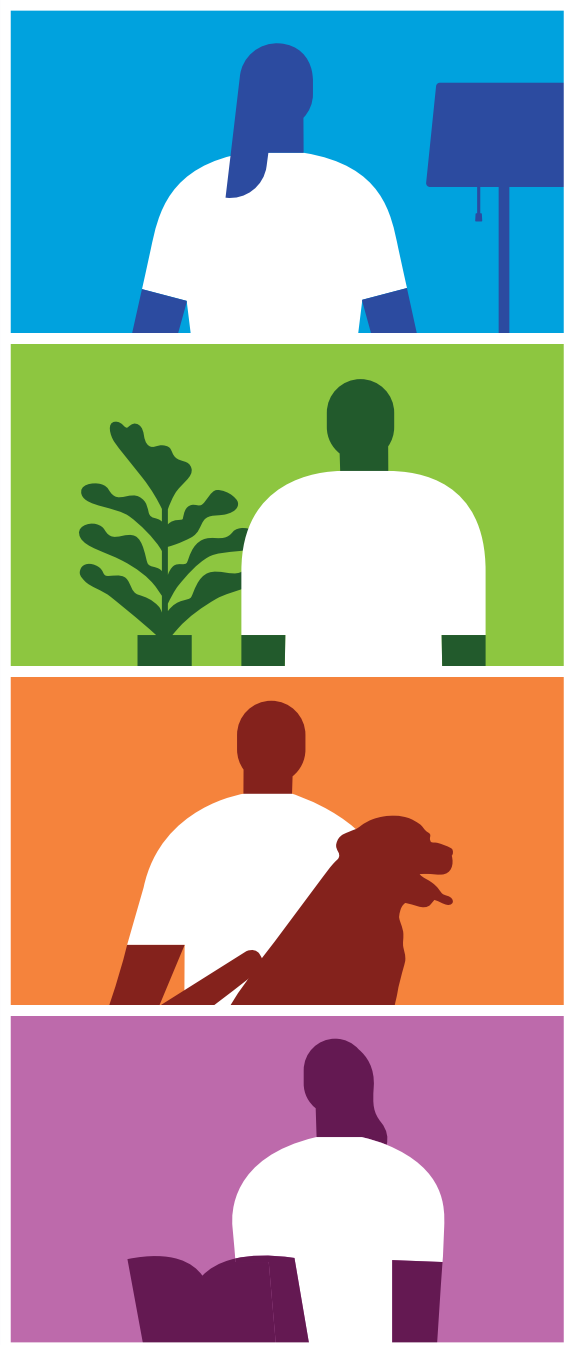




Moving forward. Together.

2021 YEAR IN REVIEW





**Moving forward.
Together.**



**WE HAVE MORE TO
SHARE WITH YOU**

Scan the QR code
whenever you see this
graphic to learn more
about our 2021 initiatives.

A message from Pete

For a second year, the pandemic continued to make headlines globally. And while the ever-changing landscape of COVID-19 presented new challenges for Sentry, our end-of-year headline was that 2021 was the best year in our modern history.

Our story for 2021 centered around finding opportunities to enhance our value as an insurance provider.

We provided new ways to connect with our customers, associates, and communities. Thanks to our proactive approach, as well as significant investments in technology, we were able to meld the best parts of our traditional business model with the best of what's currently capable today with respect to technology and analytics. In the end, we're providing a better overall customer experience.

Financially, Sentry is a stronger company today than we were before the pandemic. As a mature industry, insurance companies are expected to grow at the rate of inflation. Yet Sentry continues to outpace industry growth. Every business of ours performed well. We set records for premium, pretax operating income, and surplus. We ended the year with \$3.5 billion in premium revenue, an increase of 12.8 percent. Pretax operating income was a very strong \$583 million. And surplus exceeded \$7 billion, a nearly 16 percent increase year over year.

Our market growth reflects continual growth in our Fortune 1000 ranking. Based on annual revenue, we are the 658th largest company in the U.S. That's up 12 spots from 2020, and 141 spots since 2015.

While you can read more about our AM Best rating later in this year in review, it's important to note in 2021, the insurance industry's leading rating authority awarded Sentry an A+ rating for the 30th consecutive year.* Fewer than 15 percent of U.S.-based property and casualty insurance companies earn the A+ rating—even less have achieved it for three straight decades. This designation speaks to the financial strength and soundness of our company. Policyholders can be confident that we're a solid, well-run company able to weather economic challenges.

We're able to achieve these rankings because of our associates. Our teams support one another, and every associate plays a role in our success.

In this year in review, you'll see how our associates:

- Developed new services to help our customers manage risks
- Enhanced our safety education program to reach new audiences
- Embraced the game of golf as a vital avenue to conduct business and connect with our communities

I hope you enjoy learning a bit more about our company and how we're moving forward, together.



Pete McPartland
Chairman of the Board, President, and CEO

*A+ (superior) AM Best Financial Strength Rating (FSR) current as of June 2021. For details about AM Best's rating scale, see [ambest.com/ratings/guide.pdf](https://www.ambest.com/ratings/guide.pdf)

Evolving to better support our associates

Throughout the pandemic, our priority has been our associates' health, safety, and well-being. These associates, more than 4,000 strong, drive our success.

Amid unprecedented challenges for the past two years, our associates remain agile and resilient. They're flexible and proactive, always taking advantage of emerging opportunities to connect with customers, business partners, and colleagues, while doing their part to care for our business and one another.

The results of a December 2021 associate survey reflect high levels of associate

engagement and recognition for our response to COVID-19. Our organization's communication and decision-making scores surpass the external benchmark by 15 points. And associates ranked us particularly high for providing them the support they need.

