

A photograph of a United Heritage Insurance building with the company name on the facade. In the foreground, there are tall grasses and green shrubs.

# 2021

## ANNUAL REPORT

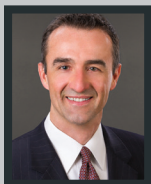


***UNITED HERITAGE***<sup>®</sup>  
Mutual Holding Company



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

# PRESIDENT'S MESSAGE



**TODD H. GILL**  
PRESIDENT & CEO

Dear Members, as the pandemic continued through 2021, we all experienced other macroeconomic uncertainty, inflation, political divide, and world conflicts. I am proud of our team at United Heritage for displaying incredible resiliency, adaptability, and customer service in navigating the challenges as well as striving to meet the goals of our business plans. Our commitment remains the same, to deliver an outstanding customer experience.

**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).

**Core Beliefs:** During 2021 our teams collaborated to refine and enhance the core beliefs we aspire to every day. As a result, we have published a clear set of core beliefs: We Care, Relationships Matter, Do The Right Thing, Believe It's Possible, and Own It. These define who we are and aspire to be in serving our customers. We care about our employees, customers, and communities, and relationships are at the core of our service commitment.

**Financial:** The disruption of the pandemic continued to be experienced throughout 2021. During this year, our incredible team and agents continued to adapt and provide

excellent service. While our life company did pay higher death benefits in 2021 because of COVID-19 as we took care of our customers' needs, we finished the year with record capital of \$76 million and record assets of \$682 million. Our P&C businesses encountered three severe weather events to start the year, paying out over \$4 million in benefits to help policyholders rebuild from those events. Although this created a challenging financial loss year for our P&C businesses, we are proud to have supported our policyholders and agents. As an enterprise the combined financial strength remains evident with record combined revenue of \$226 million, record combined assets of \$782 million, and near record combined capital of \$116 million.

In the second year of the pandemic, following the upheaval and disruption in 2020, we are proud of our employees, Boards of Directors, agents, and communities that strive every day to make a positive impact. Relationships matter! As a mutual holding company, we remain vigilantly focused on our policyholders. And our financial strength allowed us to overcome the challenges encountered in 2021 and position us for a bright future taking care of our customers. Thank you for entrusting your financial security with our companies. Dream Big, Plan Smart!

Sincerely,  
**Todd H. Gill**

President and CEO

United Heritage Mutual Holding Company  
United Heritage Financial Group  
United Heritage Life Insurance Company

## OUR PURPOSE

Helping people achieve financial security and peace of mind through quality insurance products.

## OUR PROMISE

We promise to be a caring and trusted partner who delivers an outstanding customer experience.

## CORE BELIEFS

WE CARE | RELATIONSHIPS MATTER

DO THE RIGHT THING | BELIEVE IT'S POSSIBLE | OWN IT



# BOARD OF DIRECTORS



## STEVEN D. HAUSCHILD

CHAIRMAN OF THE BOARD  
SPOKANE, WASHINGTON

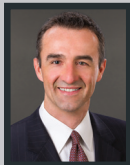
Mr. Hauschild has been in banking since 1980 and has served in various senior positions including chief credit officer, chief approval officer and senior portfolio manager. He holds a BBA from Gonzaga University and a MBA from Washington State University. He joined the Board of United Heritage Life in 2000 and has been a Director of the holding company since it was formed in 2001.



## DIANE L. POLSCER

VICE CHAIRMAN OF THE BOARD  
PORTLAND, OREGON

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 of Directors in 2013.



## TODD H. GILL

PRESIDENT & CEO  
MERIDIAN, IDAHO

Mr. Gill joined United Heritage in 2004 as the CFO, and was promoted in 2018 to COO. He was appointed as President of United Heritage Financial Group and United Heritage Life Insurance Company in 2020, and became President and CEO in 2021. He is a CPA that started his career in 1992 with Deloitte after graduating from Northwest Nazarene College. He is active in his community, serving on local civic Boards.



## 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 and in 2021 was presented an Honorary Doctorate Degree from the U of I in Agriculture Science. 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.



## JEROME C. 'TONK' FISCHER

DIRECTOR | SALEM, OREGON

Mr. Fischer recently retired as 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, and completed post graduate work at Portland State University. He joined the Board of Directors in 2013.



## 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 of Directors in 2014.

# BOARD OF DIRECTORS

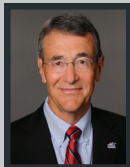


## JOHN W. HOLLERAN

DIRECTOR | BOISE, IDAHO

Mr. Holleran recently 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 of Directors in 2016.

