





#### **Annual Report 2022**

#### ELCO Mutual Life and Annuity

916 Sherwood Drive Lake Bluff, IL 60044

## **ELCO EXECUTIVES**

David A. Bruce President, Chief Executive Officer

**Paul J. Grawe** Executive Vice President, Chief Financial Officer

Eric B. Myers Chief Privacy Officer, General Counsel, Corp. Secretary

**Timothy J. Heaton** Senior Vice President, Chief Strategy Officer **Ponni S. Nainar** Vice President, Treasurer

Lori L. Lemme Vice President, Human Resources

**George A. Seyter** Vice President, Chief Information Security Officer

Silvio A. Rodia Vice President, Chief Risk Officer

**Bill P. Bruce** Vice President, Operations

## **BOARD OF DIRECTORS**

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**Eric B. Myers** CHIEF PRIVACY OFFICER, GENERAL COUNSEL, CORP. SECRETARY *ELCO Mutual Life and Annuity* 

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**Paul J. Grawe** EXECUTIVE VP, CHIEF FINANCIAL OFFICER *ELCO Mutual Life and Annuity* 

**Richard P. Leach** SR. VICE PRESIDENT & CORPORATE SECRETARY, RETIRED *ELCO Mutual Life and Annuity* 

# A message from the President

Former president and CEO, W. D. Bruce was my father and he had set a goal of attaining \$1 billion in assets several years ago. Shortly before he died in February 2022, I had told him that it looked as though we would reach that goal. He had hoped to live to see it but unfortunately, he did not. Perhaps, it was a coincidence, but we did achieve \$1 billion in assets on his birthday in September.

ELCO posted its nineteenth consecutive year of profit. Since 1970, we have had only two non-profitable years. As a mutual company, we work for our policyholders, unlike stock companies that work only for the stockholders.

We are now one year into our five-year strategic plan, Build A Better Future. Our first emphasis is building onto our infrastructure. We have always prided ourselves on being streamlined. Many of our staff have worn multiple hats and performed multiple jobs but we know that to grow, we



will have to add staff. Over the course of the past three years, we have nearly doubled our staff with resolute people that like to help others. This is why 96% of calls coming into our office have been answered by an ELCO staff member during normal business hours. This type of responsiveness is because of the dedication of our staff to meet the expectations of responsiveness and excellent service.

As an organization, we are committed to safe, inclusive, and respectful workplace practices. Since the pandemic, ELCO has successfully incorporated a productive hybrid work environment. Through sharpening our processes and digitizing capabilities, ELCO has developed a flexible environment that supports our devotion to high service standards. Our Diversity, Equity, and Inclusion (DEI) Statement is a permanent part of our mission to ensure all employees and colleagues feel welcomed and valued.

ELCO is an industry leader of the sale of Medicaid Compliant Annuities (MCAs) having been in this marketplace for over a quarter of a century. This is a unique but very necessary market with the inflated costs associated with long term care.

We have a very good life portfolio of products. Our products are consumer friendly. We offer deferred annuity products that are very liquid in comparison to other companies with a 15% annual free withdrawal provision. I can sleep well at night knowing that our line of deferred annuity products are fair, liquid and have competitive interest rates.

Our life insurance portfolio has several products such as, the Silver Eagle Final Expense and Presidio. It also includes the Golden Eagle whole life plan and Platinum Eagle single premium whole life plan. These life products can be tailored into solutions that achieve an individual's financial goal.

Our Preneed line of products are for people who want to have a prearranged funeral so that their families do not have to deal with final expenses during a time of loss. These plans have growth rates so the benefit increases as inflation adds to funeral costs.

ELCO is dedicated to investing in our community. Our staff takes considerable pride engaging throughout the year with local food pantries, senior support programs, and community events. We strive to improve our community to help enhance the quality of life for those in need.

ELCO is an investment grade company recognized by both, A.M. Best Company and Kroll Bond Rating Agency (KBRA). These ratings reflect ELCO's consistent, robust top-line growth, liability management profile anchored with a well-diversified, conservative investment portfolio, and continued evolvement of our Enterprise Risk Management (ERM) program to mitigate operational, financial, security, compliance, and legal risks.