We recognize we must be responsive and flexible in serving our associates—in and out of the office. It's what they expect and deserve.

As our associates adapt, so must we. And together, Sentry will continue to thrive.



EXPANDING OUR WELLNESS RESOURCES

Thanks to our Health and Wellness team, our associates have additional tools and resources to focus on and improve their well-being.

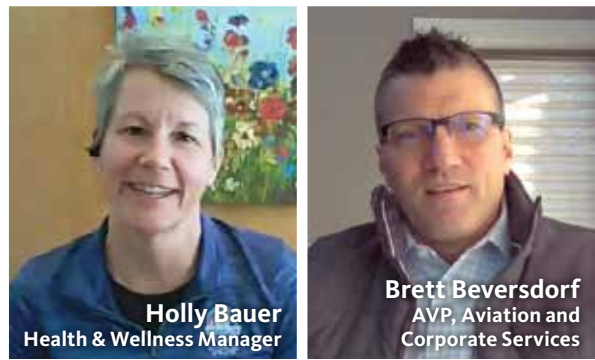




Jim Frank
Chief Information Officer



Amy Rislov
Chief Human Resources Officer



Holly Bauer
Health & Wellness Manager

Brett Beversdorf
AVP, Aviation and
Corporate Services

Throughout this book, we spotlight associates who are the driving force behind the featured initiatives. Here are a few who shape the associate experience at Sentry. Our Human Resources, Facilities, IT, Security, and Health and Wellness teams work in unison to ensure our associates are comfortable and safe, with the proper tools to succeed.



Complementing a new work model with the proper tools

We have a special culture at Sentry—a working chemistry that allows us to share ideas, learn from one another, and resolve issues together. We believe that’s best done in person. However, the last two years have proven we can work productively in a remote setting, too.

Working efficiently in this model requires having the right tools and technology both in an office and in a remote setting. Each associate now has company-provided computer equipment at home, along with their choice of home office furniture options.

When our associates return to the office, we’ll implement a new, flexible work model. We’ll work together in the office Tuesday through Thursday, and have the option to work from home Monday and Friday.

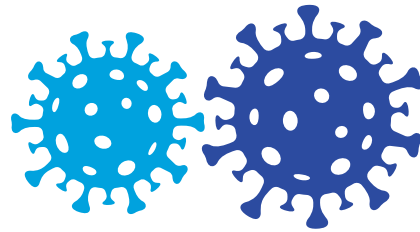
We understand the work model has changed during this pandemic. These investments help all of us work more comfortably and efficiently.

– Jim Frank, Chief Information Officer

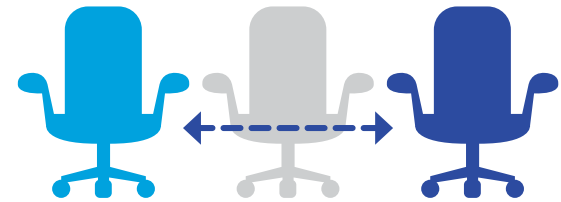


Enhancing our in-office experience

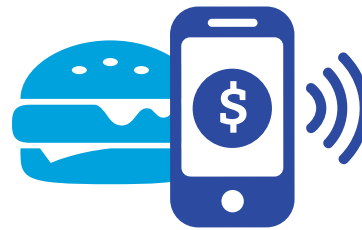
Our associates have adjusted to working from home and to disruptions in their new routines over the past two years. They'll return to an enhanced office experience. During 2021, we continued investing in our facilities and adding amenities to provide a comfortable, safe workplace environment.



Where possible, we added ion generator and air exchange systems to improve air quality and remove harmful particles. These systems virtually eliminate airborne pathogens.



We made adjustments to our offices to align with social distancing guidance. Touchless water stations and door activation systems were installed to reduce the number of commonly touched surfaces.



We redesigned our popular, busy cafeterias to encourage a free traffic flow. When we repopulate, our associates will enjoy new features, such as an expanded, healthier menu, online ordering, contactless payments, and grab-and-go options. We'll also introduce on-site mini markets and to-go dinner options.



These enhancements—and others to follow—will provide a better overall associate experience at Sentry.

