

UNITED HERITAGE
Mutual Holding Company

2020

ANNUAL REPORT



UNITED HERITAGE FINANCIAL GROUP
UNITED HERITAGE LIFE INSURANCE COMPANY
UNITED HERITAGE PROPERTY & CASUALTY COMPANY
SUBLIMITY INSURANCE COMPANY

PRESIDENT'S MESSAGE



TODD H. GILL | PRESIDENT & CEO

Dear Stakeholders, what an unprecedented year like no other as we look back on 2020. With a global pandemic, civil unrest, and political divide, our core values are more important than ever. We are here to help people and carry out that mission with respect, integrity, and care. We are proud that this commitment shone brightly again in 2020 by each of our companies.

Structure: United Heritage Mutual Holding Company (UHMHC), our holding company parent, 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: The world experienced the disruption of a lifetime in the 2nd quarter of 2020 as the global pandemic set in. In a year of turmoil, the strength of our team was evident as we strategically focused on taking care of customers, supporting our agents in a virtual world, and stabilizing the disruption that occurred. We are pleased that each of our companies finished the year strong, supporting record combined surplus of \$116 million, record combined assets of \$739 million, and combined revenue of \$205 million. UHLIC and UHPC each regained ground and finished

on target for net income. SIC finished strong and had positive net income, after bearing the brunt of claims from the severe weather event in Oregon over Labor Day. We are proud of how SIC took care of their customers' losses in that event.

Rating Agencies: Kroll Bond Rating Agency (KBRA) affirmed each of our companies' strong ratings: A- for UHLIC and SIC, and BBB+ for UHPC. We are extremely pleased to report that AM Best upgraded each companies' outlook to positive, while affirming each Company's previous letter rating in the "Secure" category: B++ for UHLIC and SIC, and B+ for UHPC. Ratings of all insurance companies are available at www.kbra.com and www.ambest.com. Also, UHPC and SIC are each rated by Demotech with both companies achieving an "A" rating.

In a year like no other, we faced a global pandemic, a severe and catastrophic weather event in Oregon, and civil unrest across our communities. We are proud of the strength and integrity of our teams and our boards of directors that enabled our companies to overcome these challenges, take care of people and finish the year strong.

Sincerely,
Todd H. Gill

President and CEO
United Heritage Mutual Holding Company
United Heritage Financial Group
United Heritage Life Insurance Company

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.

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
CHAIRMAN OF THE BOARD
SPOKANE, WASHINGTON

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.



TODD H. GILL
PRESIDENT & CEO
MERIDIAN, IDAHO

Todd joined United Heritage in 2004 and was promoted to President & CEO for the United Heritage Mutual Holding Company, as well as United Heritage Life Insurance Company on January 1, 2021. He also serves on the Board for Sublimity Insurance Company. As the CEO, he is responsible for the overall strategy and business operations of the companies. Todd graduated summa cum laude in 1992 with a BA degree in both Accounting and Business Administration from Northwest Nazarene College (now University) where he also played varsity basketball. He completed the Executive Education program in 2015 at the Wharton School of the University of Pennsylvania.



DIANE L. POLSNER
VICE CHAIRMAN OF THE BOARD
PORTLAND, OREGON

Ms. Polsner is the founding partner of the law firm Gordon & Polsner, LLC in Portland, Oregon. Ms. Polsner 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 is 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.



RICHARD C. WAITLEY
DIRECTOR
MERIDIAN, IDAHO

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.

BOARD OF DIRECTORS



JEROME C. 'TONK' FISCHER
DIRECTOR
SALEM, OREGON

Mr. Fischer is retired and was a CPA with the firm of Fischer, Hayes, Joye and Allen, LLC, in Salem, Oregon. 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.



