

# 2019 ANNUAL REPORT

***UNITED HERITAGE***<sup>®</sup>  
Mutual Holding Company

UNITED HERITAGE FINANCIAL GROUP

UNITED HERITAGE LIFE INSURANCE COMPANY

UNITED HERITAGE PROPERTY & CASUALTY COMPANY

SUBLIMITY INSURANCE COMPANY



# PRESIDENT'S MESSAGE



**Dennis L. Johnson**  
President & CEO

Greetings from United Heritage Mutual Holding Company (UHMHC). This holding company owns an intermediary holding company, United Heritage Financial Group (UHFG), which owns the stock of three separate companies: United Heritage Life Insurance Company (UHLIC), United Heritage Property & Casualty Company (UHPC), and Sublimity Insurance Company (SIC).

**Financial:** United Heritage Life Insurance Company and Sublimity Insurance Company had strong financial performance in 2019 with both companies exceeding their budgeted net income goals for the year. United Heritage Property & Casualty Company was faced with high claims severity, higher reinsurance costs, and necessary re-risking measures that put them in a net loss position for the year. The management teams and Boards of UHFG and UHPC have been working closely with each other to complete the profit restoration plan, started in 2019, that will put UHPC on a positive trajectory for 2020 and beyond.

**Rating Agencies:** We are pleased to report that while AM Best affirmed each Company's previous letter rating, it has upgraded each Company's outlook from negative to stable with ratings for

## MISSION

**United Heritage** specializes in the design and sale of quality insurance products. We strive for our companies to be service-conscious, profitable, sustainable, and maintain a strong financial position for the benefit of our policyholders, agents, employees, and stakeholders.



each Company remaining in the “Secure” category. This positive action by AM Best further confirms the financial strength of each of our companies. Ratings of all insurance companies are available at [www.ambest.com](http://www.ambest.com).

Also, UHPC and SIC are each rated by Demotech with both companies achieving an “A” rating.

**Risk Management:** Enterprise Risk Management, including Cyber Security Risk Management, continues to be a key focus for all of the companies. This is evidenced by the addition of a Chief Risk Officer to the executive management team. We recognize risk is to be managed by everyone, and to that end, active engagement in training and awareness for all employees is a high priority.

2019 was a year that required the best and brightest efforts of the management teams, employees, and Boards of all companies for the benefit of our policyholders, and we are thankful for everyone’s support and diligence.

Sincerely,  
**Dennis L. Johnson**  
President and CEO  
United Heritage Mutual Holding Company  
United Heritage Financial Group  
United Heritage Life Insurance Company

# VISION

**United Heritage** aspires to be a premier insurance enterprise by promoting a culture of financial strength and service excellence, and by uniting companies that share our rich heritage and dedication to ethical integrity and sustainable responsibility.

# BOARD OF DIRECTORS

## **Steven D. Hauschild // Spokane, WA // Chairman of the Board**



Mr. Hauschild has been in banking since 1980 and has served in various senior positions including Chief Credit Officer, Chief Lending Officer, Market Leader, And Senior Portfolio Manager. He holds a BBA from Gonzaga University and an MBA from Washington State University. He joined the board of United Heritage Life in 2000 and has been a Director of the holding company since it was formed in 2001.

## **Diane L. Polscer // Portland, OR // Vice Chairman of the Board**



Ms. Polscer is the founding partner of the law firm Gordon & Polscer, LLC in Portland, Oregon. Ms. Polscer has experience in complex commercial litigation including business and insurance disputes and appeals. She serves on many law-related and community Boards and committees, has been named an “Oregon Super Lawyer” and listed as one of the Best Lawyers in American Insurance Law. She has a BA from Pennsylvania State University and a JD from the University of Oregon. She joined the Board in 2013.

## **Dennis L. Johnson // Eagle, ID // President and CEO**



Beginning his career as General Counsel of United Heritage Life in 1983, Mr. Johnson was promoted to President and CEO in 1999. He is also President and CEO of United Heritage Mutual Holding Company and United Heritage Financial Group. He has a BA from Northwest Nazarene University and a JD from the University of Idaho, College of Law. He joined the Board of Directors of United Heritage Life in 1998 and has been a Director of the holding company since its formation in 2001.

