

Powering growth with purpose

Annual Report
2023



A third year of consecutive organic growth continues the success of a strategy designed to empower complementary strengths, deliver peerless levels of service and capabilities to our partners and policyholders, and achieve exceptional levels of retention, new business and financial performance.

CopperPoint Insurance Companies
Annual Report 2023

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A year of consistency, conviction and confidence.

As we reflect back on 2023, it feels good to be CopperPoint — not in an arrogant way, but in a validating sense: our narrative is following our long-term plan. Much like the severe weather that has played havoc with the Property & Casualty industry over the past few years, the current business landscape itself is volatile and ever-changing, and can cause visions, courses, and strategies to alter frequently. Yet our company continues to adhere to, invest in, and realize our transformational journey with conviction and confidence.

The consistency of our progress is marked by CopperPoint's third consecutive year of organic growth, seeing Direct Written Premium rise by 6.6%. CopperPoint also added to our strong balance sheet by contributing Net Income of \$112.3M, while growing surplus by 8.8%.

Expanding on a proven track record.

This momentum has been maintained by focusing on and investing in the key pillars of our strategy:

1. People, talent, expertise
2. The scalable efficiency of our technology platform
3. Advanced data and analytics for optimized pricing and risk selection
4. Deep relationships with our limited distribution partners
5. Policyholder value driven by extraordinary service



1 As our company grows and our reputation matures, we continue to invest in our first pillar, **our talent bench**. A prime example is the addition of an Agriculture team in Fresno, CA, in order to unlock one of our newest industry verticals. Investing in deep expertise in underwriting, loss control, risk management and claims, we have realized excellent growth over the first full year within this exciting market.

Our company continues to adhere to, invest in, and realize our transformational journey.

2 CopperPoint's second pillar, our multi-year **platform build**, proceeded in robust fashion in 2023. We expanded our policy, claim and billing capabilities into our California region, augmented by our Enterprise Data Warehouse team opening up our enhanced analytics capabilities in the first quarter. And we didn't stop there: this year, we also added full cloud capabilities to both our Southwest region and California. We are now directing our resources to re-platform our Alaska/Pacific Northwest region, extending our policy and claims systems for Workers' Compensation throughout 2024, and similarly converting P&C (non-WC) lines by late 2025, when full cloud implementation is also expected.

3 The third key pillar of our investment strategy, **data and analytics**, also saw accelerated progress in 2023. Our improved ability to harness data enabled our analytics team to empower our market-facing leaders and underwriters who partner with our agents and brokers on new business, renewal retention, and profitability. CopperPoint is making the investments to ensure we have the appropriate balance between sustained organic growth and meeting our long-term profitability goals through effective portfolio management.

4 Our fourth pillar, our **limited distribution partners**, is key to how CopperPoint differentiates and redefines how insurance is sold — and how it is experienced. Our Middle Market and Large Account focus is predicated on hand-selecting the very best agent/broker partners within each region who value and align with our high service model. It's about more than simply being competitive: having producers in the marketplace who can identify those insureds who understand that service minimizes losses and overall insurance costs while elevating the experience, is the critical ingredient for a healthy, long-term policyholder, agent/broker and carrier relationship. These deep bonds with our key trading partners are truly where “the rubber meets the road” at CopperPoint — and the road leads to an even more rewarding future.

These deep bonds with our key trading partners are truly where ‘the rubber meets the road.’

5 The fifth pillar on which our strategy is built is our continued investment in **servicing capabilities for our end-customer**, the policyholder. Having played to our strengths in Middle Markets and Large Accounts in Workers' Compensation, we realized we had an additional opportunity to bring a differentiated insurance experience to the Small Commercial customer segment. The 2021 investment in our Pay-as-you-go product propelled CopperPoint to expand our appetite here in 2023, and by utilizing the significant data and analytics from Payroll Services, we are able to provide a robust Small Commercial offering for over 280 NAIC codes. This is complemented by our ability to offer fast, competitive quotes in minutes via our STP (Straight Through Processing) system. As a result, we can now deliver the CopperPoint experience to Middle Markets, Large Accounts and Small Commercial (in our Southwest region and California, expanding to the Pacific Northwest in 2025), customizing our Workers' Compensation specialization and unique service capabilities for the specific needs of each.

Committed to continuous improvement.

Complementing and underpinning our expanding, scalable operating model is the peerless quality and depth of our core competencies we bring to those we serve. Across claims expertise, loss control, underwriting and throughout our four key verticals (Construction, Healthcare, Hospitality and Agriculture), our brand is characterized by the insatiable drive to continuously improve: to make insurance mean more to more people.

