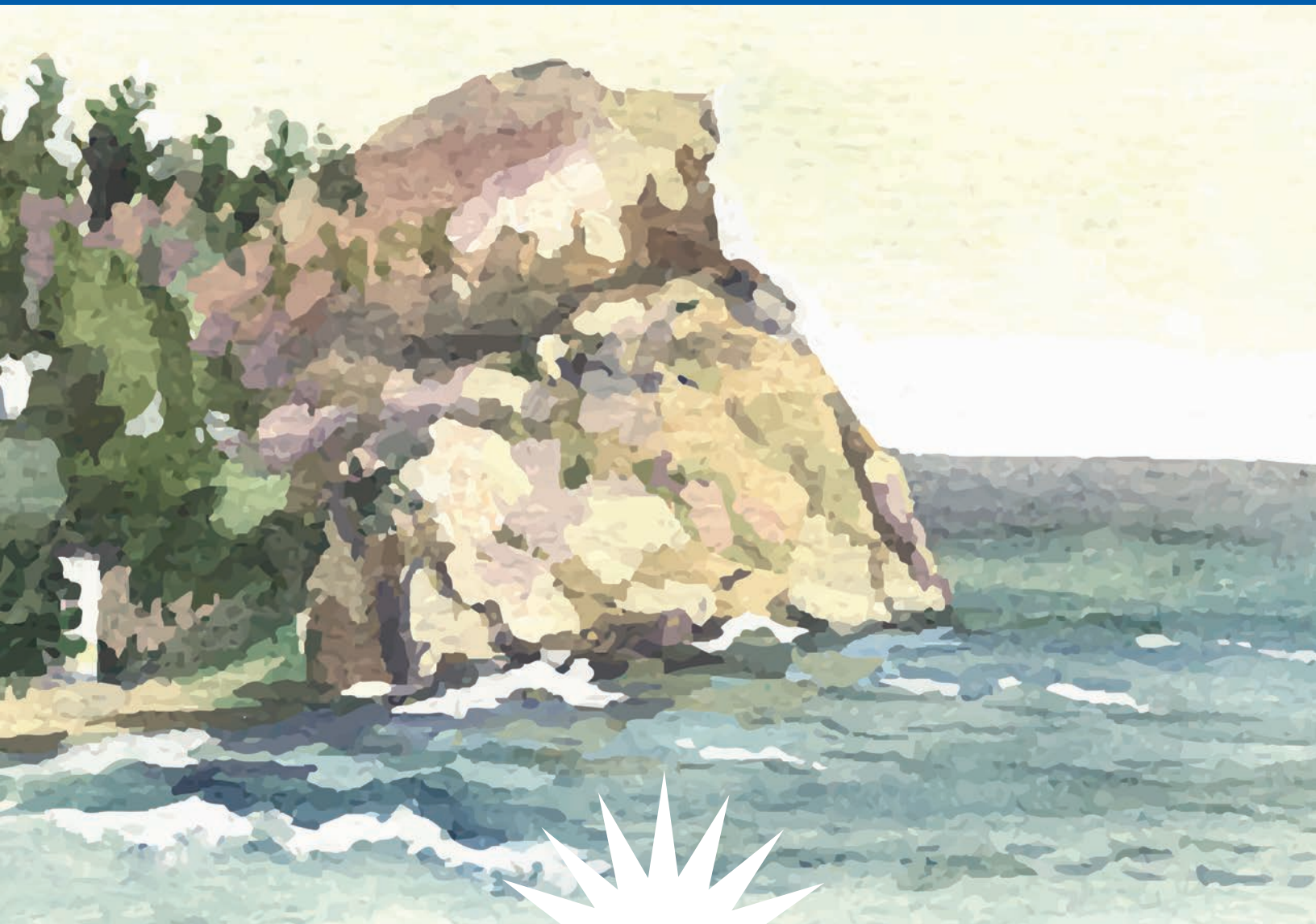




2024

ANNUAL REPORT



PROTECTING
YOUR
PIECE OF THE
WORLD®



PRESIDENT AND CEO LETTER

To Our Policyholders, Team Members, Agents, and Business Partners:



Matthew McHatten,
President & CEO

Following a difficult 2023 for MMG and the insurance industry, I am pleased to report that both have regained their footing in 2024 with improving financial results as premiums gained on inflationary pressures, severe weather moderated, and reinsurance pricing and capacity stabilized. MMG also obtained two significant milestones in the growth and

development of our company—\$300 million of written premium and more than 300 team members. Most important, we continued to be steadfast in supporting our policyholders in their return to normal as life's uncertainties and weather events occurred. I am proud of how Team MMG, our Agent Partners, and our industry collectively responded to the challenges of 2024.

