



2023

ANNUAL REPORT



UNITED HERITAGE

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 Stakeholders - the macroeconomic pressures encountered in 2022 continued throughout 2023. Inflation continued to rise putting pressure on interest rates, mortgage rates, and living expenses. Our United Heritage companies also faced these dynamic economic shifts with escalating severity and frequency of home and auto claims, and compressed margins in interest sensitive products. The life insurance industry raced to increase crediting rates and growth rates, putting pressure on margins which blunted improved investment yields. The property and casualty industry endured its worst results in a decade with severe weather events and inflationary pressure on home and auto claims, resulting in U.S. personal lines combined ratio over 110%. Regardless of the seasons or the economy, we are proud to provide peace of mind and security to our customers by paying over \$145.8 million in insurance claims and benefits to them. Our team remains vigilant in providing an outstanding customer experience as we honor our promise to be a caring and trusted partner to our policyholders and agents.

The relationships we build and the excellent service we provide are at the center of our Core Beliefs and how we engage with our stakeholders. This will remain unchanged as we begin the exciting first steps in our transformation journey of our administrative systems and technology to meet the needs of our stakeholders and employees.

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 active insurance companies: United Heritage Life Insurance Company (UHLIC), United Heritage Property & Casualty Company (UHPC), and Sublimity Insurance Company (SIC).

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.



Financial: Inflation and interest rate movements continued to drive disruption in our results. Our life business continued its resilient path forward out of COVID with improved mortality, record group income, and higher investment income. Net Income of \$4.6 million was above expectations with record assets of \$726.9 million and record surplus of \$81.9 million, while also supporting \$91 million of claims and benefits. Our P&C business endured the turbulence seen across the entire P&C industry: reinsurance strain, inflation, and lagging premium rates. To mitigate inflation, the P&C companies increased premium rates which resulted in record written premium of \$76.2 million. However, the severity of claims and reinsurance costs drove the worst result in our P&C business history with a net loss of \$(11.2) million, and a catalyst for our accelerated realignment started in the 4th quarter. UHFG added capital to the P&C business with a keen focus on creating stability in that business. As an enterprise, the combined financial strength remains very good with record combined revenue of \$248.4 million, record combined assets of \$813.6 million, and capital/surplus of \$115.2 million.

We are proud of our employees, Boards of Directors, and agents that strive every day to make a positive impact, serve our policyholders, and navigate the challenges we face. One of our clear strategic objectives is to transform our technology and processes for the future and embrace the changes ahead. As a mutual holding company, our stewardship rests in serving our policyholders for the long term with our financial strength and resilience. Thank you for entrusting your financial security with our companies.

Sincerely,

Todd H. Gill

President and CEO

UHMHC, UHFG, UHLIC, UHPC, and SIC

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, WA



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, OR



Ms. Polscer is the managing 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, ID



Mr. Gill has served as President & CEO of United Heritage since 2021. He has been a CPA for 30 years, starting with Deloitte in 1992 before joining United Heritage in 2004 as the CFO and then promoted to COO in 2018. He holds BA degrees in Business Administration and Accounting from Northwest Nazarene College (now University). He serves on the Board of the ACLI Forum 500, the Boise Metro Chamber of Commerce, Cole Valley Christian Schools, Rockharbor Church, and other local civic boards previously.

JEFF C. KINNEVEAUK DIRECTOR | SCOTTSDALE, AZ



Mr. Kinneveauk currently serves as a board member for both Idaho Power Corporation and the Arctic Slope Regional Corporation (ASRC). He previously served as President and CEO of ASRC Energy Services and worked for ASRC for over 20 years. Mr. Kinneveauk has served on numerous non-profit, profit, and church boards in Alaska and is an awardee of the NNU Centennial Medallion in Alumni in Business, Corporate Leadership. Mr. Kinneveauk holds a BS in Physics with an emphasis in Engineering from Northwest Nazarene College (now University) in Nampa, Idaho. He joined the Board of Directors in 2023.

