



Annual Report
2020

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At the heart of everything we do is a person.

A human being with hopes, dreams, challenges, goals. A worker, an employer, a partner, a colleague, a neighbor.

And we’re the ones they trust to help make their lives safer, stronger, more fulfilling. It’s why we’re driven to do more and be more to those we serve. Because every moment of every day is a chance to change what insurance really means to people.

That’s what we’re all building. A place where the power of a balance sheet is only as potent as the hearts of the people it empowers to do and be better. For every person, business and community that counts on us.

We’re CopperPoint.



Marc E. Schmittlein
President &
Chief Executive Officer

Strengthening our Resolve. Focusing on the Future.

When 2020, a year that we had dedicated to integrating and welcoming Alaska National, suddenly became something unexpected, unprecedented and unsettling, the CopperPoint Family of Insurance Companies saw an opportunity to confirm who we really are as an organization, and as people. When we resolved that there was so much we could do for our customers, for our company and for our communities, CopperPoint delivered.

I look back on a year of such profound challenge and could not be prouder. From billing to business development, claims to community engagement and every department in between, the CopperPoint family showed the heart that drives our higher standard. Our strong 2020 performance is a testament to our resiliency, flexibility and dedication.

Early in the pandemic, we realized that our policyholders, our agency partners and our own people needed a beacon of certainty, so critical business decisions were made quickly and word

spread that we would weather the crisis together. We established temporary payment plans for policyholders experiencing financial hardship to avoid cancellation of business insurance coverage. We created a COVID-19 resource page on our website that continues to provide practical information and resources for our agency partners and policyholders. We seamlessly moved nearly 750 employees to a 100% remote work environment. We refocused more than 30% of our annual community giving budget to COVID-19 relief for community food banks, seniors and healthcare workers. We reinforced our relationships with our select agency partners, who share our focus on exceptional service and pro-active policyholder engagement through our limited distribution network, and remain foundational to our continued success in retaining customers and winning new business.

And, in a significant operational move, our core 10-state western footprint was realigned in August to form three regions; a decision that fortifies our ability to grow while maintaining consistency across our underwriting and service disciplines.

Throughout all this, we embraced our newest addition to the family, Alaska National. Adding this skilled team brings us new underwriting depth, new products with loss-sensitive workers' compensation, and additional lines with commercial property, liability and auto. We're also adopting Alaska National's successful risk services model for very large workers' compensation policyholders across our entire organization. The team at Alaska National continues to exceed expectations, proving our acquisition motto that "1+1 can and should equal much more than 2."

The collective strength and commitment of everyone in the CopperPoint family powered another strong financial performance in 2020. Consistent with the industry, our overall premiums were down 7% because of exposure reductions within our workers' compensation book and continued pricing pressures and rate reductions in many of our core states. But our bottom-line remained strong, with a combined ratio of 98.2% and an increase of 5.3% in surplus to our already fortress balance sheet.

The pandemic was not the only challenge of 2020. Against a nationwide backdrop of renewed calls for social and racial equity, diversity and inclusion, we affirmed our continued commitment to provide a workplace that is open and inclusive, one that embraces all backgrounds, voices and experiences. To help facilitate a more informed conversation and thoughtful strategy around diversity and inclusion, we launched a Diversity Equity and Inclusion Council. Under this group's leadership and with the support of our Board and management team, we have the framework in place to move this critical work forward in 2021 and beyond.

"In challenging times, and for the good ones yet to come, the CopperPoint mission has never been clearer: to put the people we serve at the heart of what we do."

– Marc Schmittlein

Brighter days are surely ahead and we're not slowing down. We continue to add superior talent and invest in our information technology, data and analytics. The completion of our Enterprise Data Warehouse this year will only strengthen this transformation. We're also investing in new platforms that will make it easier for our agency

partners and policyholders to do business with us. With Alaska National now firmly part of our family of companies, we'll further integrate our customer experience to provide consistent coverage solutions, responsive claims handling and exceptional services. Moreover, in the spirit of alignment, we are excited to share our new unified brand identity of which this report is the first example. The result of fruitful and enthusiastic collaboration across the entirety of our family and candid insights from all our audiences and stakeholders, this authentic expression of what makes us uniquely CopperPoint is distilled in our new brand story throughout this report.