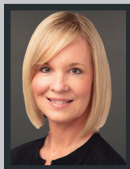


## MICHAEL M. MOONEY

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, and the Idaho Energy Resource Authority. 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 of Directors in 2016.



## MICHELLE E. HEGE

DIRECTOR | SPOKANE, WASHINGTON

Ms. Hege currently serves as the President & CEO for Desautel Hege Communications, a communications firm in Spokane, Washington. Ms. Hege has 25 years of

experience in advertising, public relations, and branding. She received her Bachelor of Arts in English Literature and Politics from Whitman College and later graduated from Eastern Washington University with a Master of Science in Communications. As President & CEO of Desautel Hege Communications, Ms. Hege provides both strategic counsel to clients as well as support to a team of talented people within the company. She joined the Board of Directors in 2022.

## 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.



# CORPORATE SPONSORSHIPS, CHARITABLE GIVING, & SUSTAINABILITY



## CORPORATE SPONSORSHIPS

United Heritage is proud to say that our companies were able to continue our long history of supporting organizations such as the Boise Metro Chamber, Meridian Chamber, Boise Valley Economic Partnership, Boise Convention and Visitors Bureau, Leadership Idaho Agriculture, Northwest Nazarene University, College of Idaho, St. Alphonsus Hospital, and Cole Valley Christian School to name a few. While a number of events and sponsorship opportunities returned in 2021, it was evident that the communities we serve were erring on the side of caution as attendance at a number of events was lower than expected.

## CHARITABLE GIVING

Our family of companies recognize that economic insecurities have arisen over the last year. Rising real estate prices and inflation have impacted individuals in all communities across the country. In an effort to support our local communities, our companies and employees stepped up this past year to help those in need.

During the holiday season, our employees went above and beyond by providing Christmas gifts to the Boise Angels organization and donating to the Idaho Food Bank. A group of employees delivered food in our company fire truck for the Idaho 7Cares food drive.



Over the course of 2020 and 2021, we donated 10 thousand dollars to community foodbanks. Starting in 2022, we implemented a paid volunteer day, which provides time for our employees to serve in our communities.

## SUSTAINABILITY HIGHLIGHTS

**Managing our carbon footprint is a key factor in our business strategy and sustainability commitment.**

At United Heritage Insurance, we strive to educate and empower our employees, while positively impacting the world our customers live in. We look forward to tomorrow as we continue our initiatives in carbon and energy reduction, waste management, and stakeholder engagement.

On any given day, at least 50% of the total work force is working remotely from home, which decreases the commuting miles driven by our employees.

### Greening Our Office

- We’ve ordered concentrated cleanser for sanitizing instead of disinfecting wipes. This resulted in less waste of wipes, containers, and cost.
- We’ve implemented a paperless process for communicating with employees, utilizing Employee Navigator for benefits, BambooHR® for employee files, and DocuSign® for documents requiring signatures.
  - By going paperless, it’s estimated that we’ve saved **2,917 lbs** of wood, **8,588 gallons** of water, **6,846 lbs** of carbon, and **474 lbs** of waste.

### Economic Impact

- During 2021, to address the impact of rising inflation on our workforce we: 1) increased our minimum wage to \$20/hr; and 2) gave a mid-year increase for all employee wages.



BOARD OF DIRECTORS

STEVEN D. HAUSCHILD | SPOKANE, WA  
CHAIRMAN OF THE BOARD

DIANE L. POLSCER, 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

MICHELLE E. HEGE | SPOKANE, WA

MARKETING OFFICERS

ROBERT J. McCARVEL  
SR. VICE PRESIDENT AND CHIEF MARKETING OFFICER

R. SHANE NELSON  
SR. VICE PRESIDENT AND CHIEF CUSTOMER OFFICER

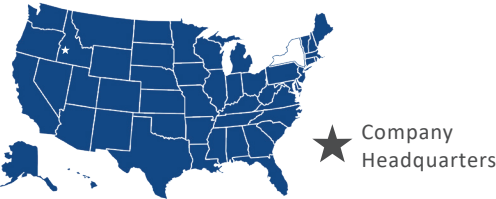
REGIONAL DIRECTORS

ROBERT A. HANSON | ELK RIVER, MN

CALVIN C. MICKELSON | GROVE, OK

SHAUNE E. HUDSON | MERIDIAN, ID

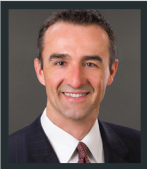
LICENSED STATES



United Heritage Life Insurance Company

Premium & Annuities	\$ 116,853,020
Net Income	5,199,588
Assets	682,175,880
Liabilities	606,028,411
Capital & Surplus	76,147,469

YEAR IN REVIEW



TODD H. GILL  
PRESIDENT & CEO

We have all learned to adapt and plan differently after two years of a pandemic. We remain steadfast in our commitment to take care of people: our employees, our policyholders, our agents, and our communities. One of our Core Beliefs is “We Care” and United Heritage Life Insurance Company (UHLIC) is honored to provide protection for individuals and families during planned and unplanned life events. We are here when it matters most and strive to provide an outstanding customer experience.