## **Richard C. Waitley // Meridian, ID**



Mr. Waitley is the President of Association Management Group, which provides management and lobbying services for agricultural and other organizations throughout the northwest. Mr. Waitley has a BS in Agriculture Education from the University of Idaho. He joined the Board of United Heritage Life in 1995 and has been a Director of the holding company since it was formed in 2001.

## United Heritage Mutual Holding Company United Heritage Financial Group

### **Jerome C. 'Tonk' Fischer // Salem, OR**



Mr. Fischer is retired and was a CPA with the firm of Fischer, Hayes, Joye and Allen, LLC for 38 years. Mr. Fischer has served on numerous Boards during his career including 10 years on the Board of Trustees of Northwest Christian College. He was also on the faculty of the Western Agricultural Credit School for over 24 years. He is a graduate of Northwest Christian University and attended the University of Oregon. He received his master's degree at Texas Christian University. He joined the Board in 2013.

### **Michael M. Brem // Turlock, CA**



Mr. Brem has worked in the agriculture industry for over 40 years and retired as President of SupHerb Farms, a grower, processor and marketer of culinary herbs and specialty products. He serves on the Board of Sierra Cascade Nurseries, Turlock Cemetery Association, and the Little Lights Preschool. Mr. Brem has a BS in Farm Management from California Polytechnic State University. He joined the Board in 2014.

### **John W. Holleran // Boise, ID**



Mr. Holleran retired as Executive Vice President and Chief Operating Officer of Itron Inc. He was first named Senior Vice President, General Counsel and Corporate Secretary for Itron in 2007. Prior to Itron, he served as Executive Vice President, General Counsel and Chief Administrative Officer for Boise Cascade Corporation and Boise Cascade, LLC. He has a BA and a JD from Gonzaga University, and attended the Stanford Executive Program. He joined the Board in 2016.

### **Michael M. Mooney // Boise, ID**



Mr. Mooney retired following a 42-year banking career, having served as President of the Bank of the Cascades, Idaho Region, Executive Vice President of the Rocky Mountain Region for KeyBank, President for KeyBank of Idaho, and President and CEO of Farmers & Merchants State Bank. He serves on the Boards of Delta Dental of Idaho, The Andrus Center, Idaho Business for Education, the Idaho Energy Resource Authority, and Idaho First Bank (McCall, ID). Mr. Mooney is an advisory member of the Boys and Girls Club of Ada County, the Shakespeare Festival, and the Idaho Not For Profit Center. He has a BS in Finance from Utah State University and an MBA from Idaho State University. He joined the Board in 2016.

# CORPORATE RESPONSIBILITY



## WEB ACCESSIBILITY

In 2019, United Heritage began working on Website Accessibility, and the accessibility feature was introduced in the first quarter of 2020. Web accessibility is a practice of “Inclusive Design” that ensures people with various disabilities are able to fully access and interact with websites. The goal is for all users to be able to perceive, navigate, and interact with a website regardless of any physical or situational disability.

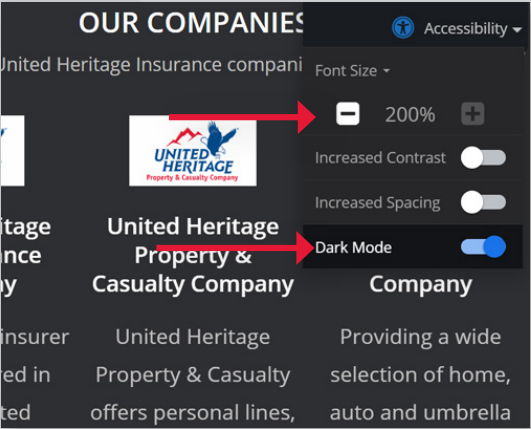
### WEB ACCESSIBILITY ADDRESSES:

- **Visual:** Blindness, low vision, color-blindness, light sensitivity
- **Auditory:** Deafness, hearing impairments
- **Motor:** Inability to use a mouse, slow response time, limited fine motor control
- **Cognitive:** Developmental disabilities, learning difficulties, distractibility, inability to remember or focus on large amounts of information