None of this would be possible without the valued strategic direction and support of the CopperPoint Board of Directors. I'd like to also thank our agency partners and customers for placing their trust and business with us, and our dedicated employees for delivering remarkable results in an exceptionally challenging year.

We learned one thing for certain this past year: We're all stronger when we work together. I am excited to introduce you to a renewed CopperPoint Insurance Company that is truly The Heart of a New Standard.

With sincere appreciation,



Marc E. Schmittlein
President & Chief Executive Officer

An extraordinary year, an exceptional response.

Throughout a challenging 2020, we are proud of the CopperPoint Family of Insurance Companies' collective results. Our timeline highlights some of our most significant milestones of the past year.

2020 Year in Review

Alaska National Integration

Integration efforts begin for our newest addition, Alaska National, to the CopperPoint family.

JANUARY

Remote Work Environment | COVID-19 Resource Center

Nearly 750 employees transition to remote work during COVID-19 pandemic while keeping business systems operational to support customers' needs.

MARCH

Created a COVID-19 Resource Center on website to provide practical information and resources.

JUNE

Diversity, Equity & Inclusion

Diversity, Equity & Inclusion Council launched.

JULY

Ward's 50®

Alaska National named to Ward's 50® list of top performing property-casualty insurance companies for the tenth year in a row.

AUGUST

Regions Established | New Website

Realigned our core 10-state western footprint into three regions.

Released a new CopperPoint enterprise website to make it easier for our agency partners and policyholders to do business with us.

OCTOBER

Leadership in Advocacy


Marc Schmittlein awarded the President's Award for Leadership in Advocacy from the American Property Casualty Insurance Association.

DECEMBER

Pay as You Go | AM Best Rating

Development of a new Pay as You Go product announced.

AM Best Affirms A "Excellent" Rating for CopperPoint Insurance Companies.

A man in a dark suit and a woman in a grey dress are shaking hands in a modern office. The woman is holding a black folder. They are standing in front of a glass wall, and the background shows office equipment and lights.