Industry Dynamics & Financial Results

While inflation moderated, it continued to cycle through the system, and MMG felt the lingering effects of a rapid run-up of costs. Despite that, our products all returned to a successful result with Personal Auto being the one outlier. This line of business struggled to recover as the cost of vehicle acquisition and repair subsided only marginally.

An additional factor contributing to its underperformance was liability claims from older accidents, many of which had been slow to develop during COVID while courts were shut down and medical facilities focused on treating pandemic-related issues. While settlement timeframes were lengthening, healthcare inflation was also ramping up due to how much of this cost is labor related. In response, we reviewed and strengthened reserves impacted by these trends to ensure that they were adequate in reflection of increasing costs.

Fortunately, the weather returned to a more historical norm for the northeast and mid-Atlantic in 2024; however, it still had an impact with significant wind and rain events occurring within our footprint. Given the increasing frequency of such weather, we decided to take a more proactive leadership role on the topic of climate change and how it impacts our policyholders. In September, we convened three climate experts to provide an overview of the dynamics driving the recent experience and longer-term views. We are also working closely with the Insurance Information Institute to consider how to collaborate with various stakeholders on climate resiliency.

"MMG obtained two significant milestones in the growth and development of our company – \$300 million of written premium and more than 300 team members."





“We benefitted from the hard work and expertise of our Agents. They were ground zero for making sure that policyholders understood the driving dynamics of higher premiums.”

The end result of these factors was a 103.1 combined ratio, an improvement from the 110 experienced in 2023. Although this is progress, it was not at the level we expected. That being said, it was critical to recognize reserve trends referenced above, and our Claims team did a great job identifying issues and dealing with them. The result of these actions impacted our combined ratio by approximately three points. We are confident that these efforts, along with work to revise new loss reserving to reflect increased costs, have us well positioned for 2025 and moving forward.

From a premium aspect, we grew nearly 11%, which contributed much-needed premiums to match the run-up of loss costs from inflation. As a result, we celebrated reaching \$300 million and achieving a 50% Commercial Lines mix, a long-term goal of ours. The mid-Atlantic market grew just over 14%, nearing \$69 million in written premium, which is a big win as we look to continue to diversify geographically. As I reflected on these accomplishments, I thought back to 2001, my first year with MMG. We had finished just under \$70 million in premiums, of which approximately \$13 million was Commercial Lines. Our expansion outside of northern New England was still five years away. It is amazing to see what’s been accomplished since then.

Surplus continued to recover from the challenges of 2023, growing 6.6% and remaining strong at \$148 million. In 2024, we also took action to raise additional capital to

support the anticipated premium growth of 2025, to make further investments in operations, and to afford flexibility should advantageous growth opportunities present themselves.

In navigating the above, we benefitted from the hard work and expertise of our Agents. They were ground zero for making sure that policyholders understood the driving dynamics of higher premiums. This resulted in our retentions holding well, positioning us for success as the market stabilizes. From all of us at MMG, we thank our Agents for their efforts—it’s not lost on us how difficult it has been. We are also resolute that the value of the Independent Agent has never been greater.

Operations & Technology

The world keeps spinning faster, and the technology that supports our operations is a key differentiator for MMG. Agents, policyholders, and team members expect efficient and responsive technology platforms. This has been the basis of MMG Next, our multi-year technology modernization project that touches every aspect of our business. In 2024, our leadership made the important decision to pause new development to ensure that the investments being made and brought into service were performing up to our standards. This pause has allowed us to gain new views into areas of performance and re-organize our strategy as we prepare for progress in 2025.