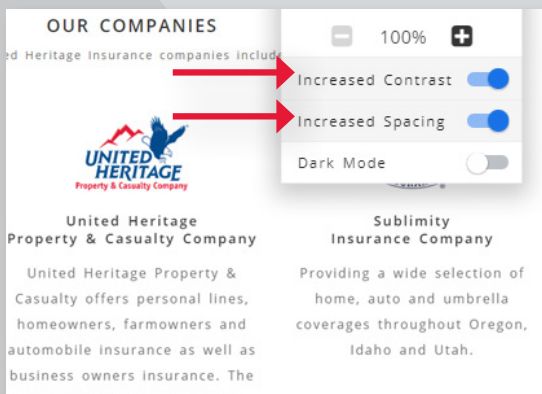


**WE ARE EXCITED TO ANNOUNCE THE UNITED HERITAGE WEB ACCESSIBILITY FEATURES INCLUDE:**

- **Font Size** that allows users to increase the font size up to 200%
- **Increased Contrast** control that achieves a minimum contrast ratio (4.5:1) for elements that contain text
- **Increased Spacing** control that increases the text line height, letter spacing, word spacing, and spacing following paragraphs
- **Dark Mode** color theme that automatically detects if the user has enabled a dark mode preference (in the browser or OS) and if no preference is detected, a control to manually enable if desired
- **Keyboard Navigation** enhancements throughout all pages that enable visual styles and interaction using a keyboard (the same as with a mouse)



# CORPORATE RESPONSIBILITY



- **Skip to Main Content** option for keyboard navigation, to bypass common menu items and access main page content more quickly
- **Assistive Technology** enhancements throughout all pages that improve the ability for screen readers to navigate and communicate website content to the user
- **Persistent Accessibility** settings that are retained / remembered in the browser across page navigation





## ADVERTISING // SPONSORSHIP

2019 marked the fourth year as title sponsor of the “Rodeo on the Radio” broadcast of the 104th Snake River Stampede Rodeo in Nampa, Idaho. The Friday night event was recognized as United Heritage Night and a United Heritage Insurance commercial was featured during the event. The radio broadcast aired on 101.9 FM, The Bull, and streamed live worldwide on boisebull.com. Additionally, commercials were aired during the week of the rodeo on KTVB, a local affiliate of NBC.

2019 was the fifteenth straight year that United Heritage Insurance sponsored the men’s basketball games featuring Northwest Nazarene University and The College of Idaho. The United Heritage Insurance Mayors’ Cup Series games were televised locally in the Boise, Idaho area, and the rivalry remains strong.



**UNITED HERITAGE**  
LIFE INSURANCE COMPANY

## BOARD OF DIRECTORS

**Steven D. Hauschild // Spokane, WA**  
Chairman of the Board

**Diane L. Polsner** // Portland, OR  
Vice Chairman of the Board

**Dennis L. Johnson // Eagle, ID**  
President & CEO

Richard C. Waitley // Meridian, ID

**Jerome C. 'Tonk' Fischer // Salem, OR**

**Michael M. Brem // Turlock, CA**

**John W. Holleran // Boise, ID**

**Michael M. Mooney // Boise, ID**

## MARKETING OFFICERS

**Robert J. McCarvel // Meridian, ID**  
Senior Vice President & Chief Marketing Officer

**John J. Bellamy // Meridian, ID**  
Vice President, Marketing - Annuities

**R. Shane Nelson // Boise, ID**  
Senior Vice President - Group

## REGIONAL DIRECTORS

**Robert A. Hanson // Elk River, MN**

**Calvin C. Mickelson // Grove, OK**

## LICENSED STATES

**United Heritage Life Insurance Company**

Premium & Annuities	101,891,835
Net Income	5,127,666
Assets	626,855,397
Liabilities	556,019,555
Capital & Surplus	70,835,843

**Dennis L. Johnson** | President & CEO



# YEAR IN REVIEW

United Heritage Life Insurance Company (UHLIC) is honored to provide resources for individuals and families during planned and unplanned life events. But, it's the people, the employees and agents, that create the memories of positive experiences for our policyholders.