JOHN W. HOLLERAN
DIRECTOR
BOISE, IDAHO

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. BREM
DIRECTOR
TURLOCK, CALIFORNIA

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, the Little Lights Preschool, and has been appointed to the Legacy Health Endowment Board of Trustees. Mr. Brem has a BS in Farm Management from California Polytechnic State University. He joined the Board in 2014.



MICHAEL M. MOONEY
DIRECTOR
MERIDIAN, IDAHO

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.

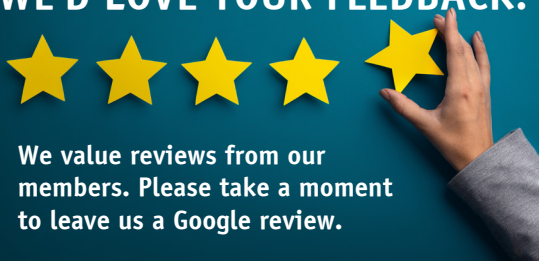
CORPORATE SPONSORSHIPS & CHARITABLE GIVING



For years, the United Heritage family of companies have sponsored many local events through a variety of local organizations as well as separately giving directly to the communities our companies serve. Our companies began 2020 supporting a full slate of events, including sponsoring a number of Chamber of Commerce events, planning for our annual sponsorship of the Idaho Stampede Rodeo, and sponsoring a number of other local events. In early 2020, the global pandemic arose and heavily impacted our companies opportunities to sponsor and give back to the communities our companies serve. As a result of the global pandemic, many of the events our companies were scheduled to sponsor were cancelled for several months, however, in late summer organizations such as the Chambers of Commerce began conducting events on a virtual basis, which gave our companies the desired opportunity to continue our mission to sponsor events again. Even though our companies' representatives were not allowed to attend these events, it was important to our companies to sponsor these events in a long-term effort to give back to the communities we serve and to support the local organizations in a time of elevated need. The leadership of our companies are proud to say that while 2020 was a challenge to sponsor events, our companies were able to continue our long history of supporting organizations such as the Boise Metro Chamber, Meridian Chamber, Leadership Idaho Agriculture, Northwest Nazarene University, St. Alphonsus and Cole Valley Christian School to name a few.

Our family of companies recognize that economic insecurities, among other difficulties, arose in our communities during the global pandemic and in the continuing spirit of serving our communities our companies and employees continued to stepped up. During the holiday season, our employees did a fabulous job by providing Christmas gifts to the Boise Angels organization, adopted 4 foster families, and donated to the JEMfriends organization and the Idaho Food bank. Our companies, through the Idaho Community Foundation, contributed funds to the Idaho Food Bank, Salvation Army, and the Assistance League of Boise. Both our companies and our employees are to be commended in their efforts.

WE'D LOVE YOUR FEEDBACK!



We value reviews from our members. Please take a moment to leave us a Google review.

United Heritage Insurance Policyholders

Use your smartphone to scan the QR Code below, or visit <https://bit.ly/373T8Lu> to leave an online review.

If you have questions about your policy or feedback on how we can improve or better serve you, please call our Client Services department at 800-657-6351.



Sublimity Insurance Company Policyholders

Use your smartphone to scan the QR Code below, or visit <https://bit.ly/2NjnMt2> to leave an online review.

If you have questions about your policy or feedback on how we can improve or better serve you, please call our Client Services department at 800-424-2491.



UNITED HERITAGE LIFE INSURANCE COMPANY



BOARD OF DIRECTORS

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

Diane L. Polsker, JD // Portland, OR
Vice Chairman of the Board

Todd H. Gill CPA, FLMI // Meridian, ID
President & CEO

Richard C. Waitley // Meridian, ID

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

Michael M. Brem // Turlock, CA

John W. Holleran, JD // Boise, ID

Michael M. Mooney // Boise, ID

MARKETING OFFICERS

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

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

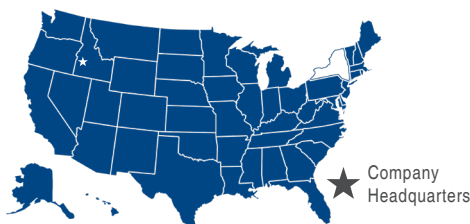
REGIONAL DIRECTORS

Robert A. Hanson // Elk River, MN

Calvin C. Mickelson // Grove, OK

Shaune E. Hudson // Meridian, ID

LICENSED STATES



United Heritage Life Insurance Company

Premium & Annuities	93,243,424
Net Income	5,107,348
Assets	635,122,652
Liabilities	562,578,540
Capital & Surplus	72,544,112