JOHN W. HOLLERAN DIRECTOR | 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 of Directors in 2016.

MICHAEL M. BREM DIRECTOR | 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 remains active in the agricultural industry and in his community, serving on the Board of Directors of California Endive Farms and the Sierra Cascade Nurseries. Mr. Brem has a BS in Farm Management from California Polytechnic State University. He joined the Board of Directors in 2014.

BOARD OF DIRECTORS

MICHAEL M. MOONEY DIRECTOR | 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 currently serves on various Boards throughout the Treasure Valley and 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.

MICHELLE E. HEGE DIRECTOR | SPOKANE, WA



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.

ZACHARY D. TUDOR DIRECTOR | AMMON, ID



Mr. Tudor is the Associate Laboratory Director of Idaho National Laboratory's National and Homeland Security Science and technology directorate, a major US center for national security technology development and demonstration. A retired US Navy submarine electronics officer, he is the former Chair of (ISC)2's Board of Directors, a member of the Commonwealth Cyber Initiative advisory board (Virginia), and is the former Vice Chair of the Institute for Information Infrastructure Protection at George Washington University. Mr. Tudor holds an M.S. in Information Systems from George Mason University. He joined the Board of Directors in 2023.



CORPORATE SPONSORSHIPS & CHARITABLE GIVING

CORPORATE SPONSORSHIPS

In 2023, we 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. The Company is a Platinum Sponsor of the USS Idaho (SSN799) Commissioning Committee, a new Virginia-class nuclear submarine.

United Heritage also continued sponsorship of the oldest collegiate rivalry in Idaho, The Mayor's Cup. The men's basketball games feature Northwest Nazarene University and the College of Idaho, and the series is televised locally in the Boise, Idaho area.

CHARITABLE GIVING

Our employees continued to step up this past year to help those in need and support our local communities. Some notable highlights:

- 138 Paid Volunteer Hours utilizing our Employee Volunteer Workday benefit.
- \$1,000 donated to Faces of Hope.
- \$2,500 donated to Stampede for the Cure.
- \$250 to match the employee donations to the United Way of Treasure Valley Book Drive.
- \$5,000 donated to KTVB 7Cares Idaho Shares.
- \$3,000 to the Learning Lab.

In addition to the above donations, United Heritage also donated \$7,000 to various organizations around the Treasure Valley, including local food banks and the Salvation Army, as well as contributing to the United Way of Treasure Valley School Supply Drive.

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://g.page/r/CaBdoSJFcQAZEBO/review> 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://g.page/r/CUffvO3UmoGoEAI/review> 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. POLSCER, JD | PORTLAND, OR
VICE CHAIRMAN OF THE BOARD

TODD H. GILL, CPA, FLMI | MERIDIAN, ID
PRESIDENT & CEO

JEFF C. KINNEVEVAUK | SCOTTSDALE, AZ

JOHN W. HOLLERAN | BOISE, ID

MICHAEL M. BREM | TURLOCK, CA

MICHAEL M. MOONEY | BOISE, ID

MICHELLE E. HEGE | SPOKANE, WA

ZACHARY D. TUDOR | AMMON, ID

MARKETING OFFICER

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

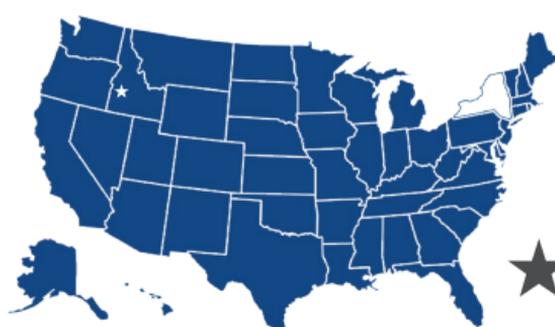
REGIONAL DIRECTORS

ROBERT A. HANSON | ELK RIVER, MN

CALVIN C. MICKELSON | GROVE, OK

SHAUNE E. HUDSON | MERIDIAN, ID

LICENSED STATES



★ Company
Headquarters

United Heritage Life Insurance Company

| | |
|---------------------|-------------|
| Premium & Annuities | 124,314,624 |
| Net Income | 4,625,986 |
| Assets | 726,936,828 |
| Liabilities | 645,082,757 |
| Capital & Surplus | 81,854,071 |