**– Brett Beversdorf, Assistant Vice President,
Aviation and Corporate Services**

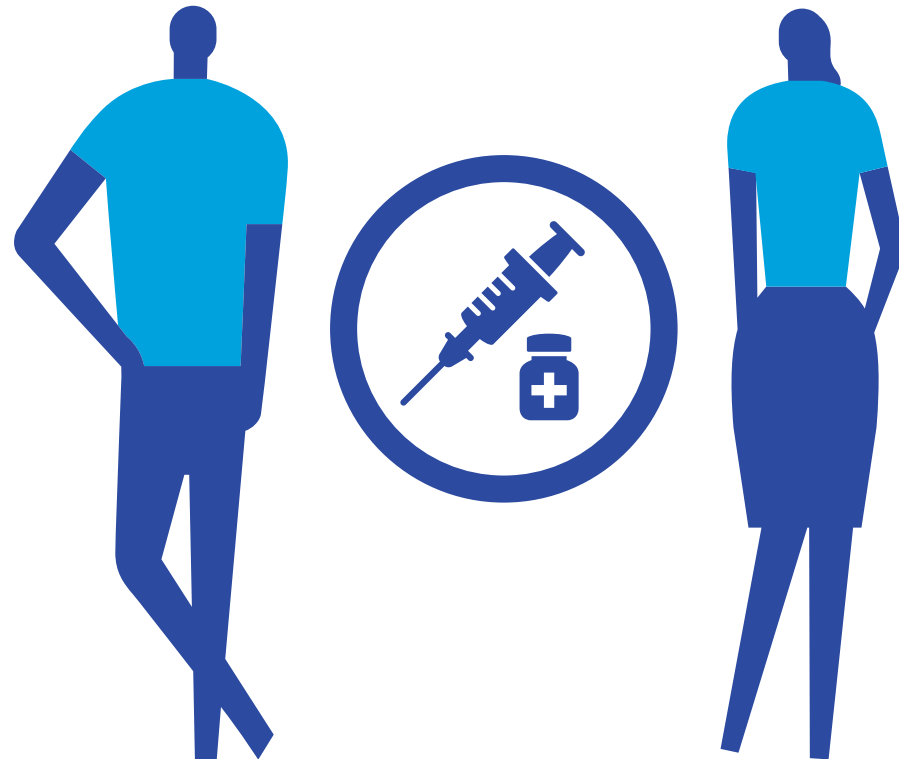
Supporting efforts to stop the spread

As a large employer in multiple communities, and a good corporate citizen, we feel we have a responsibility to work together with our associates to maintain a healthy and safe work environment.

Last year, we hosted voluntary COVID-19 vaccination and booster clinics for associates and their family members. In addition, we provided a \$500 incentive to associates who provided proof of full vaccination.

“Headquartered in a small city like Stevens Point, we have a role in curbing the spread of COVID-19. Our Health and Wellness team provides the education, resources, and tools to combat the virus. Being proactive and encouraging precautions among our associates positively influences others in our communities.”

– Amy Rislov, Chief Human Resources Officer



75%

To date, more than 75 percent of our associates have earned the vaccine incentive.



THANKING OUR ASSOCIATES WHO FILL ESSENTIAL ROLES

To allow thousands of us to work from home, a small number of associates continued to work in our offices during 2021. Members of many departments, including IT, Claims, Security, and Facilities, played a critical role in our ability to provide the exceptional service our customers expect—without interruption—in a virtual world.

To thank and recognize these associates while their colleagues worked remotely, we provided bonus pay and other incentives, including complimentary meals and coffee.

Sentry Risk Factor

Taking a proactive, long-term approach in serving our customers

“We had an insightful two-hour discussion with a prospect surrounding risk management at their dealership,” shares Jeff Willoughby, director of large accounts for Direct Writer. “At the end, the prospect said, ‘No one has talked to us about this before.’”

As an insurance company, we help protect our policyholders when something goes wrong. We also demonstrate how a proactive approach to safety can reduce the frequency and severity of those losses—which is best for everyone involved.

We developed Sentry Risk Factor, a risk assessment tool specifically for dealerships, to guide conversations that help them:

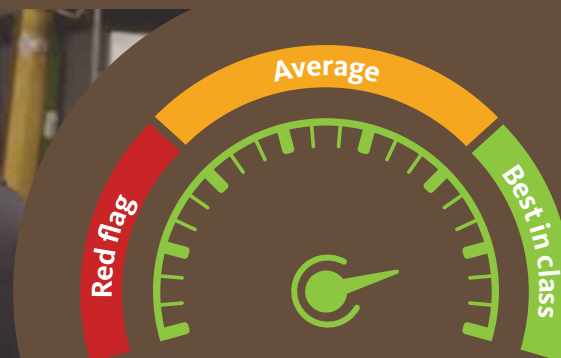
- Improve their risk management culture
- Ensure business continuity
- Maintain their reputation

In our first year using Sentry Risk Factor, we conducted more than 3,300 assessments. Two-thirds of those assessments involved existing policyholders.

“Sentry Risk Factor positions us as a trusted advisor,” says Mark Henderson, an account manager for Direct Writer. “When I walk in the door, I’m confident we’re providing unique value to the business owner. This tool differentiates us.”

Sentry Risk Factor provides another level of engagement with dealerships. It’s one way we can give current—and prospective—customers the tools and practical knowledge to operate more efficiently and safely.

– **John Hyland, President,**
Direct Writer and Life & Annuities



Your overall rating



TOOLS THAT ENHANCE OUR RELATIONSHIPS

Hear how the resources and information we offer our customers open new lines of communication to provide practical value.



To provide the best customer service, we must listen, learn, invest, and adapt. We lean on our strengths across the organization to offer greater value as an insurance company.

Embracing technology to expand the reach of safety education

While in-person connections are a focal point of the Sentry service model, adding virtual options allows us to better serve our customers. After a limited debut in 2020, we began hosting monthly virtual safety webinars in 2021.

Our safety team embraced this opportunity to reach a larger audience than we could through on-site inspections and safety seminars alone. We improved the education experience by:

- Working with Sentry University, our in-house corporate learning department, to bolster our presentation skills
- Collaborating with Marketing to create engaging communications
- Consulting with IT on software to provide the best possible virtual experience

Through these efforts, we reach more people. In an in-person seminar, we might serve 90 customers. Each webinar now reaches up to 300 customers.

These webinars provide an opportunity for our customers to continue to receive valuable information when in-person contact is limited.

– Michael Zblewski,
Director of Safety Services
for National Accounts





Showcasing superior stability and financial strength for 30 years

Our financial strength, as well as consistent underwriting, a diversified portfolio, and enterprise risk management processes, led AM Best—the insurance industry’s leading rating authority—to award us an A+ (superior) rating for the 30th consecutive year.*

This rating affirms our strengths as a business insurance provider and demonstrates to our prospective and current customers that we’re a well-run company that honors our commitment to pay claims on the policies we write.