We see evidence of this in the deepening relationships throughout our distribution network, and in the intention to provide CopperPoint expertise and support for the full spectrum of businesses regardless of their size, risk, complexity or issues. These are the cumulative signs of the success of our plan, of growth with purpose; the consequence of considered strategy and execution — and the unwavering commitment and resilience of our employees.

The success of our plan is the consequence of considered strategy and execution, and the unwavering commitment of our employees.



A dynamic, diverse future

Looking forward, we are excited to begin our exploration into diversifying CopperPoint's product offering in the remaining P&C lines: Property, General Liability, Commercial Auto, Inland Marine and Umbrella. When we welcomed Alaska National into the CopperPoint family in 2019, their book was a balance of 30 percent P&C, non-WC lines, and 70 percent Workers' Compensation — and all lines have since continued to grow across our Pacific Northwest region.

We are currently converting our broad Alaska National P&C business to a new platform. In addition, we are presently offering a limited appetite with a strong General Liability focus to complement our Workers' Compensation product for our Middle and Large Account segments in the Southwest region. Results in 2023 were extremely encouraging, providing us with the confidence that our diversification strategy will serve us well as it unfolds from late 2025 into early 2026.

Pursuing new partners

Our dual approach to organic and inorganic growth has created an organization uniquely equipped to take full advantage of circumstances and opportunities in the industry, with an agility that distinguishes us from other larger, national carriers.

We will continue to pursue strategic opportunities to partner with carriers who help broaden our geographic reach, add talent and expertise, and bring new products and services that make each of our respective companies stronger together. CopperPoint's integration philosophy is one that only a mutual carrier can provide, founded on an orientation toward community and a welcoming family-based culture. We ensure that like-minded companies, as new members of the CopperPoint family, will continue to operate with their brand strengths and assets their policyholders expect, while gaining the financial strength and platform to invest in people, technology, product, and data/analytics that propel them into a healthier, more stable future.

Our mutual status — being beholden to no one but our policyholders, partners and colleagues — affords us another critical advantage: we can take a longer-term view than the public companies, commit to deeper relationships, and act on them, all backed by our strong balance sheet and our perennial A (Excellent) rating from AM Best.

Proof of progress

While the previous years have shown the build CopperPoint has undertaken and the momentum we've created, 2023 demonstrated real proof of progress. Beyond our impressive financial results, we're making a tangible, positive impact with the people we serve, wherever they are in our increasing footprint.

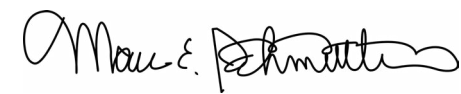
Our mutual status affords us a critical advantage: we can take a longer view, commit to deeper relationships, and act on them.

Once again, this is embodied by our community giving and volunteer efforts, which remain at the heart of who we are, and this year resulted in a record total of over \$2 million being provided to 253 organizations throughout the neighborhoods where we live and work. Of particular note are our efforts in educational accessibility for underserved students, where we donated \$248,500 including six college scholarships, as well as the \$650,000 raised for local causes in collaboration with our agency broker partners.



In closing, I can say that we are in a position where what we've built has the company poised for even greater success. Our footprint, core and complementary capabilities, plus the ability to service accounts of all sizes, ensure we are a formidable, distinctive presence in the market. The results across our regions and our positive trajectory bear this out: CopperPoint, literally and figuratively, is made for this. Our purposeful progress and growth are evidence of the evolution of a company whose brand of insurance is distinctly different.

My thanks, as ever, go to the CopperPoint Board of Directors for their patience, input and belief. We're excited to welcome a new board member this year, Thomas Bradley, who brings a wealth of industry experience and valuable perspective to our family. I'd also especially like to acknowledge Bob Roland, our COO, who retired this past February. He has been a vital member of the leadership team since we established our vision; instrumental in the integration of PacificComp and Alaska National into the CopperPoint family, and in codifying our nuanced, mutually beneficial approach to acquisition. A humble thank you, too, to the people who trust their business and lives to us; to our indispensable agent-broker partners; and, naturally, to the genuinely amazing people of CopperPoint, and what you bring every day to those who count on us, our policyholders and partners.



Marc E. Schmittlein
President & Chief Executive Officer

Our purposeful progress and growth are evidence of the evolution of a company whose brand of insurance is distinctly different.