YEAR IN REVIEW

TODD H. GILL | PRESIDENT & CEO

As the life insurance industry navigated out of COVID and through technology disruption, financial security and peace of mind are more important than ever. United Heritage Life Insurance Company (UHLIC) met this need with 12.2% overall growth in written premiums and record total revenue of \$164 million. And after fifteen years of a low interest rate environment, rates escalated rapidly in 2023. While this allowed UHLIC to improve investment yields with higher quality bonds, competitive pressure for rates in our interest sensitive products (annuities and preneed) tightened margins.

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. We understand that our purpose is helping our customers achieve financial security and peace of mind during planned or unplanned life events. We are proud that our incredible team supported our customers with \$91 million in insurance and annuity benefits in 2023.

The Company's balance sheet grew stronger with record surplus of \$81.9 million and record assets of \$726.9 million. Net income was above expectations at \$4.6 million, supported by a strong year in the group business (life, disability, vision). UHLIC's financial strength ratings remain at A- from both AM Best and KBRA.

Thank you to our policyholders, agents, employees, and Board of Directors for their support in 2023.

PROPERTY & CASUALTY COMPANIES

UNITED HERITAGE PROPERTY & CASUALTY COMPANY

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

JEFF C. KINNEVEVAUK | SCOTTSDALE, AZ

JOHN W. HOLLERAN | BOISE, ID

MICHAEL M. BREM | TURLOCK, CA

MICHAEL M. MOONEY | BOISE, ID

MICHELLE E. HEGE | SPOKANE, WA

ZACHARY D. TUDOR | AMMON, ID

OFFICERS

FREDERICK 'FRITZ' P. CHLANDA
VICE PRESIDENT, UNDERWRITING

JILL L. EVOY
VICE PRESIDENT, ACTUARY

MICHAEL F. RASMUSSEN
VICE PRESIDENT, CLAIMS

WENDI PALUMBO
VICE PRESIDENT, SALES ENABLEMENT AND CUSTOMER EXPERIENCE

STEVEN A. BROWNING
VICE PRESIDENT, CLAIMS LITIGATION

MATHEW D. DAHL
VICE PRESIDENT AND CHIEF FINANCIAL OFFICER

LICENSED STATES



★ Company
Headquarters

*Certificate of Authority in
Washington



YEAR IN REVIEW

TODD H. GILL | PRESIDENT & CEO

Sublimity Insurance Company (SIC), founded in 1896, and United Heritage Property & Casualty Company (UHPC), founded in 1908, are members of United Heritage Financial Group. The two companies offer an array of preferred and specialty insurance products through over 500 agency locations in Arizona, Idaho, Oregon, and Utah. We are grateful to our professional staff for their unwavering commitment to provide peace of mind during times of uncertainty, providing \$54.8 million in benefits to our policyholders when they needed it most.

The unpredictable and severe weather patterns coupled with significant inflationary pressure in home and auto claims created a particularly challenging year in 2023 in the personal lines P&C industry, its worst in a decade. SIC and UHPC increased premium rates to mitigate the claims inflation, which produced a record \$76 million in written premium. However, they also endured average claim severity increasing 29% and 24%, respectively, as well as increases in claim frequency. These factors contributed to combined ratios of 128.8% and 142.0%, respectively, and a net loss of \$(11.2) million for the two P&C companies combined.