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 employers a broad range of employee protection for life, disability, critical illness, and vision coverage.

As the pandemic has continued into its second year, we continue to feel the impact across our communities. Our incredible team is proud to provide financial planning, financial security, and be there to provide critical benefits to our policyholder families in their time of need. The Company remains financially strong, achieving record surplus of \$76 million, record assets of \$682 million, and record revenue of \$154 million, while also exceeding its income target for the year. This enables UHLIC to have excellent financial strength that provides peace of mind to our policyholders. We are extremely pleased that KBRA affirmed our A- rating for 2021.

Thank you to our policyholders, agents, employees, and Board of Directors for your support in 2021.

**UNITED HERITAGE PROPERTY  
& CASUALTY COMPANY**

**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

**JOSEPH P. SHIRTS, CPA** | EAGLE, ID

**JEROME C. ‘TONK’ FISCHER, CPA** | SALEM, OR

**THERESA A. HASKINS** | SALEM, OR

**LINDA P. SMITH** | BOISE, ID

**MARCUS S. McDONALD, CPA** | BOISE, ID

**OFFICERS**

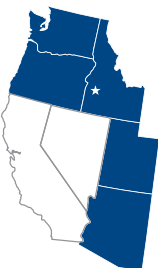
**ERIC J. CUTLER, CPCU, CIC, LPCS, AINS, HCP**  
SR. VICE PRESIDENT, OPERATIONS

**STEVEN A. BROWNING**  
VICE PRESIDENT, CLAIMS

**MICHAEL D. JOY**  
VICE PRESIDENT, MARKETING

**MARCUS S. McDONALD, CPA**  
VICE PRESIDENT AND CFO

**LICENSED STATES**



★ Company  
Headquarters

\*Certificate of  
Authority in  
Washington

**YEAR IN REVIEW**



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

United Heritage Property & Casualty Company and Sublimity Insurance Company, proud members of the United Heritage Financial Group, have a long history of providing preferred and specialty insurance products to customers in Arizona, Idaho, Oregon, and Utah. Partnering with over 290 independent insurance agencies, our dedicated and professional staff is committed to delivering excellent service backed by a strong financial foundation.

2021 was a notable year of transition for United Heritage Property & Casualty Company and Sublimity Insurance Company. Effective March 1, 2021, the two companies administratively combined our two organizations, bringing a single vision and management structure to oversee the two entities. This combination will create operational and product synergies that will strengthen the companies’ competitive position in the marketplace and increase our service capabilities even further – indeed these are exciting times for our business!

The Property & Casualty industry faced enormous challenges this past year, and our two companies were not immune to this difficult environment. The

United Heritage Property & Casualty Company	
Premium	\$ 35,894,494
Net Loss	(1,454,560)
Assets	40,570,596
Liabilities	26,732,462
Capital & Surplus	13,838,134



SUBLIMITY INSURANCE  
COMPANY

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

JOSEPH P. SHIRTS, CPA | EAGLE, ID

JEROME C. ‘TONK’ FISCHER, CPA | SALEM, OR

THERESA A. HASKINS | SALEM, OR

LINDA P. SMITH | BOISE, ID

DEAN D. SANDROS, CPA | EAGLE, ID

OFFICERS

ERIC J. CUTLER, CPCU, CIC, LPCS, AINS, HCP  
SR. VICE PRESIDENT, OPERATIONS

STEVEN A. BROWNING  
VICE PRESIDENT, CLAIMS

MICHAEL D. JOY  
VICE PRESIDENT, MARKETING

MARCUS S. McDONALD, CPA  
VICE PRESIDENT AND CFO

LICENSED STATES



★ Company  
Headquarters  
  
\*Certificate of  
Authority in  
Washington

lingering effects of the COVID-19 pandemic, the atypical frequency of active storms, excessive inflation, and supply-chain problems caused the cost of claims to soar — resulting in significant losses at both entities. While we are disappointed with the results for the year, we are confident that our new structure and business initiatives, supported by our long track record of producing consistently profitable results, will be realized in the coming year.