In 2024, we brought to life a project we've long anticipated. We have had a long-term capital partnership with Farm Bureau Insurance of Michigan, which has included ongoing discussions about how to bring their exceptional products and expertise to our states. That vision is now a reality through our new joint venture, Great Lakes Agribusiness Insurance Company, launched in Pennsylvania. With its rich agricultural history and diverse farming economy, Pennsylvania is a natural fit—especially given our Agents' deep expertise and strong market presence. This venture exemplifies how strategic partnerships with best-in-class companies play a key role in our future, expanding our Agents' access to innovative products and greater capacity.

Team MMG

In 2024, the MMG team grew to more than 300 members, more than double what it was just two decades ago. I am sure you'd agree with the statement: "It's all about the people!" Our team is core to our success, and we have evolved a scalable and sustainable talent model to support it. Investments in internships, leadership training, wellbeing and benefits, development and career pathing, and role/responsibility evolution have yielded significant benefits. With more than 55% of MMG employees now being Millennials and Gen Z, and an average tenure of 8.5 years, we benefit from a diverse range of career stages, experiences, and perspectives—an opportunity our team embraces for continuous learning and collaboration.

Our team members do incredible work every day, but they truly shine in the most uncertain and challenging times for those who rely on us. This unwavering dedication is a powerful advantage as we support our policyholders and Agents through difficult circumstances.

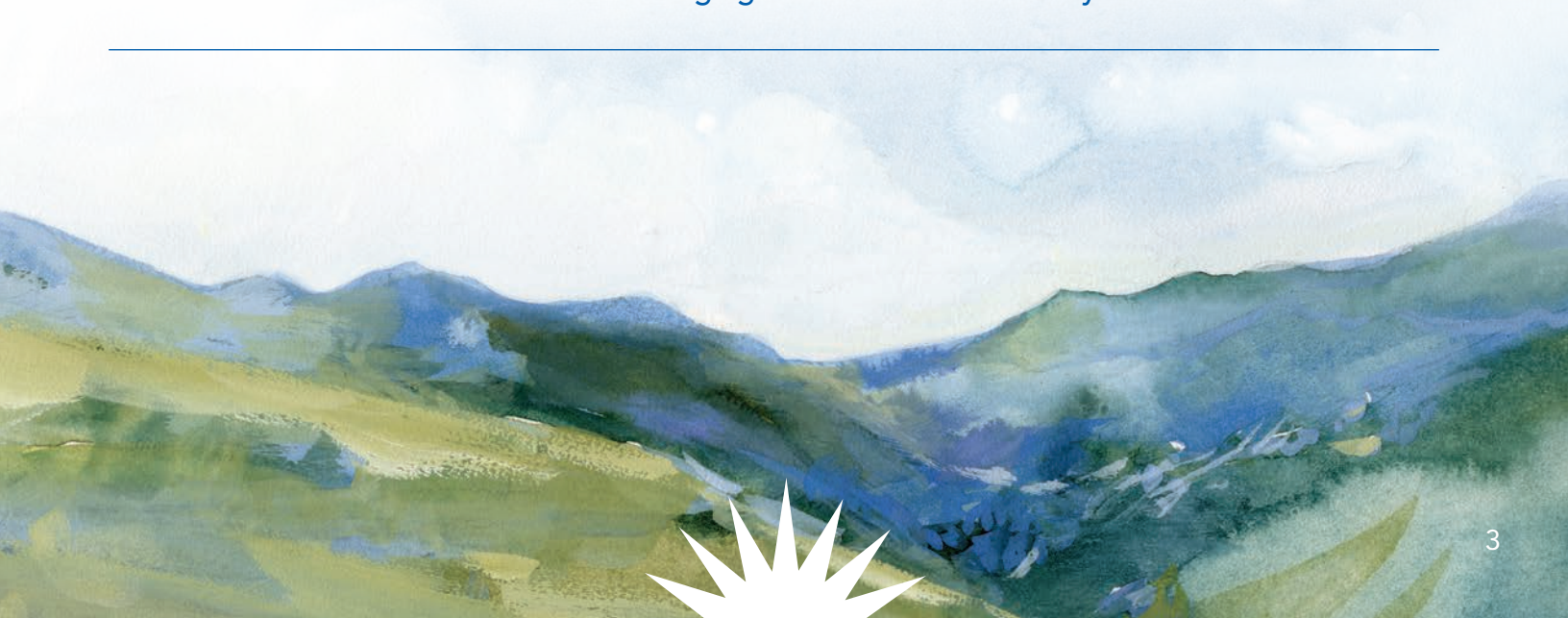
Lastly, it's important to recognize the leadership of our Management Team and Board of Directors. I am fortunate to work with both. Our Management Team's dedication and perseverance through the difficult times of the past two years were nothing short of amazing. Along the way, they stayed true to our value of teamwork and our commitment to our Agents. We also have deep experience and diverse talent within our Board. They continue to assist with evolving our strategic plan and are steadfast in their support of decision-making with a long-term view.