**Proactive, precise,
prompt. Strengthening
our partnerships.**

Agency Partners

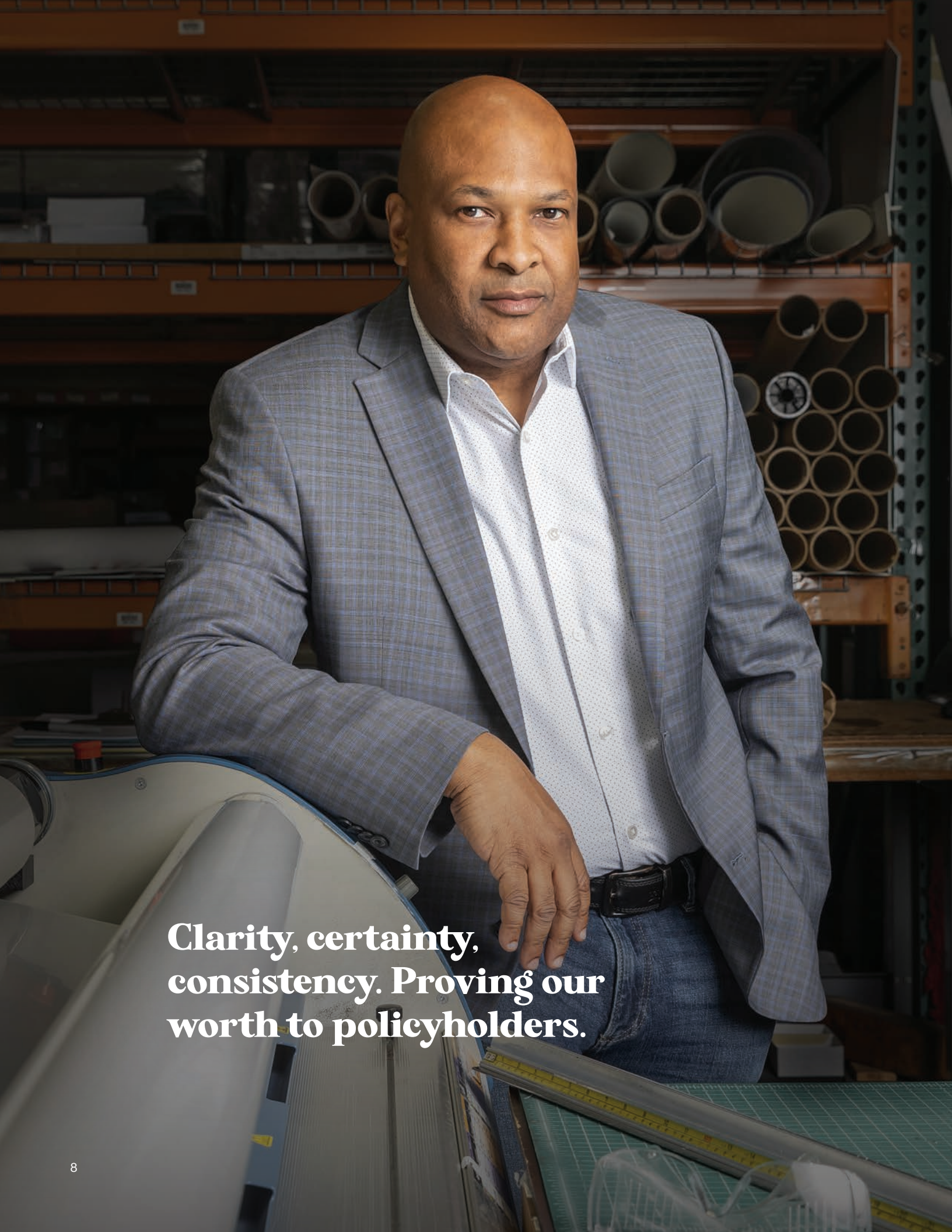
In a year when relationships mattered more than ever, our limited distribution model served as the foundation of our success, service delivery and stability. Our philosophy, built on collaboration with select partners who are market leaders, reinforced the importance of strong relationships. Our goal has always been to partner with the best local talent, to collaboratively build superior franchise value with a focus on mutual success. Listening to and collaborating with our agent/broker partners, allowed us to weather the test of 2020, together.

By swiftly establishing a pro-active communications strategy, we offered transparency in an unprecedented business environment further proving the resiliency that our limited distribution model affords.

In August, we realigned our core 10-state western footprint into three distinct regions; a move that strengthens our ability to grow while maintaining consistency and focus across our underwriting and service disciplines. In California, our operations were unified under the CopperPoint brand to deliver an enhanced experience for our agent/broker partners and policyholders, a move that has been well-received by our partners. This brand unification was the result of our PacificComp and Alaska National California teams working to combine the best of both organizations into one cohesive brand – CopperPoint.

Complemented by the expansion into new verticals, the co-development of new products such as Pay as You Go and the cultivation of new partnerships, the prospects for sustained mutual success look bright.

Every day we strive to enable our agent/broker partners to exceed their clients' expectations by delivering exceptional experiences from local service teams. We build long-term relationships that transcend the transactional.



**Clarity, certainty,
consistency. Proving our
worth to policyholders.**

Policyholders

Personal interactions and a willingness to go further define CopperPoint. We made sure the people and the businesses felt secure, seen and heard, embodying a reassurance, a responsiveness and a level of service that remained uncompromised throughout 2020, even after the majority of our company began working from home in March.