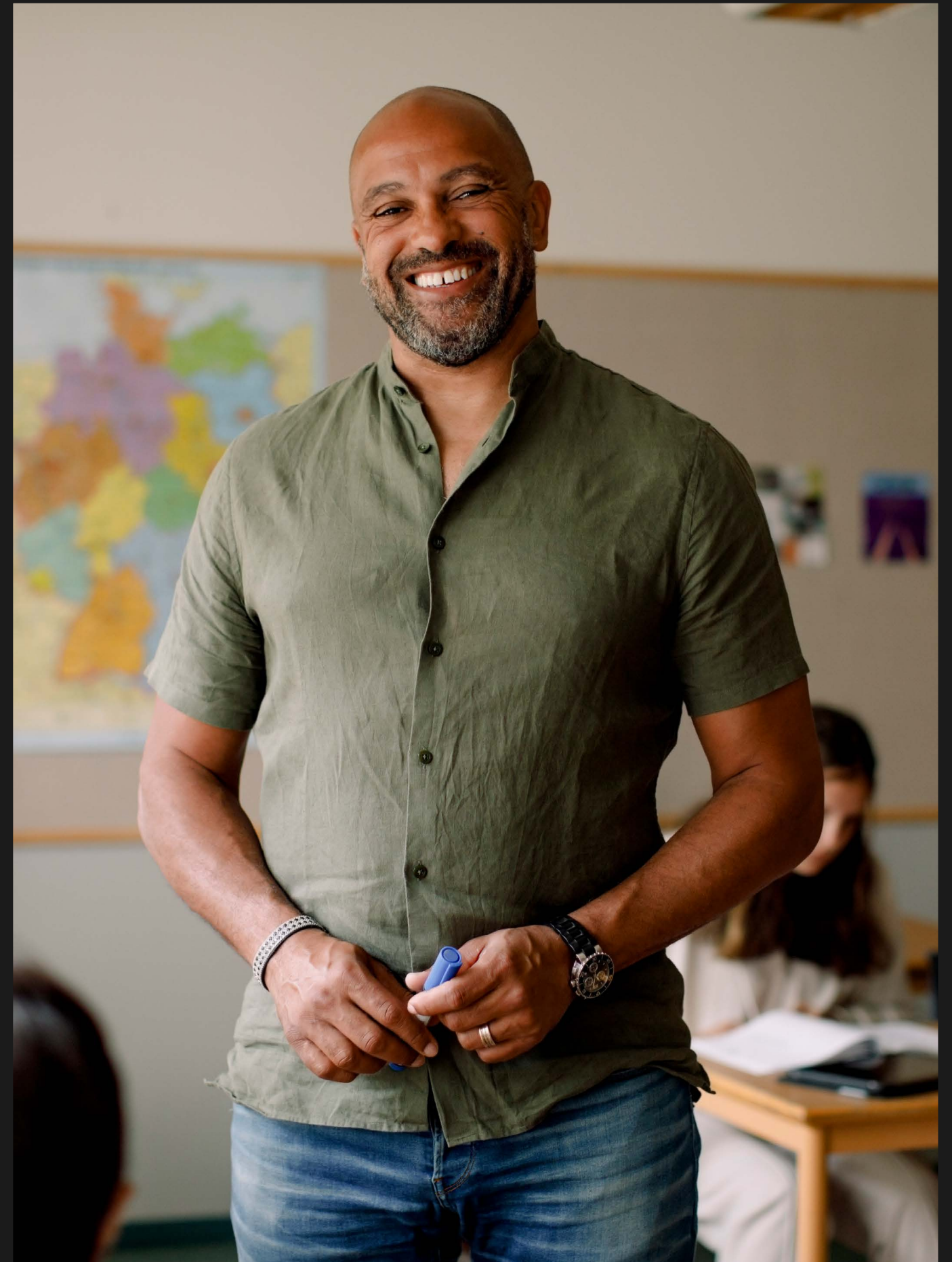


Strength drives success: realizing our new standard.

At the heart of everything we do is a person. A worker, an employer, a partner, a colleague, a neighbor. We're the ones they trust to make their lives safer, stronger, more fulfilling. And every day is a chance to change what insurance really means to them.

Our growth in 2023 continues to bear out this mindset. It reflects the promise of our service-driven, agile approach, and willingness to get closer. Of our focus on deep, long-term relationships. Of our ability to scale and diversify, while ensuring the CopperPoint experience remains of a consistently high quality — wherever we are.

The growing power of the CopperPoint family continues to generate results and impact where they really matter: in the lives, businesses and communities that depend on us to embody the heart of a new standard.