Though we've faced—and addressed—significant challenges over the past two years, we remain bullish about the future. For over 127 years, MMG has thrived by adapting to change while always remaining true to our mission. Our team embraces the belief that adversity isn't something to avoid—it's an opportunity to rise to the occasion. I am confident we have done this exceptionally well, making decisions that position us for long-term success.



MATTHEW MCHATTEN
PRESIDENT & CEO

"Our team members do incredible work every day, but they truly shine in the most uncertain and challenging times for those who rely on us."



DEVELOPING CLIMATE RESILIENCY

As climate change garners increasing attention in the insurance industry, MMG has expanded its strategic work on the topic. We fully recognize the need to prepare our policyholders, our company, and our industry for more volatility as severe weather events become the norm rather than the exception.

The Past

Over the last two decades, our approach to climate resiliency included:

- Strengthening partnerships with property claim vendors, while also utilizing our team to adjust the majority of property losses, allowing us to react faster and provide policyholders with a high level of support and guidance.
- Expansion into and ongoing growth in the mid-Atlantic, thereby diversifying geographic risk from winter weather in our New England territory.
- Increasing Commercial Lines mix to ensure product diversity.
- Instituting a catastrophe risk strategy to include reinsurance structures and increased exposure management.

The Present

In 2024, MMG dove more deeply into what climate change will mean to our piece of the world and started work to ensure all stakeholders have the information they need to face an uncertain future.

Educating Ourselves

MMG leadership engaged in conversations with climatologists, scientists, and researchers, as well as insurance experts in climate change, such as Guy Carpenter's Global Head of Peril Advisory. Further, the focus of our 2024 Board of Directors' retreat was understanding climate volatility and its relationship to our long-term strategic plan. Our annual managers' retreat also included discussions on the topic. At the desk level, we trained our Underwriting and Marketing teams and worked with our Agent Partners to identify policyholders' exposures that are becoming increasing risks as climate events intensify.

Assisting Agents and Policyholders

We hosted an Agency Engagement Series webinar devoted to how weather catastrophes impact Agents' businesses and clients. We also provided Agents with education materials for use with policyholders, such as talking points on how increasingly powerful windstorms cause more damage when roof maintenance and replacement are deferred.

At best, any loss is an inconvenience for a policyholder. At worst, it can be a highly traumatic event—even when great coverage and service are in place. Knowing the emotional toll of claims, MMG aims to help policyholders avoid preventable losses by identifying and mitigating exposures. To that end, we expanded our relationship with Betterview. The company's aerial images show potential issues that can be hard to assess from the ground, like roof deterioration. This information allows us to alert policyholders of problems so they can be proactively addressed.



"Knowing the emotional toll of claims, MMG aims to help policyholders avoid preventable losses by identifying and mitigating exposures."



“We all must face the reality of climate change and focus on solutions.”

In the same vein, our loss control activities ramped up with our new Risk Control Consultant in the field and our Account Service Plan program doubling in risks enrolled. Additionally, we launched *Sensor Solutions by HSB*, offering free property monitoring to qualified Commercial Lines accounts. The program helps policyholders avoid or minimize losses by alerting them of water, humidity, or temperature issues so they can respond quickly. These issues may be unrelated to the weather, like a corroded water heater leaking, but they could also arise due to climate change, such as pipes freezing during an extreme cold snap.