We applied a keen focus and agility to help keep our policyholders' businesses going when payrolls were down and the situation was precarious. And these are the qualities we take forward into 2021. If anything, this crisis was a catalyst for change as well as a confirmation of collective character: a chance to show that we really are alongside our policyholders for the long run.

We emerged from this year having adapted and advanced new ways of working and delivering customer solutions and value across underwriting, claims, loss control, risk management, legal and premium audit. Flexibility and fairness have always been our watchwords, irrespective of business scale or any particular policyholder scenario. Today, they are the values which guided our business decisions.

Our financial strength gives us the foundation to balance more: the operational and financial agility to assist policyholders in addressing challenges they face. Consequently, we were able to give businesses room to recover, reboot and refocus for the future, arranging temporary payment plans for those who were hit hard and to avoid the threat of cancellation of coverage.

Reinventing value, virtually

Although working with customers in the field was restricted, our risk management and loss control capabilities improvised, tested and found new ways to provide the protection and prevention our clients depend on. We developed digital tools that enabled us to see and evaluate what a client was seeing onsite simultaneously and propose measures and recommendations accordingly. Exceptions were occasionally made for vital in-person visits and consultations, but these were conducted subject to strict guidelines and protocols and in conjunction with our policyholders and agents/brokers. And throughout, we helped them navigate a torrent of constantly changing information to establish guidelines and compliance with new regulations.

Such efforts position us more strongly for the future. The bonds with the businesses who rely on us are tighter; we repeatedly demonstrate and prove what doing and being more actually mean to their peace of mind – and their bottom-line.

It's how insurance should feel: peerless knowledge, resources and expertise mobilized to prioritize the security, survival and success of our policyholders.



**Compassion, care,
consistency. How we work
for the injured worker.**

Injured Workers

The people we help make whole are the heartbeat of our country. They're also someone's parent, child, relative. We always have the injured worker at heart, and in this tumultuous year, our embrace of and attention to their questions, worries, journey and lives, never wavered.

That's why we made crucial technological investments and adaptations and focused our efforts to uphold our duties and obligations. We kept them top of mind, kept communications clear, kept them informed, aware and knowing what to expect and do.

Our expertise runs deep: our management team has an average of 20 years' experience; our adjusters, 15 years. Every claim, scenario and person are different - but we bring the same compassion, consideration and thoroughness to each. The pandemic didn't change that; in fact, it made us even more determined and dedicated to the importance of regular contact, open lines of communication, and seamless coordination to get them healthy again, and back to work. Anticipating and accounting for the increased use of telehealth, the increase in elective surgery postponements and overcrowded hospitals, we held fast to providing a timely, consistent and appropriate level of care across all regions.

A claims process everyone can count on.

Remote working brought additional focus on what really mattered: a consistency of process to connect and coordinate adjusters, policyholders, claim relationship managers, medical professionals and family members, allowing the injured worker to concentrate on getting well.

Caring for a traumatic bilateral leg amputee injured in a farming accident by moving him from his rural community closer to medical care, is just one example of how our claims team looks beyond the injury when providing service. This claim was given the same assiduous attention and care as every other, including one where a nail gun discharged into a young man's temporal lobe on a construction site. Or the Dependent Benefits we pay to the children of a single mother working as a nurse who passed away from COVID. The stories are, sadly, numerous, but our sensibility will stay the same: see the whole person, the whole journey back, and do the right thing, for as long as it takes.

Looking forward, we're confident we can do even more. The integration of Alaska National and the merging of three operating platforms into one will accelerate our plan to bring all claims in-house, ensuring consistency of experience, and consolidating key services like 24-hour nurse triage and pharmacy benefits. Even in this remarkable year, we continued to show why so many workers can count on CopperPoint.