Our advantage in verticals

Industry expertise ensures inroads

Choosing to be a Specialty Insurance company has unquestionably driven CopperPoint's growth in 2023. Targeting select geographies, and compiling comprehensive teams of expert talent, we have been able to embed ourselves as authorities in selected sectors. As a result, approximately half of our business falls into our four verticals: Construction, Healthcare, Hospitality and Agriculture.

Forty percent of our Arizona book, for example, is in **Construction**, where the halo effect of our lead line, Workers' Compensation, naturally creates opportunities for multiline writing. We duly expanded Alaska National's P&C offering into the Southwest, bringing complementary coverage for, among others, large auto fleets and large property schedules to our clients and prospects in the industry. This agility reflects our design: to offer a holistic suite of capabilities we can deploy and tailor across different risks throughout our regional footprints.

“As a specialist in Construction, we appreciate CopperPoint's understanding of its unique challenges and nuances. With their dedicated loss control and risk management support, we can confidently address the diverse needs of our clients, setting us all up for success with every project they undertake.”

Greg Prentice, Principal
Reseco Insurance Advisors

These attributes are increasingly valued in **Healthcare**, where the post-pandemic landscape shows vast turnover and a surge in hiring and training for assisted living, rehab clinics and nursing homes. We invest our efforts with partners identifying policyholders opening new locations, with between 50-100 workers, providing them with tailored plans, due diligence, and improved loss control evaluation and reporting.

In **Hospitality**, one of many 2023 highlights are our wins in the Pacific Northwest: from downtown hotels with large liquor exposures, to old mountain lodges with issues pertaining to fire suppression, water damage, snow and ice clearing, pools and gyms — even auto coverage for airport shuttles. Our understanding of complex severity-driven exposures engendered strong partnerships with conscientious clients to create safer, more productive workplaces in this space.





However, the big vertical story of 2023 is **Agriculture** in California. As part of our typically measured approach, we carefully analyzed the opportunity and built a team with strong reputations and decades-deep experience in the field.

“We and our insureds expect knowledgeable professionals with industry-specific expertise to partner with: CopperPoint has invested in a team of local professionals that understands and relates to the unique needs of our Agriculture accounts.”

Steve Martin, Executive Vice President,
Relation Insurance

We opened a satellite office in Fresno in August of 2022 because on-the-ground personal contact makes all the difference in this sector. With professionals of unimpeachable credibility, we offer an appreciation of the community and its challenges, and the skillset to write in a more precise, selective way, applying a grassroots level of servicing to every partner and client.

Building a vertical like agriculture exemplifies our patience and intention: to establish and ensure our presence for the long-term, and not take any shortcuts. That’s why we committed the upfront expense to onboard the requisite expertise and talent; why we decided that we should grow there with local roots; and why we cultivated partnerships with a limited number of agents and brokers who have a true understanding of the space. As a result, we are realizing meaningful growth and profit in a sector vital to both the region’s and the nation’s economy, just eighteen months after planting the CopperPoint flag in Fresno.

Risk Management Services

The difference that defines us

Throughout the last two years, 2022 and 2023, we have rolled out our tiered Risk Management Services (RMS) offering, and it has proven a key differentiator in policyholder retention and new business for both our middle market and large accounts disciplines. In the latter target market, we've seen 50 percent growth in adoption, while our overall hit ratio effectively doubled when including the RMS offering in proposals.

Few carriers can compete with this combination and caliber of services, or the personal contact involved, particularly in middle market accounts. It is transforming relationships throughout our network, providing a significant value-add through individually packaged access to coordinated core competencies and expertise. RMS is another example of the silo-breaking flexibility CopperPoint brings to partners and policyholders alike. With our broad appetite and thoughtful, creative underwriting approach, we nimbly mobilize and combine claims, loss control and subject matter expertise to provide truly boutique solutions for each business. This has enabled us to build some very diverse books with large deductibles, dynamic customized plans, particularly in the Pacific Northwest and Alaska, where we've applied the RMS value proposition to the regional "legacy" portfolio — from remote healthcare clinics to new multiline — and in California, where its inclusion puts us \$10 million over plan.

Adapted from Workers' Compensation and applied across multiline, our high-touch RMS model entails pulling in designated claims adjusters, loss control consultants, appropriate resources (fraud prevention, our 24/7 injury help line, our proprietary nurse triage service powered by Medcor), disciplines and subject matter experts to address niche safety considerations (such as ergonomics and biomechanics) for every engaged employer. We coordinate and manage each account and all its specific needs through a single, personal point of contact.