Engaging with the Industry

MMG participated in discussions with the Insurance Information Institute, the Maine Bureau of Insurance, and many other carriers to explore how the industry can collectively address the impacts of climate change. We were particularly pleased to host a climate summit in the fall, bringing together leaders of several regional insurers and experts on hurricanes, severe localized rain events, and sea level rise. Given the impact of these intensifying weather events on our insureds, the leaders were eager to share ideas for helping policyholders improve property resiliency.

The Future

MMG’s work will continue as we strive to respond to our changing world; however, we have formulated a climate strategy to help move us into tomorrow. Its key points include:

- Continuing to invest in Property Claims staff to react quickly and get our policyholders’ lives back to normal as soon as possible.
- Identifying and educating Agents and policyholders on climate-resilient building techniques and materials.
- Expanding policyholder access to *Sensor Solutions by HSB* and other technological tools, such as thermography, to prevent or reduce weather-related property damage.
- Leading resiliency efforts across the regulatory and legislative arenas, as well as within the industry.
- Supporting research on our changing climate and its impacts and actively sharing information with industry peers, partners, and policymakers.

We all must face the reality of climate change and focus on solutions. Through continued education and forward-thinking actions, we can develop our resiliency and weather the coming storms together.

FEATURED AGENCY

Grove Financial & Associates

Grove Financial & Associates and MMG Insurance began their partnership just three years ago, but with the two companies sharing many core values, mutual success has come quickly.

"There's a natural dynamic between us and MMG," said Kim Eberts, the agency's president. "We align so well and have so much in common that it's been easy to work together. We stand for a lot of the same things."

Community involvement is a prime example of a value held by both companies. The agency supports the United Way, New Hope Ministries, the Central Pennsylvania Food Bank, and other organizations that are important to its team members.

"We really strive to be very much like MMG," Kim said. "We want to be the agency that people want to do business with, which is the reason we're so involved in the community. We truly believe in supporting people who support us and that people want to do business with good people."

CEO Andy Grove noted that teamwork is another value the agency has in common with MMG, and it has also been a critical factor in the company's success.

"We have outstanding team members who care about each other and who care about the business, and they work hard for our customers," he said. "You can't win the Super Bowl with a peewee football team, right? You need professionals—the best of the best—and we've got them."



That type of teamwork is especially impressive considering much of the agency's growth has come through acquisitions, which can sometimes present workflow and morale challenges. Andy and Kim prioritize keeping their 37 employees engaged and making the workplace fun.

"One of the things I remember Andy instilling in me very early on when I came to the agency was if we take care of our people, everything else will take care of itself. We'll continue to get better and better," Kim said. "And that has happened. It really has."

Kim joined Grove Financial & Associates in 2018 after 20 years at a national carrier. Andy, on the other hand, started at his father's agency directly out of college. Four years later, he set up his own shop as a captive agency but after two decades switched to the independent channel.

The agency now has seven offices throughout central Pennsylvania, with agents employed across additional states. Andy has always had a clear vision for the business's future, one that he says MMG understood from the outset.



Andy, Kim, and employees volunteering at New Hope Ministries

"When we were first picking up MMG, there was just a sincere interest from leadership in who we were and what we're trying to achieve. So, it was easy to decide that we wanted to do business with MMG."

Part of Andy's vision for the agency has been increasing the Commercial Lines mix, which was about 10% when it went independent and stands close to 30% now with an eye toward reaching 60%. In fact, Andy and Kim credit MMG with being a big player in its progress there, as most of the business it places with the Company is Commercial.

Andy noted that the agency appreciates MMG still adhering to that "old school" way of doing business and being open to looking at risks.

"Instead of just plugging all the data into the computer and zipping it off to see if it goes through, we can call and talk to an actual person. Producers are creatures of habit, so if they get a great relationship with an Underwriter, like they have with MMG, they're probably always going to pick up the phone and give them a shot."

Getting that chance to write the business has great value that both carrier and agency recognize.

"I can't wait to see what we will accomplish as the market continues to improve. I'm like Andy—we're eternal optimists," Kim said. "He'll always say to me, 'Somebody's writing the business. We need to make sure that it's us.'"