**Taking pride in our
promise and purpose.**

Employees

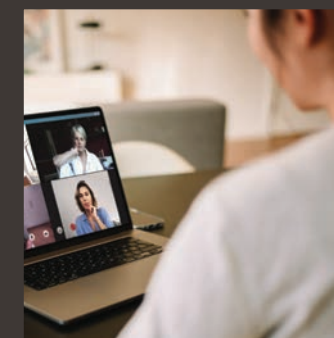
When our world changed last March, CopperPoint had only one thought for our people: to keep them safe and productive. The phased logistical effort to move nearly all 750 employees from our offices to remote working in an incredibly short time was staggering enough, but the real revelation was how it brought everyone closer together. We acknowledge our essential workers who contributed to our continued business success.

The impact was profound. A communal acknowledgement of this new environment, and a collective resolve not just to make the best of it, but to demonstrate what's best in us. Not just to each other, but to all the people we serve. It was a powerful, moving confirmation of the values we have in common: our pride in what we do, our entrepreneurial urge to solve, that incessant curiosity to find an answer, a way to move forward, our enthusiasm for sharing and building ideas together. Whatever our role, wherever we were located, whichever company in the family we came from, we felt the same spirit.

We met and connected with people and parts of the company we otherwise might not have – and we liked what we found. It wasn't just mutual respect that grew; it was a shared purpose. Through Zoom calls, weekly huddles, wifi hotspot challenges, pulse surveys, messages, emails, a dedicated COVID inbox and taskforce, we collaborated and cultivated new ways of working that showed who we were, why we were here, and why our culture mattered. To ourselves, and to every partner, policyholder and injured worker who was counting on us.

And all this was achieved while navigating and implementing an integration plan to bring the latest member of the family, Alaska National, into the fold. We instinctively understood and accepted change was hard, but the rewards of what it enabled and empowered far outweighed the upheaval: complementary capabilities and experiences make for a greater place to work, and a fast-growing organization.

We may have missed the office dynamic, but in realizing how powerful the collective heart of this company is, we didn't miss a beat.





**Providing for the
places that make us.**

Community

Wherever there's a CopperPoint community you'll find our people taking the time to improve where we live, work and play. Our long-standing tradition of giving back to celebrate and support healthy families, a thriving workforce and economic development was even more critical in 2020. Our combined giving totaled \$1.6 million in support of these communities.

This year, we dedicated 30% of our community giving dollars to COVID-19 relief. From foodbanks to senior care, healthcare workers to education technology, we responded to community needs with a renewed commitment to make lives safer, stronger and healthier.

Our enterprise also gave generously throughout our three regions and donated \$360,000 to United Way, making CopperPoint the largest corporate donor to Valley of the Sun United Way for a second consecutive year.

Complementing our efforts around diversity, equity and inclusion, we placed diverse community organizations at the forefront of our giving. Today, more than 85% of the nonprofits we support are diversity-focused and we are committed to ensuring that standard continues.

With more than 30 company leaders serving on 36 charitable and civic boards, we are able to extend our influence, support and community reach, while maintaining our locally focused approach. This is further enhanced through our agency partnerships; by supporting organizations that are important to our customers, we strengthen our relationships and broaden our positive impact. Every year, the program has continued to grow. In 2020, we were proud to foster 91 agency partner collaborations with organizations our agents/brokers and policyholders felt a deep passion and connection for. Our CopperClub program will match the giving of our agency partners in support of organizations that deeply matter in the local communities where they live and work.

Our community activities are an essential, well-established part of CopperPoint: who we are is where we are and what we accomplish there. As we continue our forward momentum, everything we do, give and build will be, as ever, local, impactful and heartfelt.

UnitedWay campaign to impact the communities we serve by all enterprise employees

360K

To support local causes close to our business partners hearts

428K

Hygiene kits for the homeless created by 500 employees

25K

\$1.6 million
community giving dollars shared

COVID-19 relief dollars given

539K

85% of 138

DE&I Organizations supported in 2019-20

Financial Overview



Alaska & Pacific Northwest Region



California Region



Southwest Region

CopperPoint listed in the Top 25 groups, companies for workers' compensation in 2020

— Source: PropertyCasualty360.com

\$4.97 Billion in Assets

\$1.469 Billion in Surplus

\$692 Million in Gross Written Premium*

98.2% Combined Ratio

10 State Western Footprint

26 States Fully Licensed

Rated A (Excellent) by AM Best

Over 750 Employees

22 US Ranking in Workers' Compensation

*Includes \$71 Million for one time accounting change.

