

# ENDURANCE

## FINANCIAL & PHILANTHROPIC PERFORMANCE OF ROYAL NEIGHBORS of AMERICA®

as of December 31, 2018

### Management's Report to the Membership

Royal Neighbors is committed and responsible to our membership. We are here for you! This drives us to develop and implement innovative and meaningful business and philanthropic growth initiatives. In 2018, our commitment to excellence resulted in success demonstrated by growing revenues, profits, and Social Good.

We are pleased to report continued financial stability, with revenue generation (including capital gains) of \$182.3 million and total net admitted assets of \$1.068 billion. Our surplus to net admitted assets ratio of 18% indicates our sustained ability to meet our fiduciary obligations to our membership; industry average is about 9%.

Our financial strength plus our successful business operations allow us to continue creating a positive impact in the communities in which we serve – a focus since our founding in 1895. In 2018, Royal Neighbors and our members delivered \$17 million of Social Good. This number reflects over 258,000 volunteer hours by our members and usage of our many programs that empower women and their families, along with member savings opportunities.

The success we achieved in 2018 reflects our enduring commitment to helping our members achieve financial wellness, while providing them outlets to improve their lives and give back to their communities. We look forward to continuing to build on our business success and helping further increase our member and community engagement.



### FINANCIAL STRENGTH

A.M. Best Rating of **A- Excellent** (4th highest out of 15) for overall financial strength\*



*\*Royal Neighbors is rated A- Excellent (4th highest out of 15) by the A.M. Best Company for overall financial strength and ability to meet ongoing obligations to certificateholders. As of December 31, 2018.*

### FINANCIAL HIGHLIGHTS

<i>as of December 31</i>	2018	2017
<b>Net admitted assets</b>	\$1,067,888	\$1,008,233
<b>Certificateholders' surplus</b>	\$189,942	\$193,634
<b>Premium income, net of reinsurance</b>	\$128,971	\$104,165
<b>Revenue (including capital gains)</b>	\$182,292	\$156,845
<b>Net income (loss)</b>	2,374	(1,398)

(dollars in thousands)

### MEMBER SAVINGS

**\$1.4M** saved by members

**4,470+** discounted health, wellness, and legal services provided to members



## COMMUNITY REACH

**200,000+ Members** improving communities

**220+ Chapters** participating in grassroots volunteering

**258,000+ Volunteer Hours** to our communities



## SOCIAL GOOD

**\$17M+** Social Good impact

**\$175K Scholarships**

**\$100K Nation of Neighbors<sup>SM</sup>** women's empowerment Grants

**\$1.2M** total Philanthropic spend

## ROYAL NEIGHBORS Financial Statement Summary

(dollars in thousands)

## BALANCE SHEET

as of December 31

	2018	2017
Cash and short-term investments	\$ 13,247	\$ 18,219
Investments	1,022,064	958,521
Other assets	32,577	31,493
<b>Total admitted assets</b>	<b>\$ 1,067,888</b>	<b>\$ 1,008,233</b>
Insurance reserves and claims	\$ 812,981	\$ 784,718
Other liabilities	64,965	29,881
<b>Total reserves and liabilities</b>	<b>\$ 877,946</b>	<b>\$ 814,599</b>
Total certificateholders' surplus	189,942	193,634
<b>Total insurance reserves, liabilities and surplus</b>	<b>\$ 1,067,888</b>	<b>\$ 1,008,233</b>

## INCOME STATEMENT

Premium income, net of reinsurance	\$ 128,971	\$ 104,165
Investment income	43,964	43,097
Reinsurance allowances and miscellaneous income	7,331	7,391
<b>Total income</b>	<b>\$ 180,266</b>	<b>\$ 154,653</b>
Benefits paid or provided	\$ 122,691	\$ 95,800
Commissions	28,941	32,229
General and administrative expenses	28,286	30,214
<b>Net income (loss) before net realized capital gains (losses)</b>	<b>348</b>	<b>(3,590)</b>
Net realized capital gains (losses)	2,026	2,192
<b>Net income (loss)</b>	<b>\$ 2,374</b>	<b>\$ (1,398)</b>