I am thankful to the employees of both United Heritage and Sublimity — their perseverance and dedication during a period of transition is inspiring. I am also grateful to our Board of Directors and our agents for their unwavering support of our two companies. Most importantly, I am thankful to our policyholders for your trust in us to provide excellent insurance protection. I look forward to continuing our relationship and to the many product and service enhancements we have planned for you in the future.

Sublimity Insurance Company	
Premium	\$ 31,103,470
Net Loss	(4,063,302)
Assets	40,171,757
Liabilities	24,786,857
Capital & Surplus	15,384,900



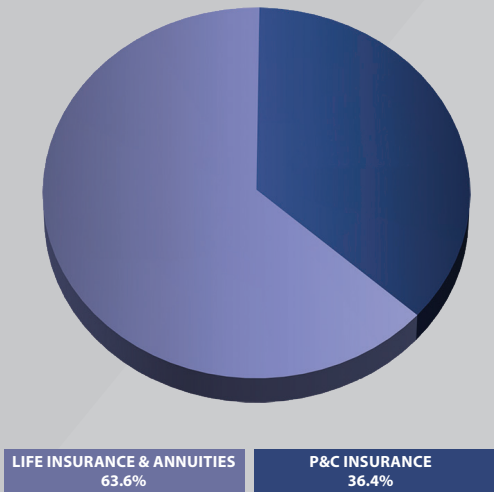
2021 FINANCIALS

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, Investments, Digital, and Branding. 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.

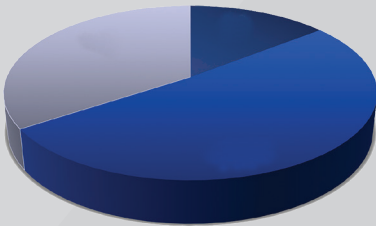
In 2021, the United Heritage Financial Group of active companies had total revenues of \$225.9 million, total surplus of \$116.2 million, and total net income of -\$1.3 million.\*

\*Totals include United Heritage Financial Group financial results that are not presented separately.

BUSINESS MIX - 2021 PREMIUMS

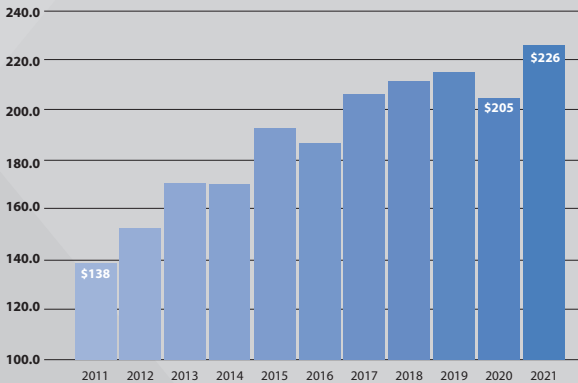


\$23.0 BILLION – INSURANCE VALUE IN FORCE



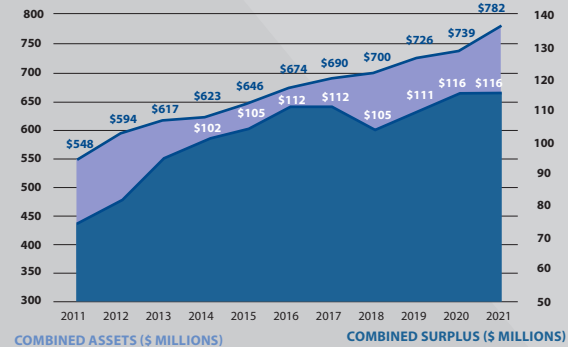
UHLIC	UHPC	SIC
\$3.3 BILLION	\$11.8 BILLION	\$7.9 BILLION

TOTAL REVENUES



\$ MILLIONS

TOTAL BALANCE SHEET STRENGTH



## ANNUAL MEMBER MEETING NOTICE

The annual meeting of the members of United Heritage Mutual Holding Company will be held on May 16, 2022, (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.**

### 2022 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 2021 Annual Meeting
- Election of Directors
- Standing for reelection for a 4 year term:  
**Michael M. Brem**
- Standing for election for a 4 year term:  
**Michelle E. Hege**
- 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 reelection of **Michael M. Brem** (4 year term), and the election of **Michelle E. Hege** (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 10, 2022**. 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 a 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.

# 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](http://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](http://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](http://www.ambest.com).

The most current Financial Stability Rating® must be verified by visiting  
[www.demotech.com](http://www.demotech.com)