TODD H. GILL | PRESIDENT & CEO

YEAR IN REVIEW

Through an unprecedented year of 2020, protection and peace of mind are more important than ever. United Heritage Life Insurance Company (UHLIC) is honored to provide protection for individuals and families during planned and unplanned life events. We are here for what is most important, and that is taking care of people with respect, kindness, integrity, and care.

The Company offers quality life insurance products in the small face amount market, primarily for funeral expenses and we have a robust annuity business with fixed products and competitive interest rates. Our group insurance offers companies a broad range of employee protection for life, disability, critical illness, and vision coverage.

The world felt the impact of the global pandemic starting in the 2nd quarter of 2020 and we were proud to be there for our customers in their greatest time of need. The Company remains financially strong achieving record surplus of \$72.5 million and record assets of \$635.1 million, while also meeting its income target for the year. We are extremely pleased that KBRA affirmed our A- rating and that AM Best upgraded UHLIC to a positive outlook while affirming our B++ rating.

Thank you to our policyholders, agents, employees, and Board of Directors for their support in 2020.

UNITED HERITAGE PROPERTY & CASUALTY COMPANY



BOARD OF DIRECTORS

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

Linda Payne Smith // Boise, ID
Vice Chairman of the Board

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

Richard L. Stuppy // Boise, ID

Robert J. McCarvel // Meridian, ID

OFFICERS

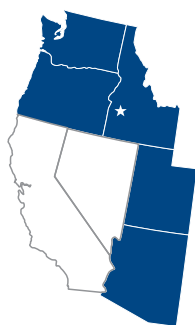
Eric J. Cutler, CPCU, CIC, LPCS
Senior Vice President, Operations

Steven A. Browning
Vice President, Claims

Marcus S. McDonald, CPA, MBA
Vice President and CFO

Michael D. Joy
Vice President, Marketing

LICENSED STATES



★ Company
Headquarters

*Certificate of Authority in
Washington

United Heritage Property & Casualty Company

Premium & Annuities	37,402,355
Net Income	1,326,532
Assets	44,417,898
Liabilities	28,490,450
Capital & Surplus	15,927,449



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 other stakeholders.

2020 has been a year of unprecedented events. Foremost on our minds is everyone's health and safety. Our hearts go out to all who have been indirectly impacted or have suffered personal losses during the year. Through it all, we were proud to deliver the same level of excellent service you have come to expect, even while needing to have over 70% of our workforce remote.

Despite multiple windstorms and an active wildfire season, the Company had solid financial results and generated \$1.3 million of net income, a notable improvement over 2019. The year ended with a 102% combined loss ratio and nearly \$16 million in surplus.

In addition to highly favorable financial results, the Company received positive news from AM Best with a revised outlook to positive from stable and reaffirmed a financial strength rating of B+ (Good). Additionally, KBRA and Demotech affirmed the Company's ratings of BBB+ (Good) and A, Exceptional.

The staff, management team and directors of United Heritage Property & Casualty Company 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 2021 and the opportunity to serve our customers.