RMS fortifies CopperPoint's position as an authority; more than a specialist carrier with sophisticated, responsive underwriting, claims and loss control skills, but a trusted source on safety, providing information for compliance from silica to workplace violence, to HVAC conditions, and the latest trends and developments. The offering reinforces the message that it's not just easier to do business with us, but also healthier and safer.

"We strive to bring value-add services that reduce losses, costs, and improve the Workers' Compensation experience for clients. The Risk Management Services model where CopperPoint provides a dedicated industry professional to partner and support my team and the insured, is a differentiator not found elsewhere in the marketplace."

Ken Kessler, Executive Vice President
HUB International Insurance Services, Inc.



Growing our family:

A more meaningful approach to M&A

Every year proves the veracity of the CopperPoint family's dual-growth model: that inorganic growth can contribute to and generate organic growth. A stable balance sheet and a solid infrastructure remains attractive to other carriers with a similar culture focused on service and product excellence, who can expand our geographic reach, add to our talent bench and provide complementary strengths that make us even more competitive in the market.

Both PacificComp and Alaska National have shown how their respective expertise, reputation and client base are enhanced and empowered by integration into the CopperPoint family. The financial security, our shared services platform, enriched data and analytics, the economies of scale, enhanced Human Resources and Operations, allow our family members to focus on and execute what they do best: provide best-in-class service across claims, loss control, risk management and underwriting. Which, in turn, creates a consistent CopperPoint experience for all those we serve, wherever they are, whatever their scale and needs.

“CopperPoint/Alaska National has been a great partner to us and our mutual insureds, thanks to their people, capabilities, service, and attention to detail. Whenever we present a new opportunity, we can count on their team to deliver coverage and service that comprehensively meet our client’s insurance and risk management needs.”

Brent Irving, CEO
Hub Mountain States

This approach to expansion has also led to cross-pollination in drives for new business and renewal retention in other territories, risks and industrial sectors: taking Alaska National's P&C model and value proposition into the Southwest and into our Workers' Compensation accounts has opened up fresh possibilities, prospects and wins within verticals and other market segments by augmenting our offering and proposals. The fact that our California region accounted for 40 percent of CopperPoint's Gross Written Premium in 2023, while Alaska and the Pacific Northwest contributed 28 percent, reflects the continuing success of a strategy dovetailing both inorganic and organic growth, designed to let core competencies and skills shine, and deliver the best possible options for our partners and policyholders.

“Since Alaska National joined CopperPoint four years ago, we have unleashed exceptional growth together, almost tripling the size of our relationship...we have confidence that they will always put the needs of the customer first.”

Mike Ferreira, Executive Director
Propel Insurance



Showing more heart than ever.

In another consecutive year of company growth, it's appropriate that the most visible expression of our culture — our giving program — also hit new heights. By donating more than \$2 million to 253 organizations across our 11-state footprint, we continued our enterprise-wide commitment to our Community Pillars: Healthy Families; Diversity, Equity and Inclusion; and a Thriving Workforce.

Once more, people in the CopperPoint family across all our regions made a difference through volunteering, corporate matching, and board service. The quarterly enterprise-wide campaigns this year raised a record \$335,000, translating to an average of over \$400 per employee. In addition to our perennial Holiday Kindness Kits for the homeless and providing supplies for 3,500 students during Stock the Schools, one of the causes closest to our heart is the Step Up Challenge for Kids' Chance, which saw 600 of us put our best foot forward. This benefits children whose parents have been hurt or incapacitated on the job, and aligns completely with our focus on the individual injured worker.

Our emphasis on educational accessibility was reinforced last year with six college scholarships worth \$30,000 and tax credits worth over \$200,000 to nine worthy concerns to improve our classrooms. The unique collaboration with our agency partners, matching contributions to support local causes important to them, expanded our giving impact and exceeded 2022's total by more than \$120,000. In all, it was a year where we took community even more firmly to heart.

Over \$2M total community giving

**\$540,000 in nonprofit/
chamber sponsorship and
board allocations**

**\$650,000 contributions
through 75 agency/broker
partnerships**

**\$335,000 in quarterly
enterprise-wide campaigns**

**\$240,000 in enterprise-wide
matching gifts**

**\$248,500 in educational
accessibility**



**In all, it was a year where we
took community even more firmly
to heart.**

Results that reach farther.

CopperPoint's investment in talent and technological infrastructure paid off with sound performance across verticals, regions, and an expansion into new market segments. This was reflected in increased renewal retention and new business, ensuring another consecutive year of organic growth for CopperPoint in 2023.