The Company offers quality life insurance products in the small face amount market, primarily for funeral expenses. The traditional life products have been maturing and that block of business is becoming smaller. The annuity business is robust with fixed products and competitive interest rates. Group insurance is available through brokers and includes life, disability, critical illness, and vision coverage for employees of small to medium size companies.

The Company remains financially strong, having exceeded its 2019 annual net income budget. We are pleased that AM Best also recognizes the financial strength of UHLIC and, while the letter grade remains the same, outlook was upgraded to "Stable." The current rating of UHLIC continues to be in the "Secure" category.

United Heritage Life Insurance Company is a separate insurance company owned by United Heritage Financial Group (UHFG) and does not guarantee the claims of the other companies owned by UHFG.

Thank you to our policyholders, agents, employees, and Board of Directors for their support in 2019.



# UNITED HERITAGE

## PROPERTY & CASUALTY COMPANY

### BOARD OF DIRECTORS

**Nancy K. Napier, PhD // Boise, ID**  
Chairman of the Board

**Joseph P. Shirts, CPA // Eagle, ID**  
Vice Chairman of the Board

**Marjorie A. Hopkins // Meridian, ID**  
President & CEO

**Linda Payne Smith // Boise, ID**

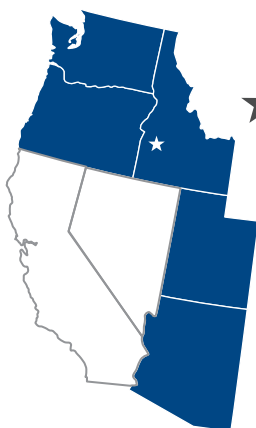
**Rich L. Stuppy // Boise, ID**

**Robert J. McCarvel // Meridian, ID**

### MARKETING

**Jennifer M. Joslin-Powell**  
Marketing Director

### LICENSED STATES



★ Company  
Headquarters

\*Certificate of Authority in  
Washington

#### United Heritage Property & Casualty Company

Written Premium	38,081,970
Net Income	(1,287,108)
Assets	44,627,999
Liabilities	29,444,355
Capital & Surplus	15,183,644

**Marjorie A. Hopkins** | President & CEO



# YEAR IN REVIEW

United Heritage Property & Casualty Company remains focused on its mission to provide quality products, service excellence and to maintain a strong financial position for the benefit of our policyholders, agents, employees and stakeholders.

Although 2019 proved to be a challenging financial year with extraordinary claims severity, the Company continues to maintain its strong financial position and is extremely proud to be there to help our customers recover from the unexpected. The year ended with a net loss of \$1.28 million, direct written premium of over \$38 million, and over \$15 million of surplus. Despite above average claims severity in 2019, the Company received external confirmation of its financial strength through an improvement in its financial stability rating from A M Best of B+ (Good) stable outlook, and a new rating of A, Exceptional, assigned by Demotech.

The staff, management team and directors of United Heritage Property and Casualty want to say “thank you” to the individuals and families who purchase our products through over 300 independent agency locations throughout Arizona, Idaho, Oregon and Utah. We look forward to 2020 and the opportunity to serve our customers.

# SUBLIMITY

## INSURANCE COMPANY

### BOARD OF DIRECTORS

**Jerome C. 'Tonk' Fischer, CPA // Salem, OR**  
Chairman of the Board

**Elaine R. Eastman // Albany, OR**  
Vice Chairman of the Board

**Kevin W. Lucke, CPCU, AIM // Aumsville, OR**  
President & CEO

**William L. Bingle // Salem, OR**

**Byron R. Hendricks // Salem, OR**

**Todd H. Gill, CPA // Meridian, ID**

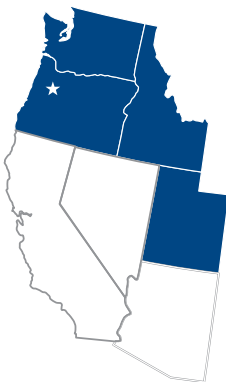
### OFFICERS

**Eric J. Cutler, CPCU, CIC**  
Senior Vice President, Operations

**Michael F. Rasmussen**  
Vice President, Claims

**Michael E. Bergantzel, CPCU**  
Vice President, Accounting & Administration

### LICENSED STATES



★ Company  
Headquarters

\*Certificate of Authority in  
Washington

### Sublimity Insurance Company

Written Premium	34,590,953
Net Income	2,111,915
Assets	42,437,922
Liabilities	23,484,987
Capital & Surplus	18,952,935