CopperPoint’s strong financial position supports continued growth and diversification.

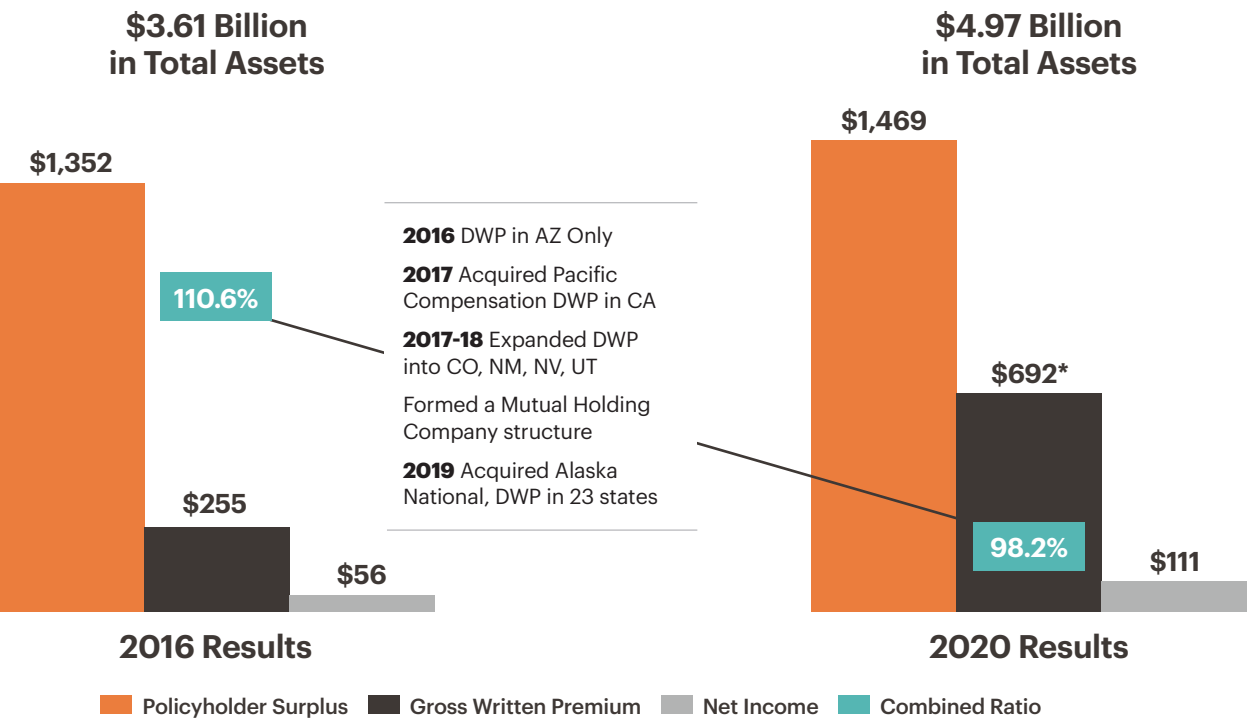
CopperPoint continues to deliver on its strategy of becoming a super-regional property and casualty insurance company while building on its financial strength.

- Capital and surplus totaled \$1.469 billion at December 31, 2020, a 5.3% increase over the prior year ended.

- Total assets of \$4.97 billion have increased 38% since the end of 2016.
- CopperPoint’s combined ratio of 98.2% in 2020 demonstrates its continuous improvement in operating performance.