The A+ rating also reflects our ability to take a longer-term view of the markets we serve, making us an attractive insurance provider for the agents and brokers we do business with.

– **Scott Miller, President of National Accounts, Regional, and Transportation**

15%

Less than 15 percent of U.S.-based property and casualty insurance companies earn an A+ rating—even fewer achieve it for three straight decades.



“A strong financial company, such as Sentry, is a huge selling factor in this industry. It shows stability in the marketplace. Sentry is a great company with great people.”

– **Jim Brunker, Senior Account Executive & Partner for M3 Insurance and former Sentry Claims associate**



“When you run a good company, both operationally and financially, the AM Best rating will follow.

Maintaining an A+ for 30 years demonstrates a consistent direction that others notice. Treat your customers and business partners well. Sentry does that.

“You should have a lot of pride in what your management and associates are accomplishing. Maintaining that rating for 30 years says a lot about the quality of Sentry.”

– **Wayne Ashenberg, retired Sentry Chief Financial Officer and Chief Actuary**

*A+ (superior) AM Best Financial Strength Rating (FSR) current as of June 2021. For details about AM Best’s rating scale, see [ambest.com/ratings/guide.pdf](https://www.ambest.com/ratings/guide.pdf)

RESTRUCTURING TO EXPAND OUR PRODUCTS AND SERVICES

In January 2021, we completed our conversion to a mutual holding company structure. One advantage of this conversion: the ability to expand our mutual policyholder base to most of our property and casualty underwriting companies.

With the conversion, now most of our policyholders have membership rights.

This conversion also allows us to expand our product and service offerings while maintaining our mutual structure and brand. And it affords us the added flexibility to pursue mergers and acquisitions and invest in and acquire non-insurance companies, including those that provide innovative technologies to help us better serve our customers.

– Raina Zanow, Assistant Vice President, Assistant General Counsel

95 percent of our policyholders now have mutual membership rights, up from 11 percent under our previous structure.

11%

95%



Investing to be the best in customer service

Sentry's long been known for building lasting customer relationships and our commitment to customer service. In the last year, we began a major initiative to further elevate their experience with us.



Centralizing our customer service operations in 2021 has reinforced this commitment to our customers. We know customers across our business areas have different needs and require different types of care. Through our consolidated Customer Service Organization, we provide enhanced, personalized service to each customer.

The centralization brought together 750 associates, allowing them to share best practices and take advantage of our investments in technology. Customer service representatives have more data at their fingertips to expedite processes, leading to smoother and more efficient customer interactions. As a result, our customers experience better call flow, shorter wait time, and more robust self-service capabilities.

Our associates are finding new opportunities in this model, as well. We don't just look to fill positions. We assess each individual's characteristics and skills and then identify roles that set them up for success. And we provide professional development and career advancement opportunities. Naturally, our associates' success leads to an even higher level of service for our customers.

– Elisha Robinson, Chief Customer Service Operations Officer

Shared values fuel our growing commitment to golf

“Personal relationships are the cornerstone of success within the insurance industry,” says Dave Garcia, president and CEO of Rancho Mesa Insurance Services Inc. “In my view, Sentry not only understands this, but lives this. We see that day-to-day with our business interactions. Then at an event like the U.S. Open, we get the opportunity to meet the executive team and see that this is a belief not just talked about, but held in esteem from the top down.”

Dave was one of many agents, brokers, customers, and guests we hosted at the 2021 U.S. Open at Torrey Pines in San Diego. This event was the perfect opportunity to reconnect around a common interest.

The conversations we have—and the relationships we build—on and around the golf course allow us to establish and renew connections. Whether playing 18 holes or watching the world’s best players tee off, golf provides an opportunity to share an experience that fosters getting to know our customers.

“We now have stories from this event to share for years to come,” says Garcia. “We can’t thank them enough for hosting us and for their strong personal commitments and partnership in working together.”



Golf brings people together. The values golf teaches—integrity, fairness, and trust—align with our approach to business for 117 years and counting. The investments we made in 2021 allow us to develop and deepen relationships with customers and business partners.

– **Stephanie Smith, Chief Marketing and Brand Officer**



OUR PARTNERSHIP WITH THE USGA

See how working with the USGA allows us to connect in new ways with our customers and community members.



Stephanie Smith
Chief Marketing and Brand Officer



Mike James
General Manager at SentryWorld

We use golf as a medium to build relationships, conduct business, and engage with community members for our insurance and hospitality businesses.

Broadening golf's reach with the USGA

In 2021, Sentry and the USGA formed a five-year corporate partnership to invest more deeply in recreational golf and engage more golfers in communities across the U.S.

As part of the multi-year agreement, we also became the USGA's official insurance partner.

The relationship between the USGA and Sentry began growing in 2019, when SentryWorld hosted the U.S. Girls' Junior Championship.

In an interview with Forbes, our CEO, president, and chairman of the board,

Pete McPartland, provided more background on the burgeoning relationship with the USGA, saying, "We have an intimate, get-to-know-the-customer business model. We came to realize golf fit in beautifully with that. The Girls' Junior event further deepened the relationship with the USGA and becoming a partner organically evolved. The USGA knew how golf-centric we had become. There's very much a values-match here."

We're just the sixth corporate partner of the USGA, joining American Express, Cisco, Deloitte, Lexus, and Rolex.



Supporting recreational golfers through innovation

As part of our USGA relationship, Sentry became the presenting sponsor of the USGA's Golf Handicap Information Network (GHIN).

Golf's handicap system allows golfers of different abilities to play a round with and against each other on a level playing field. Each year, millions of golfers log their scores into GHIN to establish and track their handicaps.