United Heritage Property & Casualty Company

| | |
|-------------------|-------------|
| Premium | 38,058,605 |
| Net Loss | (6,946,784) |
| Assets | 24,605,869 |
| Liabilities | 20,116,320 |
| Capital & Surplus | 4,489,549 |

PROPERTY & CASUALTY COMPANIES

SUBLIMITY INSURANCE COMPANY

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

JEFF C. KINNEVEVAUK | SCOTTSDALE, AZ

JOHN W. HOLLERAN | BOISE, ID

MICHAEL M. BREM | TURLOCK, CA

MICHELLE E. HEGE | SPOKANE, WA

FREDERICK 'FRITZ' P. CHLANDA | SALEM, OR

OFFICERS

FREDERICK 'FRITZ' P. CHLANDA
VICE PRESIDENT, UNDERWRITING

JILL L. EVOY
VICE PRESIDENT, ACTUARY

MICHAEL F. RASMUSSEN
VICE PRESIDENT, CLAIMS

WENDI PALUMBO
VICE PRESIDENT, SALES ENABLEMENT AND CUSTOMER EXPERIENCE

STEVEN A. BROWNING
VICE PRESIDENT, CLAIMS LITIGATION

MATHEW D. DAHL
VICE PRESIDENT AND CHIEF FINANCIAL OFFICER

LICENSED STATES



★ Company
Headquarters

*Certificate of Authority in
Washington



With the dynamic forces in the personal lines industry and our challenging 2023 results, we accelerated the realignment of our P&C companies in the 4th quarter to mitigate the risk exposures while also positioning the companies for long term success. In 2024, SIC will continue to write preferred home and auto, whereas UHPC will focus on specialty products. Our strategic actions also include beginning the transformation of the legacy systems to a new modern platform. Our parent, UHFG, added capital in 2023 to support the realignment in 2024. After these actions were announced and after a challenging 2023, we recognize our financial strength ratings have been impacted, but we remain vigilant in taking these actions to stabilize results going forward. In the sea of change in the industry, SIC and UHPC remain your regional, mutual partners that will serve you with excellence.

We appreciate our relationships with our policyholders and independent agencies and are honored to be a trusted partner with you.

Sublimity Insurance Company

| | |
|-------------------|-------------|
| Premium | 38,149,362 |
| Net Income | (4,259,840) |
| Assets | 41,219,928 |
| Liabilities | 26,663,419 |
| Capital & Surplus | 14,556,509 |

UNITED HERITAGE FINANCIAL GROUP

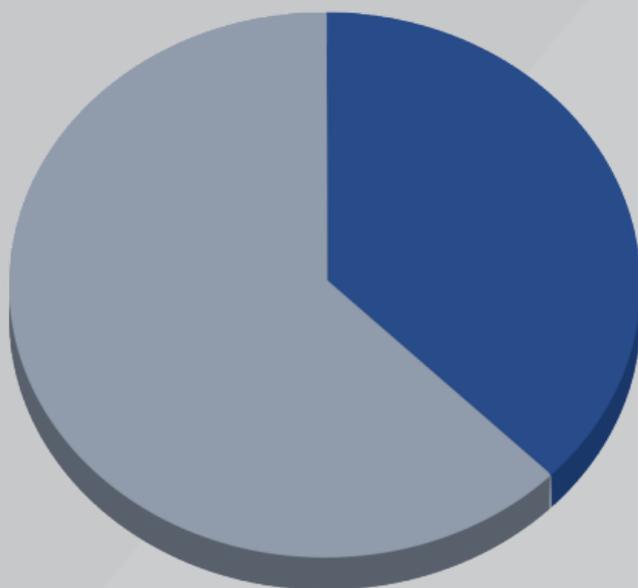
2023 FINANCIALS

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, and 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 2023, the United Heritage Financial Group of active companies had total revenues of \$248.4 million, total surplus of \$115.2 million, and total net loss of \$6.2 million.*