Financial Performance

(in millions)

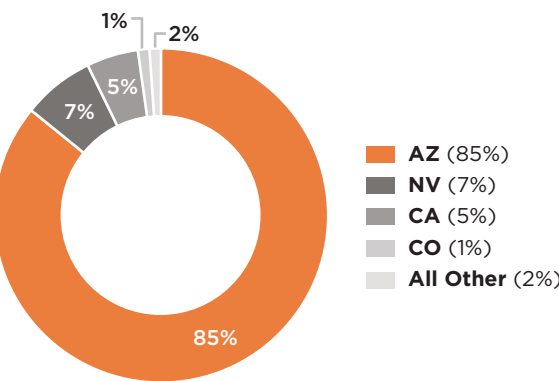


*2020 GWP includes \$71 million for PCIC accounting change

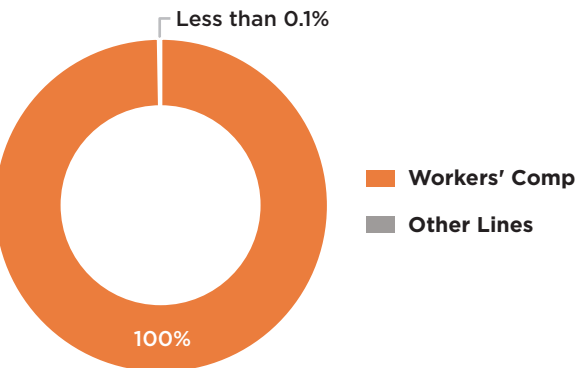
Diversification of Business

CopperPoint 2016: \$255M (GWP)

2016 GWP by State

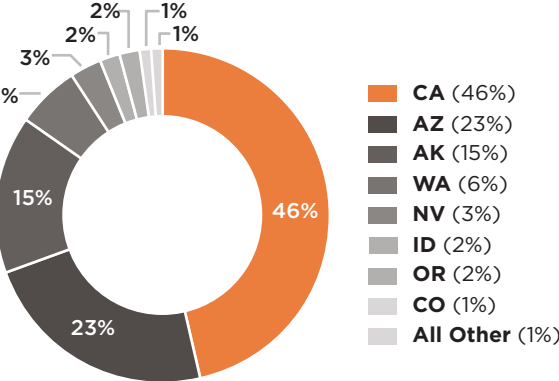


2016 GWP by Line of Business

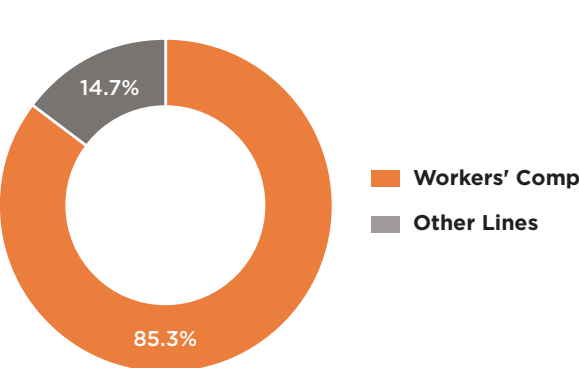


CopperPoint 2020: \$692M (GWP)

2020 GWP by State



2020 GWP by Line of Business



Note: GWP by State and GWP by Line pie charts do not include assumed premium from assigned risk pools.

Consolidated Statutory Financial Statements

(in thousands, unaudited)

Statutory Statements of Admitted Assets, Liabilities and Policyholders' Surplus

	December 31	
	2020	2019*
Admitted Assets		
Investments		
Bonds	\$3,005,024	\$2,827,454
Equity securities	510,521	612,602
Goodwill	127,117	154,058
Mortgages	208,961	167,225
Real estate, net	28,615	30,859
Cash, short-term investments and other invested assets	625,370	587,953
Total cash and invested assets	\$4,505,610	\$4,380,151
Other Assets		
Premiums and considerations due	236,132	175,990
Accrued investment income	19,475	21,371
Net tax assets	25,784	21,223
Other assets	183,845	162,974
Total admitted assets	\$4,970,846	\$4,761,709
Liabilities and Policyholders' Surplus		
Liability for losses and loss adjustment expenses	\$2,612,944	\$2,649,854
Unearned premium reserve	249,097	200,089
Borrowed money	375,422	300,726
Policyholders' dividends (declared but unpaid)	244	318
Provision for reinsurance	851	95
Other liabilities	263,437	216,007
Total liabilities	\$3,501,995	\$3,367,090
Policyholders' surplus	1,468,851	1,394,619
Total liabilities and policyholders' surplus	\$4,970,846	\$4,761,709