Our support of GHIN is allowing the USGA to add new features on the GHIN app, including course maps and GPS functionality, introduced last summer.



“The USGA and Sentry are unifying golfers across America, creating a strong and more connected community through this partnership. The technology we’re advancing together is spurring innovation and building engagement like we’ve never seen, and we’re excited to see what the future holds.”

– Mike Whan, CEO of the USGA



HOSTING GOLF'S TOP SENIOR PLAYERS

“The USGA is pleased to return to SentryWorld and the state of Wisconsin to conduct the most prestigious championship in senior golf. We know that the region and community will enthusiastically support the U.S. Senior Open and that SentryWorld will provide a complete test for an international field competing for the Francis D. Ouimet Memorial Trophy.”

– John Bodenhamer, USGA Senior Managing Director of Championships

Last year, the USGA named SentryWorld—our golf course in Stevens Point, Wisconsin—host site of the 2023 U.S. Senior Open. It will mark the 43rd playing of one of senior golf's major championships, drawing the world's top male golfers age 50 and older. Many of history's greatest golfers—including Arnold Palmer, Gary Player, and Jack Nicklaus—have played in and won this prestigious event.

The 2023 U.S. Senior Open will be the third USGA championship played at SentryWorld. Most recent was the 2019 U.S. Girls' Junior Championship.



Offering a new, fully inclusive golf experience

Wisconsin is a hotbed for destination golfers. In fact, no other state has more top-rated golf courses. Last year, we made enhancements on and around the course at SentryWorld to set it apart from the competition.

In anticipation of the 2023 U.S. Senior Open, we updated the course, adding length, narrowing fairways, rebuilding greens, and strategically relocating bunkers.

We also created a new, fully inclusive golf experience for our guests.

Come June 2022, plans call for fully staffed refreshment stations on course, where golfers can enjoy freshly prepared food and beverages—all complimentary—during their round. And to fully enjoy our award-winning course, we lengthened the interval between tee times—20 minutes rather than the standard 10 minutes.



“The focus is on making each and every round outstanding, serene, and unlike anything you’ve ever experienced. Once you’ve paid for your round, if it’s on the course, it’s on the house. Few public courses in the country offer a fully inclusive experience such as this.”

– Mike James, General Manager at SentryWorld



Bringing communities together

Uniting leaders and advocates for the common good

We've learned a lot since we took on the role as title sponsor of the Sentry Tournament of Champions in 2017. At first glance, there don't appear to be many similarities between the tropical island of Maui and the small central Wisconsin city of Stevens Point—two communities thousands of miles apart and vastly different in climate.

But as we further engaged with Maui community leaders and residents, we began to realize that Maui and Stevens Point have many shared values.

- Both are small, rural communities with agricultural roots.

- Both place significant focus on family and education.
- Both value community service and community building.
- Both value arts and culture.

And both share the challenges of meeting many human services needs for their residents and creating opportunities to keep young people in the community.

In establishing the Connected Communities initiative, we aim to build on those commonalities by connecting similar organizations in Maui and Stevens Point to begin relationships and exchange

ideas and best practices for the mutual benefit of both communities.

With the support of Maui County and Stevens Point mayors Mike Victorino and Mike Wiza, the two communities have already connected and are turning conversation into action. Our inaugural Connected Communities partners include:

- University of Hawai'i-Maui College
- University of Wisconsin–Stevens Point
- Maui and Portage County United Ways
- Maui Arts League
- Stevens Point artist Karen Ann Hoffman





Kalynn Pempek
Executive Director of the Sentry Insurance Foundation



Sue Wilcox
Executive Director for United Way of Portage County



Robert Yeiser
AVP, Personal Lines Market Development and Distribution

We have a two-pronged approach in our charitable giving at Sentry. Our foundation oversees our corporate giving. Through events such as our United Way campaign and other personal donations, our associates contribute generously to their communities.



“Maui County’s partnership with Sentry through Connected Communities reminds us that while Hawaii is more than 4,000 miles away from Sentry’s home in Wisconsin, our people, values, priorities, and challenges are nearly identical. We deeply appreciate the lei of aloha between the people of Sentry and the people of Maui County.”

– Mike Victorino, Mayor of Maui County



“The partnership that Sentry has created through Connected Communities is something special. It helps us understand that even though we’re nearly half a world apart, together we grow stronger through that connection.”

– Mike Wiza, Mayor of Stevens Point



HOW WE STRIVE TO SUPPORT OUR COMMUNITIES

Our support through the Sentry Insurance Foundation goes beyond financial resources. Learn how we bring leaders together to exchange ideas for a better tomorrow.

Supporting hunger relief efforts on Maui

With an economy highly dependent on travel and tourism, the pandemic hit Maui hard. While visitors have returned, lingering effects from COVID-19 remain.

Through our ongoing conversations with our partners on the island, we learned that childhood hunger is a growing issue for the island, with one in five children getting their meals solely at school, according to Feeding America and the Maui Food Bank. That means when school isn't in session, many children will go hungry.

Through our Sentry Insurance Foundation, we contributed \$100,000 to the Maui United Way for the Kaukau 4 Keiki winter program that provides breakfast and lunch for 1,500 children on Maui, Moloka`i, and Lāna`i.

The donation follows a \$250,000 grant to the Maui Food Bank earlier in the year.

As our connection with Maui and its people deepens, we want to continue pitching in during times of greatest need.



“We work year-round to develop relationships with the people of Maui, our ohana (family). When we learned that food insecurity is a stark reality for many Maui families, we knew we needed to help. It’s a burden no family should have to bear. No child should go hungry.”