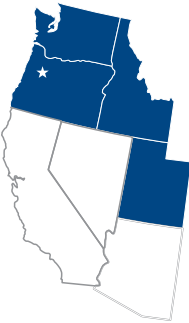
BOARD OF DIRECTORS

- Elaine R. Eastman // Albany, OR**
Chairman of the Board
- Byron R. Hendricks // Salem, OR**
Vice Chairman of the Board
- Kevin W. Lucke, CPCU, AIM // Aumsville, OR**
President & CEO
- Jerome C. 'Tonk' Fischer, CPA // Salem, OR**
- Theresa A. Haskins // Salem, OR**
- Todd H. Gill, CPA, FLMI // Meridian, ID**

OFFICERS

- Eric J. Cutler, CPCU, CIC, LPCS**
Senior Vice President, Operations
- Steven A. Browning**
Vice President, Claims
- Michael E. Bergantzel, CPCU, ARe, AAM**
Vice President, Accounting & Administration
- Michael D. Joy**
Vice President, Marketing

LICENSED STATES

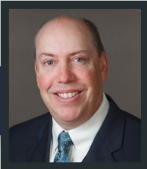


★ Company
Headquarters

*Certificate of Authority in
Washington

Sublimity Insurance Company

Premium & Annuities	32,785,467
Net Income	729,449
Assets	42,202,695
Liabilities	22,971,607
Capital & Surplus	19,231,088



KEVIN W. LUCKE, CPCU, AIM | PRESIDENT & CEO

YEAR IN REVIEW

Founded in 1896, Sublimity Insurance Company offers preferred auto, homeowners', farmowners' and umbrella insurance coverages to customers in Oregon, Idaho, and Utah. Partnering with over 200 professional independent insurance agency locations, our dedicated and professional staff is committed to delivering the excellent service that our customers have come to expect. That service is backed by a firm financial foundation, as evidenced by our "A"-rating with KBRA, an "A" Unsurpassed" rating with Demotech, and a B++ rating with AM Best.

The term "unprecedented" will forever be synonymous with 2020. First, the whole nation wrestled with the challenges brought on by the global pandemic which dramatically impacted the economy and challenged our operation in so many ways. Then, a severe storm in September set in motion catastrophic wildfire and wind losses over our three-state operating territory, inflicting millions of dollars in losses to our insureds' properties. Despite these events, we were able to respond to all of our customers' needs quickly, mitigating the impact of these devastating losses. While we are accustomed to better financial results, we were still able to produce net income of \$729,449 which allowed us to increase our policyholders' surplus to \$19.2 million – a noteworthy outcome given the scope and scale of these disasters.

I am always thankful to our staff for their efforts but am especially so for their steadfast perseverance in 2020. It would have been easy to be dispirited with such a year, but you stayed strong and committed to weathering the storm, figuratively and literally, to provide top-notch service to our customers. I also would like to express my thanks to our Board of Directors and to our many agency partners for your continued support. To our policyholders, I am grateful to you for entrusting us with your business. As Sublimity embarks on its 125th year, we look forward to product and service enhancements that will demonstrate our ongoing, long-term commitment to serving you.

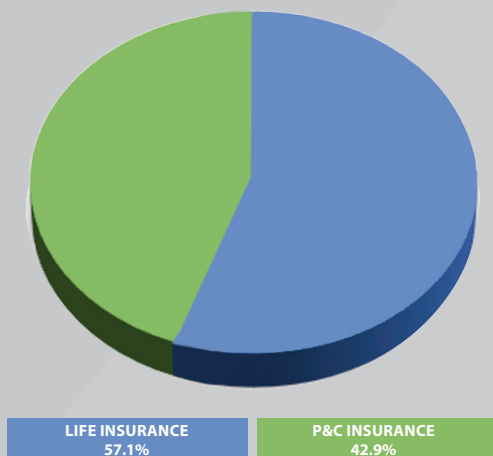
2020 FINANCIALS

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.