\$5.2 Billion in Assets

\$1.65 Billion in Policyholders' Surplus

\$715 Million in Gross Written Premium

11-State Western Footprint

26 States Fully Licensed

Rated A (Excellent) by AM Best

Over 780 Employees

Financial overview

A view of increasing optimism.

Consistency and stability marked CopperPoint's 2023 performance as we continued the upward trend begun when we established our growth strategy in 2016.

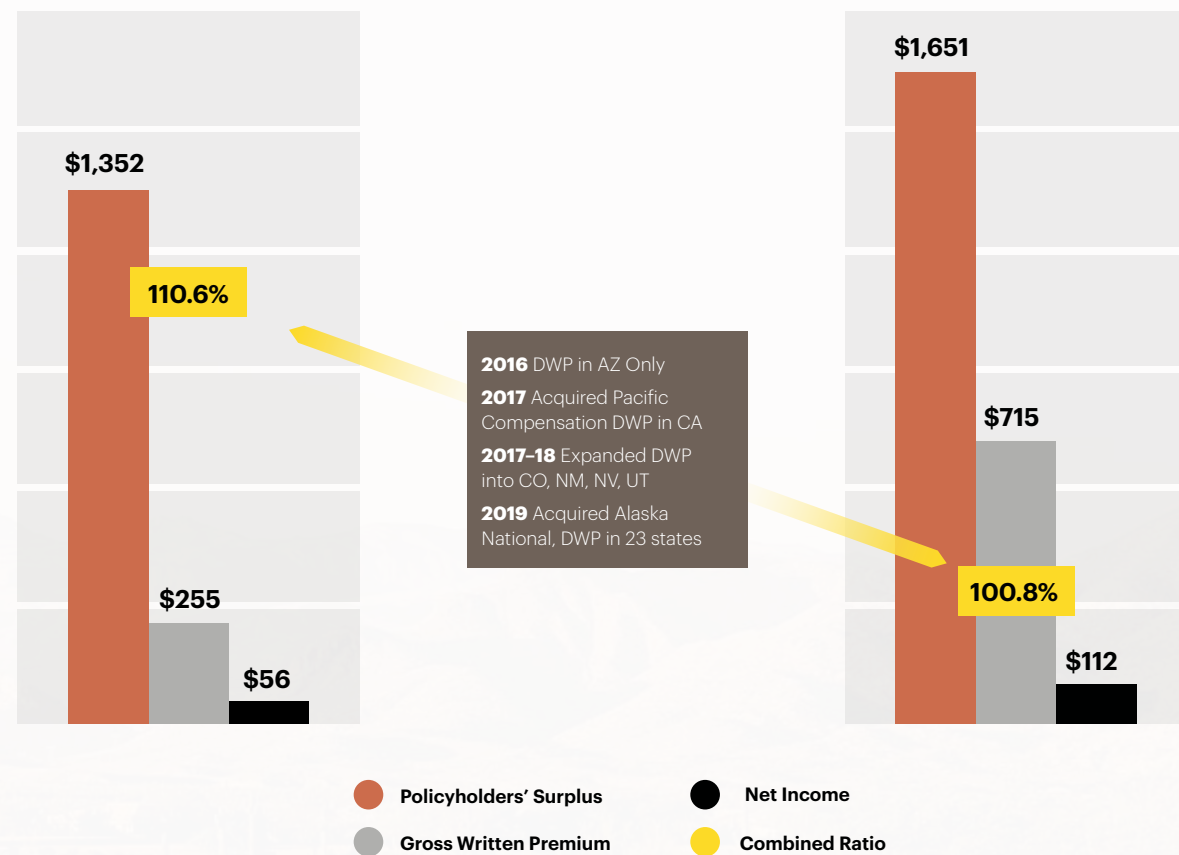
- Policyholders' surplus topped \$1.65 billion at December 31, 2023.
- Total assets of \$5.2 billion have increased 44% since the end of 2016.
- Net income remained strong in 2023 at \$112 million.

FINANCIAL PERFORMANCE

\$ IN MILLIONS

2016 results:
\$3.61 Billion in Total Assets

2023 results:
\$5.2 Billion in Total Assets

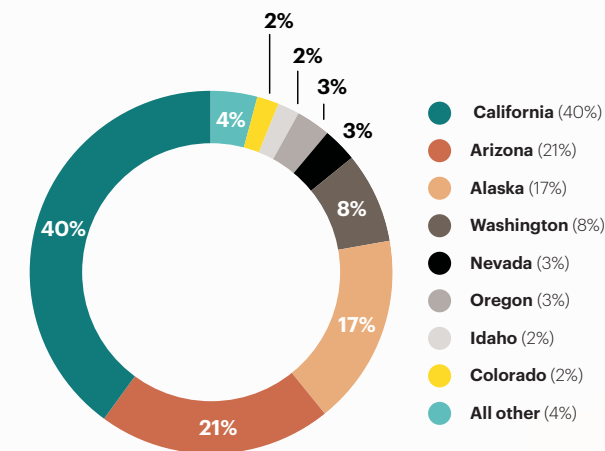


Measuring up by all standards.