– Kalynn Pempek, Executive Director of the Sentry Insurance Foundation

Engaging with young golfers through First Tee

Becoming a First Tee trustee in 2021 extends our commitment to supporting youth and families. First Tee Founding partners, including the USGA, LPGA, and PGA TOUR, formed the organization to focus on youth development through golf. First Tee reaches kids in underserved and diverse communities—making golf a more inclusive game.

While having fun, participants build confidence and character. The values First Tee teaches—integrity, honesty, and determination—resonate with us. We look forward to finding new ways to engage with First Tee and its participants.



First Tee CEO Greg McLaughlin (left), Pete McPartland (middle), and PGA TOUR Commissioner Jay Monahan (right) join participants from First Tee—North Florida. Pictured are (left to right) Jacob Davis, Dominic Clayton, Grace Richards, and Manyi Ngu, at the annual First Tee Trustee Meeting in October.

“Sentry’s investment will have a lasting impact as we open the door to more kids, empowering them to discover their values and build upon their character strengths.”

– Greg McLaughlin, CEO of First Tee





Making a difference closer to home

Our golf-related initiatives are just one aspect of our dedication to our communities. Through our Sentry Insurance Foundation, we contribute to organizations that understand the needs of their residents and work directly on projects to improve their quality of life.

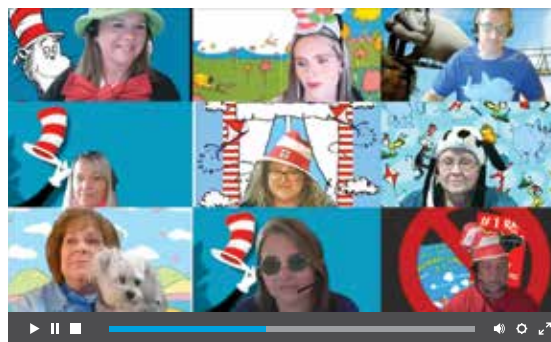
Coming together for United Way

Our United Way campaign is an annual highlight for our associates. They look forward to the campaign and the opportunity to come together to make a meaningful impact in our communities. And participation is growing.

During our 2021 United Way campaign—conducted virtually for the second straight year—more associates contributed across the country than ever before. Together, we raised a companywide record \$1.575 million for United Way, including \$1.23 million for United Way of Portage County.

\$1.575 million

Our associates take the lead in organizing our annual United Way campaign. In 2021, we held more than a dozen fundraising events, including a golf outing and online contests for best photos and videos.



“You make life a little easier and more manageable for our most vulnerable populations here in Portage County and in so many other communities that you serve and where you give back. In many situations, your support changes lives. In some, you save lives.”

– Sue Wilcox, Executive Director for United Way of Portage County

Cherry Starr addressed project leaders and donors at the ceremonial groundbreaking for Rawhide's Building Hope facility project expansion in October 2021. We're grateful for our ongoing, 49-year relationship with the Starr family.



Honoring Bart Starr through Building Hope campaign



Bart Starr

Bart Starr is a beloved figure at Sentry. As our longest-serving board member and a lead director, he dedicated 34 years to help shape our business and community efforts. Yes, Bart was a championship-winning Hall of Fame quarterback for the

Green Bay Packers. Yet when others speak of him, it's about his life off the field. He had the ability to make anyone he interacted with feel special.

In his honor, we committed \$1.5 million to Rawhide Youth Services in New London, Wisconsin, for its Building Hope campaign and Bart and Cherry Starr Museum. Bart and Cherry were founding members of Rawhide, a residential treatment center for at-risk youth.

Through this campaign, Rawhide can construct and expand facilities to provide crucial services. This includes classrooms and training centers for individuals struggling with mental, emotional, and behavioral health challenges.



Our business model drives continued success

For the 2021 fiscal year, we saw very good financial results—the best in our modern history. Our earned premiums grew 12.8 percent to \$3.5 billion. We earned \$583 million in pretax operating income and increased our surplus by nearly 16 percent to \$7.6 billion.

We differentiate ourselves in the insurance industry with our diverse product offerings and distribution systems, along with our dedication to customer service. Our pursuit of new business opportunities continues to drive revenue growth, while maintaining our focus on profitability and protection of our policyholders. These factors, coupled with our integrated risk management process, continue to keep our balance sheet as one of the strongest in the industry, a hallmark of Sentry.

We achieved strong results while navigating a global pandemic and facing a wide range of industry challenges, such as the rising costs of bodily injury claims, climate-related events, and other inflationary pressures.

By making prudent investment decisions, anticipating industry trends, strengthening our relationships with independent agents, and entering new markets, we've been able to withstand these challenges. We've also continued to embrace the power of data analytics and investing in technology to serve our customers.

Together, these efforts contribute to our stability and financial strength—the attributes that helped us earn an A+ rating from AM Best for the

30th consecutive year.* We're well-positioned to withstand industry and economic headwinds, and we're able to pursue growth opportunities when they present themselves.

Basis of financial statements

In 2021, Sentry reorganized to a mutual holding company structure, creating Sentry Mutual Holding Company (SMHC) as the lead entity of the group. Prior to 2021, Sentry Insurance Company (formerly Sentry Insurance a Mutual Company) was the lead entity of the group. The following consolidated financial statements present results of SMHC, and its subsidiaries and affiliates, for the year 2021, while 2020 results are presented under the previous structure for comparability purposes. The financial statements were prepared in conformity with statutory accounting practices, prescribed or permitted by the insurance departments of the states in which SMHC and its consolidated insurance subsidiaries and affiliates are domiciled.

These charts show comparative financial highlights from the past 20 years.