Our founder, Harley Bruce said at the very beginning, for the company to succeed, you need to have strong relationships with agencies and staff. This still holds true and together, we can *Build A Better Future*.

David A. Bruce President and CEO

#### A better future built here.

## **FINANCIAL STRENGTH**

#### STATEMENT OF FINANCIAL POSITION

Bonds & Stocks	\$917,799,406
Sch BA Other Invested Assets	\$66,742,546
Home Office Property	\$2,446,147
Policy Loans	\$89,923
Cash/Short Term Investments	\$39,604,425
Reinsurance & Other Misc. Assets	\$15,934,947
Accrued Investment Income	\$8,188,848
Deferred Tax Asset & Tax Recoverable	\$4,743,095
Total Assets	\$1,055,549,337
Policyholder Reserves	\$914,116,463
Policyholder Reserves Claims in Process	\$914,116,463 \$280,000
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Claims in Process Reserve for Dividends	\$280,000
Claims in Process Reserve for Dividends Next 12 Months	\$280,000 \$1,093,110
Claims in Process Reserve for Dividends Next 12 Months Accrued Expenses, Taxes & Fees	\$280,000 \$1,093,110 \$430,000
Claims in Process Reserve for Dividends Next 12 Months Accrued Expenses, Taxes & Fees Other Liabilities	\$280,000 \$1,093,110 \$430,000 \$42,085,598
Claims in Process Reserve for Dividends Next 12 Months Accrued Expenses, Taxes & Fees Other Liabilities IMR/AVR	\$280,000 \$1,093,110 \$430,000 \$42,085,598 \$19,491,007

Total Liabilities & Surplus \$1,055,549,337

#### SUMMARY OF OPERATIONS

Premiums & Considerations	\$208,744,842
Net Investment Income	\$35,161,824
Misc. Income	\$4,027,066
Total Income	\$247,933,732
Benefits to Policyholders	\$200,994,806
Increase in Reserves	\$21,601,172
Other Expenses, Taxes	\$19,290,319
Total Benefits & Expenses	\$241,886,297
Total Benefits & Expenses	\$241,886,297
<b>Total Benefits &amp; Expenses</b> Gross Gain from Operations Before Taxes & Dividends	\$241,886,297 \$6,047,435
Gross Gain from Operations	
Gross Gain from Operations Before Taxes & Dividends	\$6,047,435

## PHILANTHROPY

ELCO is dedicated to building strong ties in our community and supporting families universally. Philanthropy is near and dear to our hearts and is a fundamental core value we stand for. It is about looking outside yourself and seeing where you can help the most. Philanthropy is good for our emotional well-being by making a positive impact on others. Through our initiative to be there for families, we have donated to over 15 charitable causes. Whether we are trying to raise money for a charity or volunteer our time, the work is meaningful to each of us. It is humbling to see such generosity in our industry and to witness how many people act and give back. Our employees and policyowners can rest assured that we will continue to find ways to give back to those organizations that go beyond the call of duty. ELCO embraces opportunities to stand with our community, and we strive to continue supporting philanthropic endeavors.

We thank each of these valuable causes for letting us give back:

- + Northern Illinois Food Pantry
- + American Cancer Society
- + Alzheimer's Association
- + Lake County Boys & Girls Club

- + Wounded Warriors
- + St. Jude's Hospital
- + Catholic Charities
- + Lion's Club
- + Bernie's Book Bank
- + Village of Lake Bluff



**Top left:** Fred Wilmsen choosing his donation ornament from our Santa For Seniors Christmas tree. **Top Right:** ELCO employees at the Walk to End Alzheimer's. **Middle:** Eric Grawe and Jeffrey Christensen dropping off ELCO's contributions to help seniors in need during the holidays. **Bottom:** ELCO and family of all ages participated in the Fight Against Hunger 5k/10k!

#### ELCO will CULTIVATE, NURTURE, AND ENHANCE LONG STANDING RELATIONSHIPS

with insurance professionals and policyholders by being a **TRUSTED PARTNER** providing **TAILORED SOLUTIONS** to

achieve financial goals.



ELCO Mutual Life and Annuity  $@\,2023$ 



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