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

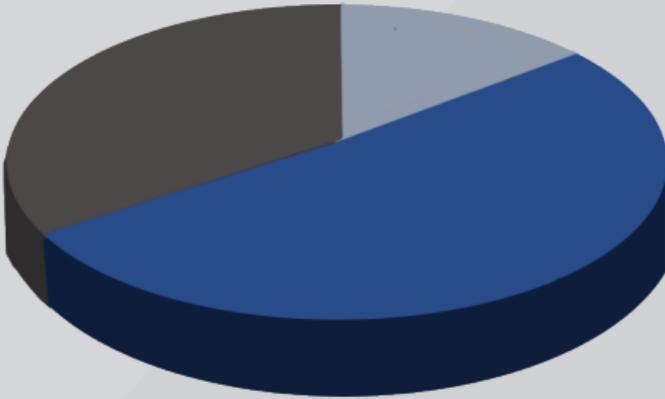
BUSINESS MIX - 2023 PREMIUMS



LIFE INSURANCE & ANNUITIES
62%

P&C INSURANCE
38%

\$26.4 BILLION – INSURANCE VALUE IN FORCE

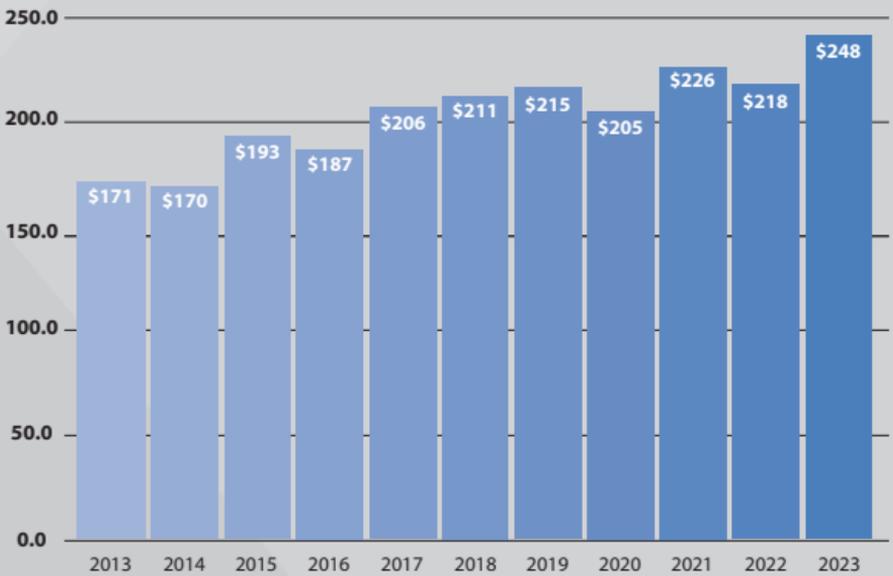


SIC
\$9.3 BILLION

UHPC
\$12.6 BILLION

UHLC
\$4.5 BILLION

TOTAL REVENUES



\$ MILLIONS

TOTAL BALANCE SHEET STRENGTH



COMBINED ASSETS (\$ MILLIONS)

COMBINED SURPLUS (\$ MILLIONS)

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 20, 2024 (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.

2024 ANNUAL MEETING AGENDA

- President & CEO | Todd H. Gill
– Opening Remarks
- Chairman of the Board of Directors |
Steven D. Hauschild
- Election of Directors
- Standing for reelection for a 4 year term:
Steven D. Hauschild
- Standing for reelection for a 2 year term:
Michael M. Mooney
- 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 **Steven D. Hauschild** (4 year term), and the reelection of **Michael M. Mooney** (2 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 13, 2024**. Please include your United Heritage Life Insurance Company 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.



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



Sublimity Insurance Company



United Heritage Property & Casualty Company



For the latest rating, access www.krollbondratings.com

A- Excellent is the fourth of 13 ratings assigned by AM Best for financial strength.

B++ is the fifth 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