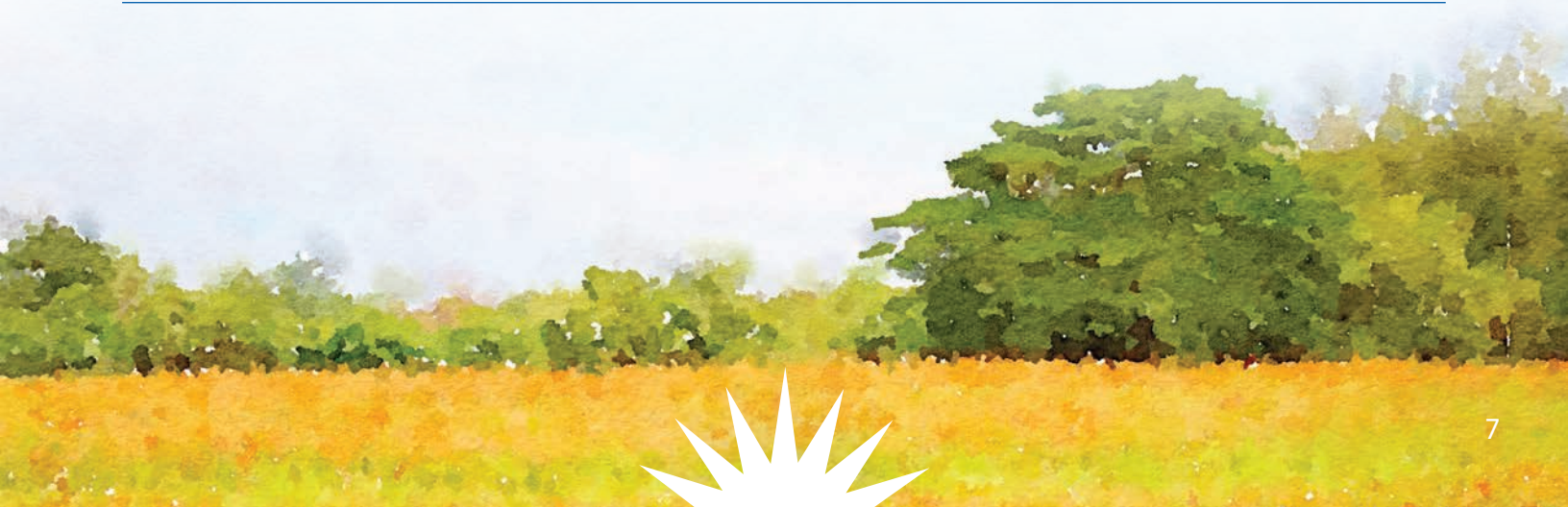


Grove Financial & Associates helping out at Caitlin's Smiles and participating in the United Way Day of Caring



"There's a natural dynamic between us and MMG. We align so well and have so much in common that it's been easy to work together."

**Kim Eberts • President
GROVE FINANCIAL & ASSOCIATES**



SUPPORTING OUR COMMUNITIES

MMG believes that investing in the local and state communities where we do business is both our civic responsibility and an opportunity to make the world a better place. In 2024, the Company donated to a wide array of nonprofits that are expanding educational access, fostering economic opportunities, or addressing large-scale issues. The Gulf of Maine Research Institute is doing all of these with just one of its programs.

Gulf of Maine Research Institute LabVenture Program

Since 2006, MMG has partnered with the Gulf of Maine Research Institute to help fund its LabVenture program for students from across the state. LabVenture provides hands-on science learning to ignite the curiosity and confidence of approximately 10,000 middle schoolers each year.



LabVenture bus to transport students

Despite the expense of annually reaching about 70% of Maine's 5th-6th grade cohort, the program always comes at no cost to schools and families—a key benefit for many rural communities. Public school students are also provided free transportation on sponsored buses from anywhere in Maine to the Portland-based Institute.

Once there, the middle schoolers use the state-of-the-art laboratory to investigate ocean warming trends, changes in the distribution of lobsters and black sea bass, emerging predator-prey dynamics, and more.