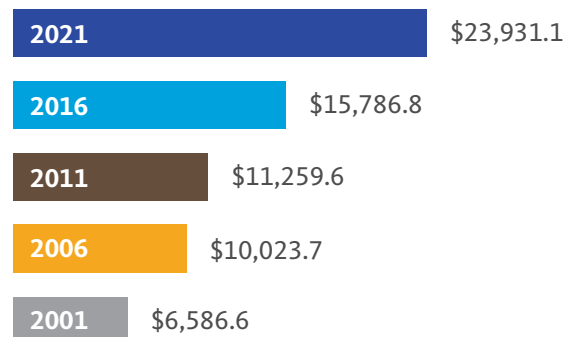
Todd Schroeder
Chief Administrative Officer and Chief Financial Officer

*A+ (superior) AM Best Financial Strength Rating (FSR) current as of June 2021. For details about AM Best's rating scale, see [ambest.com/ratings/guide.pdf](https://www.ambest.com/ratings/guide.pdf).

Financial highlights (Unaudited)

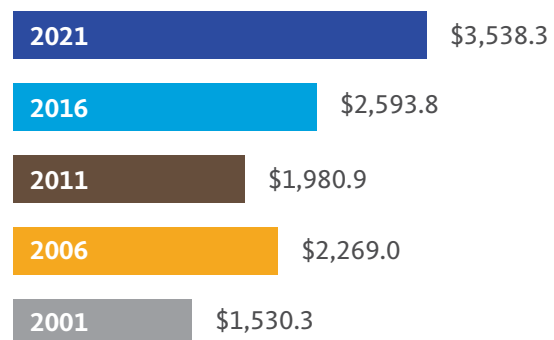
ASSETS—DECEMBER 31

(millions)



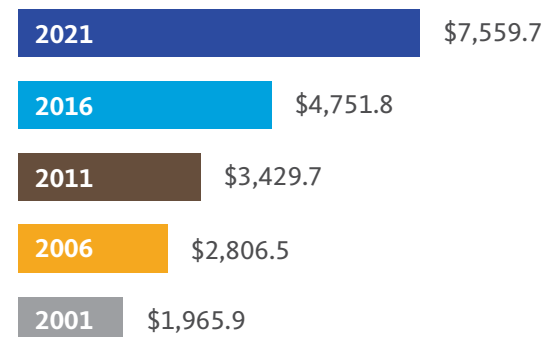
PREMIUMS EARNED—YEARS ENDED DECEMBER 31

(millions)



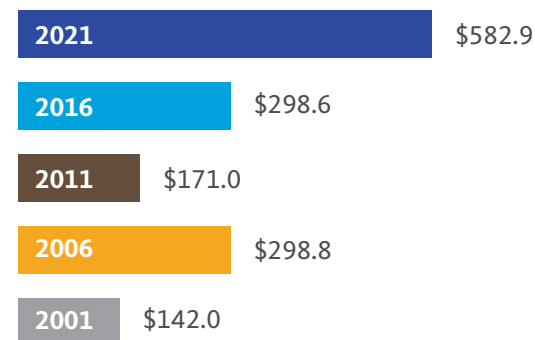
POLICYHOLDERS' SURPLUS—DECEMBER 31

(millions)



INCOME BEFORE NET REALIZED GAINS (LOSSES) AND INCOME TAXES—YEARS ENDED DECEMBER 31

(millions)



Consolidated statutory balance sheets (Unaudited)

| December 31 (Millions) | 2021 | 2020 |
|--|------------|------------|
| Assets | | |
| Cash and investments | | |
| Bonds | \$11,400.7 | \$10,601.3 |
| Common stocks | 1,922.1 | 1,681.2 |
| Company occupied properties | 149.9 | 156.1 |
| Policy loans | 9.2 | 10.3 |
| Cash, cash equivalents, and short-term investments | 102.4 | 169.5 |
| Partnerships | 1,724.8 | 1,414.1 |
| Other | 49.7 | 21.4 |
| Total cash and investments | 15,358.8 | 14,053.9 |
| Receivables | | |
| Insurance premiums and reinsurance | 1,084.8 | 973.6 |
| Interest and dividends | 101.9 | 100.7 |
| Other | 3.3 | 1.8 |
| EDP equipment and operating software | 5.0 | 6.3 |
| Other assets | 128.6 | 107.3 |
| Separate account assets | 7,248.7 | 6,387.9 |
| Total assets | \$23,931.1 | \$21,631.5 |