**Kevin W. Lucke, CPCU, AIM** | President & CEO

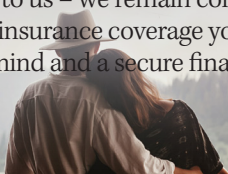


# YEAR IN REVIEW

Sublimity Insurance Company, founded in 1896, joined United Heritage Financial Group in 2003. Working with over 208 professional independent insurance agents, Sublimity offers preferred Auto, Homeowners', Farmowners', Dwelling Fire and Umbrella coverage, backed by excellent service, to our customers in Oregon, Idaho, and Utah.

Thanks to relatively mild weather throughout our operating territory, 2019 turned out to be a solid year. We were able to achieve underwriting profitability for the 2nd consecutive year and produced a record net income of \$2,111,915. Policyholders' surplus experienced a 10.3% improvement to \$18,952,935, further strengthening our claims-paying ability for the benefit and security of our policyholders. Our "A' Unsurpassed" rating from Demotech and our "B++ Good" rating from AM Best were affirmed. All of this was accomplished as we continued to strengthen our book of business, improved our operational efficiency, and developed a strong foundation for future growth.

I'd like to express my gratitude to the entire Sublimity team for their dedication and professionalism. Their commitment to serving our policyholders is our competitive advantage. I'd also like to thank our independent insurance agents and our Board of Directors for their support. To our policyholders, we are honored and humbled that you have entrusted your business to us – we remain committed to providing the insurance coverage you need to give you peace of mind and a secure financial future.



# UNITED HERITAGE

## FINANCIAL GROUP

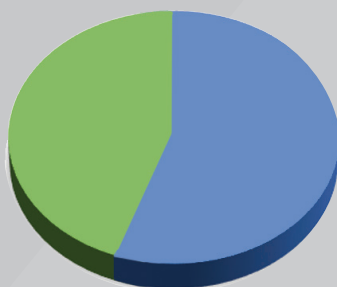
### 2019 FINANCIALS

United Heritage Financial Group is the intermediate holding company in our enterprise. It provides three vital functions; capital management and allocation, administrative coordination, and shared services, including Information Technology, Human Resources, Legal, and Investments. By centralizing these functions at the holding company, the insurers may strategically focus resources on their core insurance operations – marketing, underwriting, client services, and claims.

In 2019, the United Heritage Financial Group of active companies had total revenues of \$215.2 million, total surplus of \$111.0 million, and total net income of 4.7 million.\*

\*Total results include United Heritage Financial Group financials not presented separately.

#### BUSINESS MIX

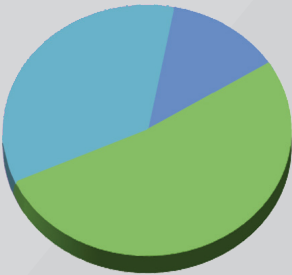


**LIFE INSURANCE**  
58.4%

**P&C INSURANCE**  
41.6%

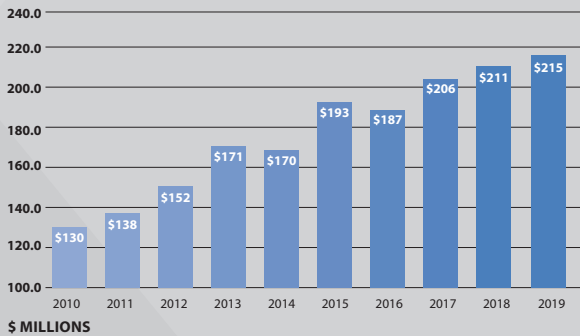


**\$22.4 BILLION – INSURANCE VALUE IN FORCE**

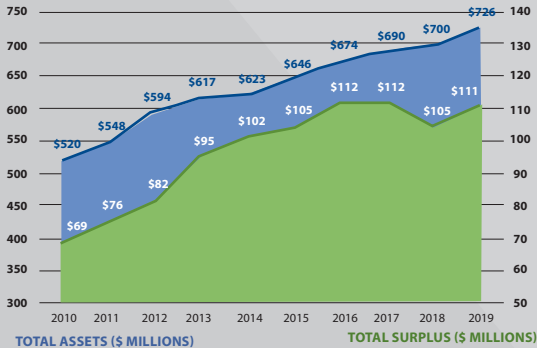


<b>UHLIC</b> \$2.2 BILLION	<b>UHPC</b> \$12.1 BILLION	<b>SIC</b> \$8.1 BILLION
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**TOTAL REVENUES**