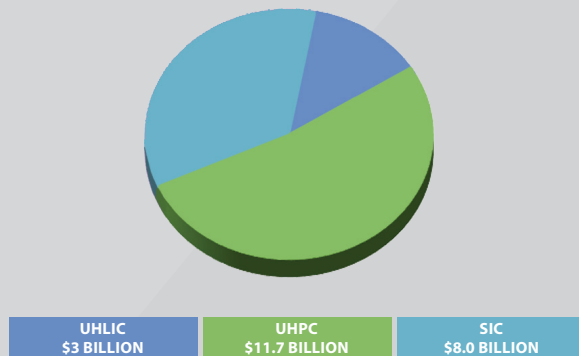
In 2020, the United Heritage Financial Group of active companies had total revenues of \$204.8 million, total record surplus of \$116.4 million, and total net income of \$6.8 million.*

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

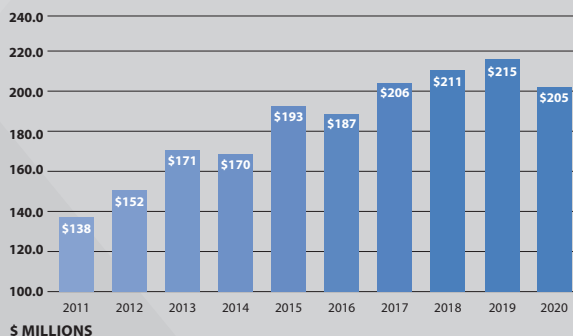
BUSINESS MIX



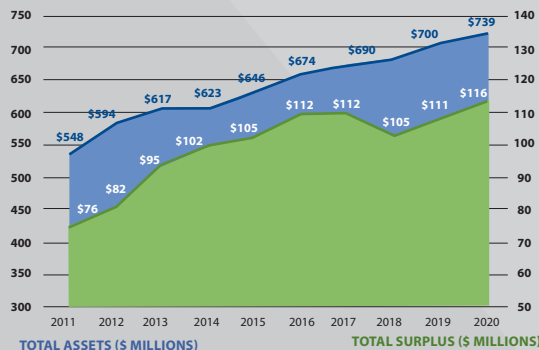
\$22.7 BILLION – INSURANCE VALUE IN FORCE



TOTAL REVENUES



TOTAL BALANCE SHEETS



ANNUAL MEMBER MEETING NOTICE

The annual meeting of the members of United Heritage Mutual Holding Company will be held on May 17, 2021, (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 11, 2021, and we will provide information about attendance based on then current governmental restrictions and safety considerations.

2021 ANNUAL MEETING AGENDA

- President & CEO // Todd H. Gill
 - Presiding Remarks
- Chairman of the Board of Directors // Steven D. Hauschild
- Approval of the Minutes of the 2020 Annual Meeting
- Election of Directors
- Standing for election for a 4 year term:
Todd H. Gill
- Standing for reelection for a 4 year term:
Diane L. Polscer
- President & CEO // Todd H. Gill
 - 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 Todd H. Gill (4 year term), and Diane L. Polscer (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 11, 2021**. 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.

SAVE TIME BY SUBMITTING ONLINE

Your vote is important. You may vote in person, by electronic submission of a proxy, or by mailing this proxy form.

United Heritage is committed to electronic communications and is pleased to offer our members the opportunity to submit proxy forms electronically.

For **United Heritage Life Insurance Company** members, visit <http://bit.ly/3oN4Ccd> to vote electronically.

For **Sublimity Insurance Company** members, visit <https://bit.ly/3cElyOK> to vote electronically.

**PLEASE DO NOT MAIL YOUR PROXY FORM IF YOU
SUBMIT YOUR PROXY FORM ELECTRONICALLY.**

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.

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**.

www.UNITEDHERITAGE.com



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

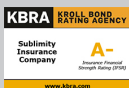
United Heritage Life Insurance Company



United Heritage Property & Casualty Company



Sublimity Insurance Company



For the latest rating, access www.krollbondratings.com

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

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

For the latest rating, access www.ambest.com.

The most current Financial Stability Rating® must be verified by visiting www.demotech.com