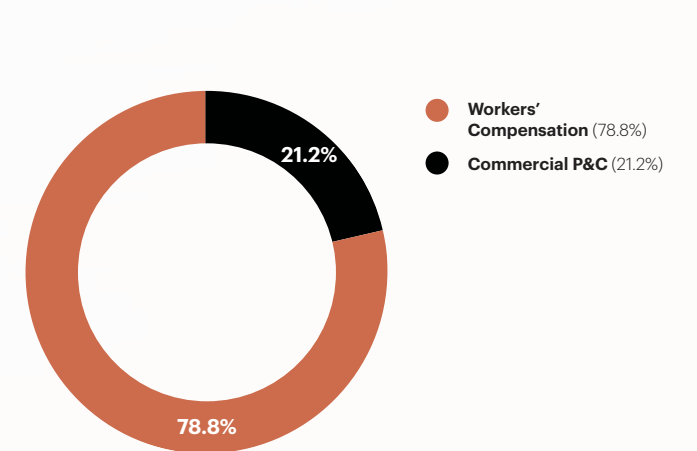
As a Specialty Insurance company with expertise in Workers' Compensation and a select but expanding multiline P&C offering to complex, severity-driven exposures in targeted states, our overall 2023 performance remains impressive — whether measured by breakdown across region, business line, premium or our select verticals.

2023 results:
\$715 Million (GWP)

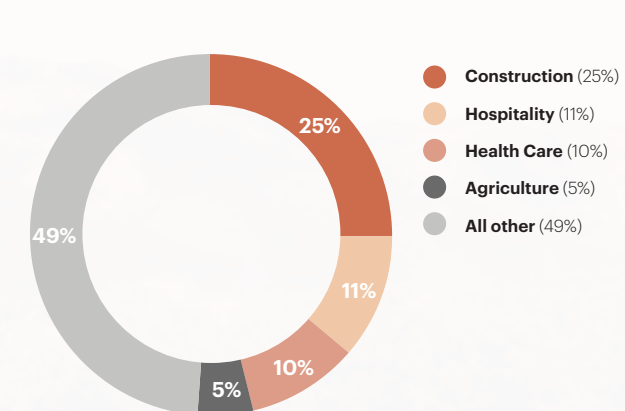
2023 GWP BY STATE



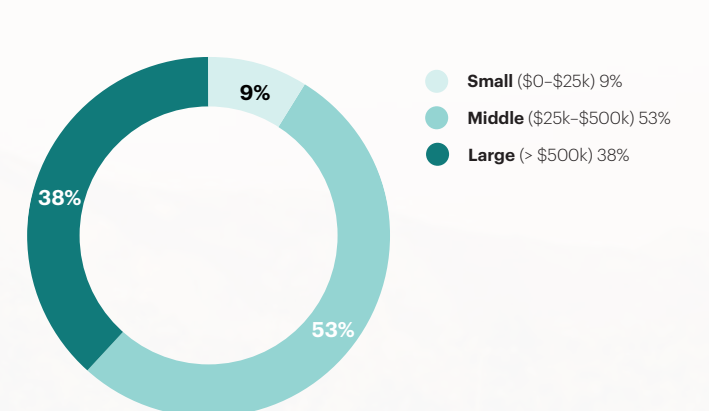
2023 GWP BY LINE OF BUSINESS



2023 WRITTEN PREMIUM BY INDUSTRY VERTICAL



2023 WRITTEN PREMIUM BY PREMIUM SEGMENT



FINANCIAL OVERVIEW:

Consolidated statutory financial statements

STATUTORY STATEMENTS OF ADMITTED ASSETS, LIABILITIES AND POLICYHOLDERS' SURPLUS (YEARS ENDED DECEMBER 31, 2023 AND 2022)