Statutory Statements of Operations

	Year Ended December 31	
	2020	2019*
Insurance Operations		
Net premiums earned	\$576,059	\$614,568
Operating Expenses:		
Loss incurred	290,941	296,114
Loss adjustment expenses incurred	84,609	100,542
Other underwriting expense incurred	207,756	211,432
Total operating expenses	\$583,306	\$608,088
Net underwriting gain (loss)	(7,247)	6,480
Investment Income		
Net investment income	126,545	152,209
Net realized investment gains	15,298	54,011
Net investment gain	\$141,843	\$206,220
Other expense	(2,656)	(14,108)
Net income before policyholders' dividends and federal income tax	131,941	198,592
Provision for policyholders' dividends	769	1,367
Federal income tax expense	20,128	37,750
Net income	\$111,045	\$159,475
Loss and LAE ratio	65.2%	64.5%
Expense ratio	33.0%	34.9%
Combined ratio	98.2%	99.4%
Debt to equity ratio	20.3%	21.5%

* The financial results of Alaska National are included for the full year of 2019.

In 2019, CopperPoint reported significant net realized investment gains in conjunction with its acquisition of Alaska National and rebalancing the consolidated investment portfolio.



Company Leadership

Board of Directors

Ken Kirk | *Chair*
Director since 2011

Stephen Tully | *Vice Chair*
Director since 2010

Ronnie Lopez, In memoriam
Director 2009 – 2020

LoriAnn Lowery-Biggers
Director since 2015

Judith Patrick
Director since 1992

Marc Schmittlein
President & CEO | Director since 2017

Mike Tully
Director since 2019

Executive Leadership

Marc Schmittlein
President & Chief Executive Officer

Sara Begley
Executive Vice President, General
Counsel & Chief Compliance Officer

Ginny Caro
Senior Vice President,
Chief Claims Officer

Tom Collins
Senior Vice President &
Chief Underwriting Officer

Rachel Davis-Schultz
Executive Vice President, Chief Human Resources
Officer & Enterprise Operations

Dana Ferestien
Regional President,
Alaska and Pacific Northwest

Michael Goldman
Senior Vice President,
Corporate Development

Dave Kuhn
Regional President, California, Executive Vice
President, Enterprise Distribution

Brad Lontz
Senior Vice President,
Chief Information Officer

Thomas Pytel, Jr.
Vice President, Chief Marketing and Corporate
Communications Officer

Bob Roland
Executive Vice President,
Chief Administrative Officer &
Chief Operating Officer

Awards & Recognition

Property-Casualty Ward’s 50® Companies

Alaska National Insurance Company,
Ranked for the 10th year



Most Influential Women in Arizona

Ginny Arnett Caro, SVP of Claims Services,
Chief Claims Officer



Most Admired Companies

AZ Business Magazine/Best Companies



Arizona Corporate Excellence Awards

- **Second Fastest Growing Private Company in Arizona**
- **Ninth Largest Privately-Held Company in Arizona**
- **CEO of the Year - Marc Schmittlein**



Phoenix Business Journal

**President’s Award for Leadership in Advocacy –
Marc Schmittlein**

American Property Casualty Insurance
Association (APCIA)



Arizona

Phoenix - Headquarters
Tucson

Alaska

Anchorage

California

Irvine
South San Francisco
Walnut Creek
Westlake Village

Colorado

Denver

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