Interactive learning at the state-of-the-art lab

While LabVenture aims for students to understand the impacts of climate change and develop the skills necessary to respond, it also emphasizes opportunities that may arise, such as potential markets around species new to the region.

Gulf of Maine Research Institute believes we must empower the next generation with tools to address the pressing climate problem as well as the ability to adapt to an ever-evolving ecosystem. MMG is proud to support the organization—and Maine students—as they endeavor to improve our world.



"MMG's investment in the next generation helps ensure a future in which the ecosystem, economy, and communities of the Gulf of Maine region thrive amid rapid change."

Glenn Prickett • President & CEO
GULF OF MAINE RESEARCH INSTITUTE

VOLUNTEER OF THE YEAR • Kiya Emerich

Kiya Emerich has a passion for volunteering to benefit the children of her community. She credits her father with creating that spark.

“My dad has been on the School Board in our district for nearly 30 years, so I grew up with a parent who was really involved in education,” said Kiya, MMG’s Eastern Pennsylvania Territory Manager and 2024 Volunteer of the Year. “When my kids entered the school system, I knew I wanted to be a part of it in some way.”

In 2020, that desire led Kiya to join the board of the ELCO Education Foundation, a non-profit serving the schools of Eastern Lebanon County in Pennsylvania. It wasn’t long before she was the group’s President.

Under her leadership, the Foundation forged a partnership with a local retirement community. Kids’ artwork now lines the community’s hallways, and young people give tech tutorials to residents. In turn, the seniors volunteer at school events and support students with donations of much-needed supplies.

Kiya and her small team have also funded a book mobile, musical instruments, 3D printers, and more for the schools. One of their biggest initiatives was raising \$200,000 to replace the district’s outdated planetarium, which Kiya called “a passion project.”

“As the President of the Foundation, I said that this is something we should get behind,” she noted. “It’s important for our kids to have those opportunities because many of them would never be able to go into a planetarium otherwise.”

Kiya’s ability to spot a need and fill it isn’t limited to the school setting. She uses her time and talent in the world of sports as well.

“I was a tennis player growing up, and I was taking my kids to a nearby town that had the closest program. Then I thought, why am I taking them over there when we have tennis courts here?”

Kiya founded the ELCO Raider Youth Tennis Program on those very courts in 2019 and ran it for five years, coaching clinics of up to 60 kids per season.

Nowadays, she serves as Registrar for her town’s soccer program and coaches. Kiya’s also sharing her zest for making a difference with her own children. Kiya’s son and daughter, ages 10 and 11, have joined her in volunteering at Top Soccer, an adaptive camp for children with disabilities.

“It’s been a really beautiful thing to see my kids help with that,” Kiya reflected. “They’re the main reason I’ve become active and remain active in the community. I think it’s vital for them to see that at a young age, and hopefully it instills those values in them.”

Kiya noted she appreciates that MMG also values community engagement.



Kiya and Dr. Mike Gerhart, ELCO Intermediate School Principal, with supplies donated by local retirees

“There’s a definite sense of support from the Company,” she said. “My monthly meetings for the Foundation occur during the workday, and MMG has been very encouraging of me to make that happen and be a part of the community.”

Despite competing priorities of work, family, and life in general, Kiya remains committed to volunteering: “We can all say that we’re busy, but it’s important to make that time for your community. Find something you’re passionate about and get involved!”

FINANCIALS

Comparative Balance Sheet

Admitted Assets	December 31, 2024	December 31, 2023
Total Admitted Assets	\$432,069,860	\$372,470,270
Liabilities		
Total Liabilities	\$285,080,714	\$234,559,475
Policyholder Surplus	\$146,989,146	\$137,910,795
Total Liabilities and Surplus	\$432,069,860	\$372,470,270

Two-Year Income Statement

	December 31, 2024	December 31, 2023
Underwriting Gain / (Loss)	\$(12,632,791)	\$(26,488,648)
Net Investment Income	\$13,696,796	\$14,159,883
Total Other Income	\$(48,786)	\$116,677
Net Income Before Income Taxes	\$1,015,219	\$(12,212,088)
Net Income	\$1,526,722	\$(8,273,054)
Change in Surplus	\$9,078,351	\$(15,016,590)
Surplus End of Period	\$146,989,146	\$137,910,795