IN THOUSANDS, UNAUDITED

Admitted assets	2023	2022
Investments		
Bonds	\$3,162,739	\$3,110,209
Equity securities	557,824	484,113
Goodwill	144,842	133,308
Mortgages	259,296	259,768
Real estate, net	1,441	1,521
Cash, short-term investments and other invested assets	515,873	578,855
Total cash and invested assets	\$4,642,015	\$4,567,775
Other Assets		
Premiums and considerations due	250,269	227,640
Accrued investment income	24,581	23,390
Net tax assets	15,320	13,023
Other assets	253,073	237,693
Total admitted assets	\$5,185,258	\$5,069,520
Liabilities and Policyholders' Surplus		
Liability for losses and loss adjustment expenses	\$2,442,281	\$2,513,212
Unearned premium reserve	287,886	266,308
Borrowed money (and interest thereon)	351,537	376,538
Provision for reinsurance	2,831	3,312
Other liabilities	449,391	391,750
Total liabilities	\$3,533,925	\$3,551,120
Policyholders' surplus	1,651,333	1,518,400
Total liabilities and policyholders' surplus	\$5,185,258	\$5,069,520

STATUTORY STATEMENTS OF OPERATIONS (YEARS ENDED DECEMBER 31, 2023 AND 2022)

IN THOUSANDS, UNAUDITED

	2023	2022
Net premiums earned	\$645,463	\$620,697
Operating Expenses		
Loss incurred	317,411	315,596
Loss adjustment expenses incurred	100,877	80,558
Other underwriting expense incurred	239,681	222,658
Total operating expenses	\$ 657,968	\$618,812
Net underwriting loss	(12,506)	1,884
Investment Income		
Net investment income	165,639	127,005
Net realized investment gains	(10,655)	1,438
Net investment gain	154,983	128,443
Other expenses	(3,497)	(2,722)
Net income before policyholders' dividends and federal income tax	138,981	127,605
Provision for policyholders' dividends	187	58
Federal income tax expense	26,535	22,915
Net income	\$112,258	\$104,633
Loss and LAE ratio	64.8%	63.8%
Expense ratio	36.0%	36.1%
Combined ratio	100.8%	99.9%

Company leadership

Board of Directors

KEN KIRK
Chairman of the Board

THOMAS BRADLEY
Board Member

LORIANN LOWERY-BIGGERS
Board Member

MARC SCHMITTLEIN
President & CEO | Board Member

MARITA ZURAITIS
Board Member

STEPHEN TULLY
Vice Chairman of the Board

MONICA DIGILIO
Board Member

MICHAEL MATHIAS
Board Member

MIKE TULLY
Board Member

Executive Leadership

MARC SCHMITTLEIN, CPCU, AAI * †
President & Chief Executive Officer

RACHEL DAVIS-SCHULTZ * †
Executive Vice President, Chief Human Resources Officer,
Enterprise Operations & Chief of Staff

KEVIN KINROSS, ESQ * †
Executive Vice President, General Counsel
& Chief Compliance Officer

KELLY RUUD, CPA, CPCU * †
Senior Vice President, Chief Financial Officer

JOHN CAREY, CPCU, ARM †
Senior Vice President, Chief Underwriting Officer

DAVE KUHN, CPCU, ARM †
Regional President, California Region,
Executive Vice President, Enterprise Distribution

DANA FERESTIEN †
Senior Vice President, Regional President,
Alaska & Pacific Northwest & Commercial P&C Claims

MIKE SHARR †
Senior Vice President, Regional President,
Southwest Region

BARB FUCHS †
Senior Vice President, Data Management and Analytics

MICHAEL GOLDMAN, CPCU, ERM †
Senior Vice President, Corporate Development

BRAD LONTZ †
Senior Vice President, Chief Information Officer

KRIS MATHIS, JD, WCCP, SIP †
Senior Vice President, Chief Workers' Compensation
Claims Officer & Risk Management Services

KATHLEEN ZIEGLER †
Senior Vice President, Operations

WOODY HILL †
Vice President, Enterprise Loss Control

MARK MOONEY †
Vice President, Underwriting Systems and Product

* Executive Committee Member

† Partners Group

Recognition reflects real impact.

We are grateful for the accolades received this year, which show the steady growth of our reputation, profile and performance.



ARIZONA

Phoenix — Headquarters

ALASKA

Anchorage

CALIFORNIA

Fresno

Irvine

Westlake Village

Walnut Creek

COLORADO

Denver

CONNECTICUT

Farmington

IDAHO

Meridian (Boise)

NEVADA

Las Vegas

OREGON

Lake Oswego (Portland)

WASHINGTON

Seattle



All companies are rated A
(Excellent) by AM Best.

copperpoint.com

alaskanational.com