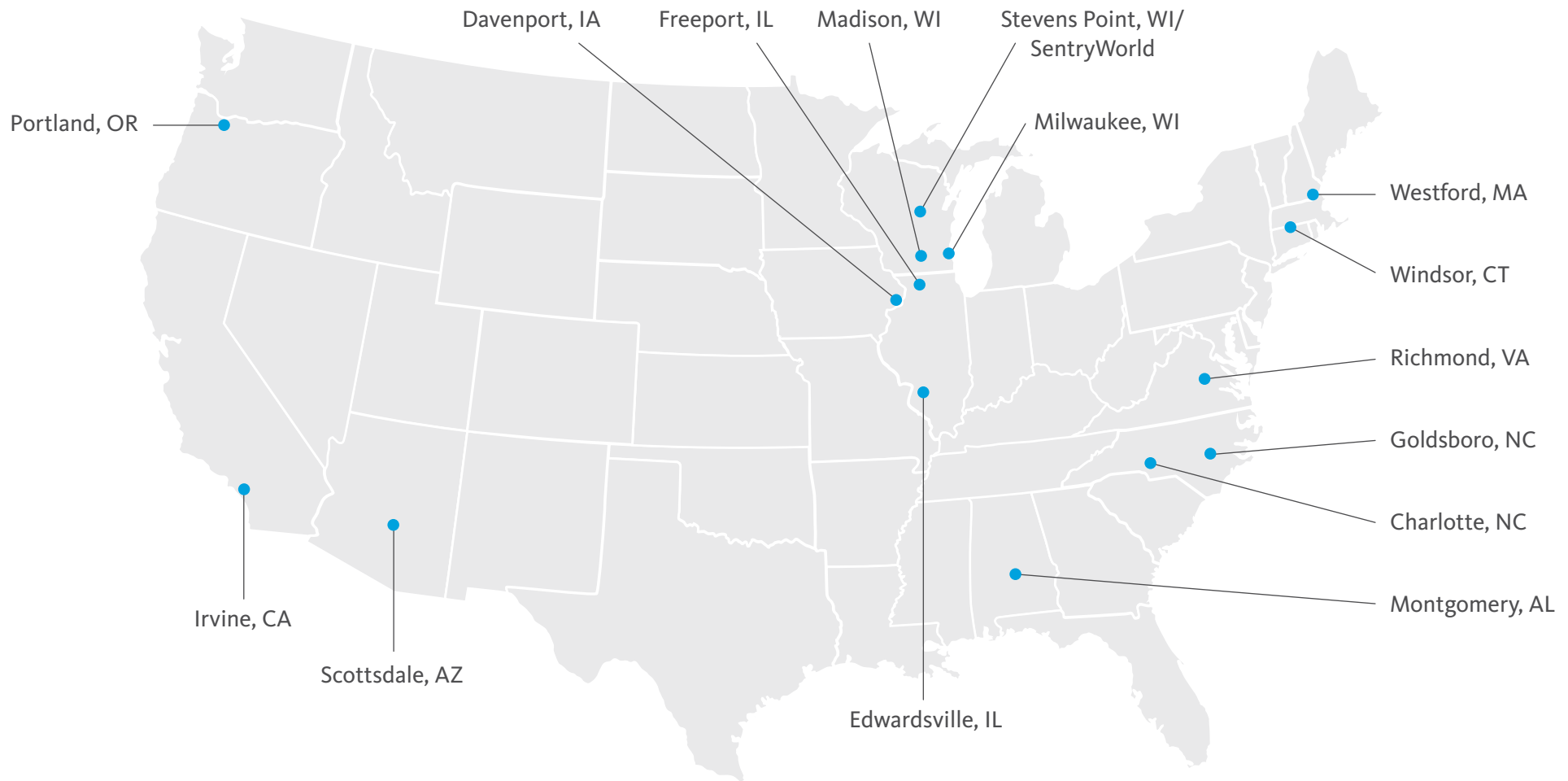
| December 31 (Millions) | 2021 | 2020 |
|--|------------|------------|
| Liabilities | | |
| Property and casualty losses and loss expenses | \$ 4,103.6 | \$ 3,833.6 |
| Life and other future policy benefits | 2,402.8 | 2,480.6 |
| Accident and health unpaid claims and claim expenses | 66.7 | 71.4 |
| Unearned premiums | 1,389.7 | 1,218.5 |
| Other policyholder funds | 13.3 | 14.1 |
| Accounts payable and accrued expenses | 977.5 | 959.0 |
| Federal income tax payable | 37.6 | 30.6 |
| Net deferred tax liability | 90.2 | 14.0 |
| Other liabilities | 42.5 | 82.8 |
| Separate account liabilities | 7,247.5 | 6,386.6 |
| Total liabilities | \$16,371.4 | \$15,091.2 |
| Policyholders' surplus | | |
| Unassigned surplus | 7,559.7 | 6,540.3 |
| Total policyholders' surplus | 7,559.7 | 6,540.3 |
| Total liabilities and policyholders' surplus | \$23,931.1 | \$21,631.5 |

Consolidated statutory statements of operations and changes in policyholders' surplus (Unaudited)

| Years ended December 31 | 2021 | 2020 |
|---|------------|------------|
| (Millions) | | |
| Revenues | | |
| Premiums earned | \$ 3,538.3 | \$ 3,136.3 |
| Net investment income | 684.0 | 518.4 |
| Total revenues | 4,222.3 | 3,654.7 |
| Expenses | | |
| Insurance claims and policyholders' benefits | 2,828.0 | 2,491.7 |
| Operating expenses | 811.4 | 778.1 |
| Total expenses | 3,639.4 | 3,269.8 |
| Income before net realized gains (losses) | 582.9 | 384.9 |
| Net realized gains (losses), net of tax | 242.0 | (116.4) |
| Income from operations before income tax | 824.9 | 268.5 |
| Income tax expenses | 106.1 | 66.7 |
| Net income | 718.8 | 201.8 |
| Policyholders' surplus | | |
| Balance January 1 | 6,540.3 | 6,001.2 |
| Net income | 718.8 | 201.8 |
| Change in net unrealized capital gains and losses | 287.6 | 253.5 |
| Change in nonadmitted assets | (89.4) | 31.3 |
| Change in deferred income tax | (2.0) | 24.4 |
| Post-retirement benefit plans and other surplus changes | 104.4 | 28.1 |
| Change in policyholders' surplus | 1,019.4 | 539.1 |
| Balance December 31 | \$ 7,559.7 | \$ 6,540.3 |

Serving companies nationwide

While headquartered in Stevens Point, Wisconsin, we have a national presence. Our field and regional offices are strategically located to best serve those markets. Through our associates and the relationships we have with independent agents, we're able to pair local expertise with our industry knowledge when working with customers.



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