Comparative Results

	Written Premium	Policyholder Surplus	Admitted Assets	Combined Ratio
2024	300,246,696	146,989,146	432,069,860	103.11%
2023	270,562,468	137,910,795	372,470,270	110.15%
2022	246,560,559	152,927,385	365,419,712	99.44%
2021	231,233,541	156,783,167	362,516,905	98.18%
2020	219,837,209	143,397,217	333,381,721	93.64%
2019	210,940,835	129,637,215	313,512,006	95.84%
2018	201,463,139	108,701,302	291,003,931	98.71%
2017	193,408,226	99,302,124	276,645,456	101.97%
2016	184,850,895	97,435,995	262,103,546	101.63%
2015	175,015,305	94,479,777	245,158,129	98.30%

BOARD OF DIRECTORS



Samuel Collins - Chairman
PRESIDENT
S.W. Collins Company
Director Since 2001



Jon Prescott - Vice Chairman
PRESIDENT & CEO
Katahdin Trust Company
Director Since 2005



Matthew McHatten - President
CHIEF EXECUTIVE OFFICER
MMG Insurance
Director Since 2021



Larry Shaw, CPCU
RETIRED PRESIDENT & CEO
MMG Insurance
Director Since 1995



Lisa Ventriss
RETIRED PRESIDENT
Vermont Business Roundtable
Director Since 2000



Donald Perkins, Jr.
RETIRED FOUNDER/CEO
Gulf of Maine Research Institute
Director Since 2005



Kevin McCarthy
RETIRED PRESIDENT & CEO
Unum US
Director Since 2018



Donald Simon, CPCU, ARe, CIA, LLIF
CHIEF EXECUTIVE OFFICER
Farm Bureau Insurance of Michigan
Director Since 2019



Deborah Jordan, CPA
BUSINESS ADVISOR/SOLE PROPRIETOR
Camden Consulting
Director Since 2022



Deanna Sherman
RETIRED PRESIDENT & CEO
Dead River Company
Director Since 2022



Zachary Smith
CHIEF OPERATING OFFICER & OWNER
Smith's Farm
Director Since 2023



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PRESIDENT &
CHIEF EXECUTIVE OFFICER



David McPherson
EXECUTIVE VICE PRESIDENT
CHIEF OPERATING OFFICER
SECRETARY & CLERK



Kendra Coates, CPA
SENIOR VICE PRESIDENT
CHIEF FINANCIAL OFFICER &
TREASURER



Stacy Shaw
SENIOR VICE PRESIDENT
CHIEF INFORMATION OFFICER



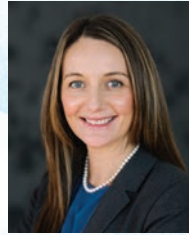
Julia Clukey, MBA, OLY
VICE PRESIDENT
People & Engagement



Corey Graham, AIC, LPCS, CSPO
VICE PRESIDENT
Claims



Derek Hochradel
VICE PRESIDENT
Underwriting



Kayla O'Malley Dill, CIC, AIC
VICE PRESIDENT
Marketing & Business Development

OPERATIONAL FOOTPRINT

MMG Insurance proudly supports the Independent Agency distribution system throughout its five-state operational footprint of Maine, New Hampshire, Pennsylvania, Vermont, and Virginia.

MMG has corporate offices in four locations: headquarters in Presque Isle, ME; regional operations in Portsmouth, NH; Lancaster, PA; and Richmond, VA.

New Virginia Office

Reflecting MMG's continued growth in Virginia, we were pleased to welcome staff into a new, larger Richmond office in late 2024. Team members from Underwriting, Marketing, Claims, and Product Management are enjoying the 4,800-square-foot space, which can accommodate up to 20 employees. There's even room for future expansion. If the past is any indication, we'll need it.

In 2020, we had three employees working from home in Virginia. We now have 18 in the state and are actively looking for more qualified candidates to serve the needs of the region and the Company.





Protecting your piece of the world®



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