**TOTAL BALANCE SHEETS**



# UNITED HERITAGE

## MUTUAL HOLDING COMPANY

### ANNUAL MEMBER MEETING NOTICE

The annual meeting of the members of United Heritage Mutual Holding Company will be held on May 18, 2020, (the third Monday in May) at the United Heritage Home Office, 707 E. United Heritage Court, Meridian, Idaho, at 10:00 a.m. local time.

**Members of United Heritage Mutual Holding Company are those persons who as of the day of the meeting own a policy of insurance issued by either United Heritage Life Insurance Company or Sublimity Insurance Company.**

**SPECIAL COVID-19 PROCEDURES:** If you are a member and would like to listen to the annual meeting by phone, please call 1-800-657-6351 with your policy number and email address and we will email you dial-in instructions on the morning of the meeting.

While we strongly encourage members to participate in the annual meeting by phone or by proxy, if you are a member and would still like to attend and vote in person, please contact us no later than May 12, 2020, and we will provide information about attendance based on then current governmental restrictions and safety considerations.

### 2020 ANNUAL MEETING AGENDA

- President & CEO // Dennis L. Johnson  
– Presiding Remarks
- Chairman of the Board of Directors // Steven D. Hauschild
- Approval of the Minutes of the 2019 Annual Meeting
- Election of Directors
- Standing for election for a 4 year term:  
Steven D. Hauschild, Michael M. Mooney
- President & CEO // Dennis L. Johnson  
– Concluding Remarks



## PROXIES

If you have returned a signed proxy form to the Company, the Board of Directors intends to direct the Chairman of the Board to vote your proxy FOR the election of Steven D. Hauschild (4 year term), and Michael M. Mooney (4 year term) to the Board of Directors at the Annual Meeting. You may revoke your proxy at any time by sending a letter to the Company with whom you are insured stating that you would like to revoke your proxy. We must receive your letter by **May 12, 2020**. Please include your United Heritage Life or Sublimity Insurance Company policy number in your letter and sign the letter.

If you are a member and have not sent in a proxy form and you would like to, please contact the United Heritage Client Services Department at 1-800-657-6351 or Sublimity Insurance Company at 1-800-424-2491.

Finally, if you are a member and have not sent in a proxy form and you would like to cast your vote FOR or AGAINST the election of the Directors standing for election, you may send a letter to the Company indicating your vote. We must receive your letter by **May 12, 2020**. Please indicate your policy number in your letter and sign it.

# UNITED HERITAGE LIFE INSURANCE COMPANY POLICYHOLDER

Have you recently **moved** or  
**changed your mailing address?**

Do you have a **new phone number?**

Are there any other types of services  
you need?

Now is the perfect time to contact  
us to verify your information.

Incorrect or incomplete information we have  
on file may delay processing a change or  
claim you may make under your policy.

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## *SECONDARY LAPSE NOTICE DESIGNEE*

If you would like to designate, replace, or  
delete a second person to be notified in the  
event your life insurance policy lapses due  
to termination, expiration, nonrenewal, or  
cancellation for nonpayment of premium,  
please contact the United Heritage  
Life Insurance Company Client Services  
Department at **1-800-657-6351** or by  
email at **cssupport@unitedheritage.com**.

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**www.UNITEDHERITAGE.com**



**P.O. Box 7777, Meridian, ID 83680 | 1.800.657.6351**

United Heritage Life Insurance Company | Sublimity Insurance Company



*B++ is the fifth of 13 ratings assigned by AM Best  
for financial strength.*

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United Heritage Property & Casualty Company



*B+ is the sixth of 13 ratings assigned by AM Best  
for financial strength.*

*For the latest rating, access [www.ambest.com](http://www.ambest.com).*