

A photograph of a man with a beard and a young boy with red hair, both looking out a window. The man is in the foreground, looking out, and the boy is behind him, also looking out. The background is dark, suggesting it might be nighttime or they are looking out into a dark area.

WHEN TRUST MATTERS MOST

2020 Amica Annual Report

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When **Trust** Matters Most

When we look back on the events of 2020, certain words naturally come to mind: unprecedented, isolating, overwhelming. It would be easy to remember the year this way after all we went through.

However, I believe experiencing such challenging times can also emphasize important things in our lives that we tend to take for granted – things so ordinary we sometimes overlook them. For me, in 2020, that thing was trust.

I've found comfort knowing that trust remains at the center of every relationship at Amica. We strive to build on it during each interaction with our customers, our employees and our communities. And if ever there were a year when trust mattered most, it was 2020.

In this Annual Report, we'll highlight some of the stories that stand out to me from a year riddled with uncertainty. I hope they'll allow you to remember 2020 as a year when trust – in a purpose that's worthwhile, in the goodness of others and in the support of those who truly care – guided you through the toughest of times.

Above all, I'd like to express my sincere gratitude to our policyholders. We're humbled that you've placed your trust in us, and our commitment to you will never waver.

Robert A. DiMuccio
Chairman, President and Chief Executive Officer

Board of Directors



Patricia W. Chadwick
President, Ravengate
Partners, LLC Age 72.
Director since 1992. 1 (Chair), 3



Jeffrey P. Aiken, J.D.
Attorney-at-law
Age 74. Director since
1993. 1, 2



Ronald K. Machtley
President, Bryant University (Retired)
Age 72. Director since 1999.
1, 4 (Chair)



Barry G. Hittner, J.D.
Attorney-at-law
Age 75. Director since
2000. 1, 3 (Chair)



Michael D. Jeans
President, New Directions,
Inc. (Retired) Age 72.
Director since 2001. 1, 3, 4



Donald Julian Reaves, Ph.D.
Chancellor and Full Professor;
Chancellor Emeritus,
Winston-Salem State University
Age 74. Director since 2004. 1, 2



Robert A. DiMuccio
Chairman, President and
Chief Executive Officer,
Amica Insurance
Age 63. Director since 2005.
1



Debra A. Canales
Executive Vice President
Chief Administrative
Officer, Providence
Age 59. Director since
2012. 1, 4



Jill J. Avery
Senior Lecturer,
Harvard Business School
Age 53. Director since
2015. 1, 2 (Chair)



Debra M. Paul
President and Chief
Executive Officer,
Fellowship Health
Resources, Inc.
Age 57. Director since
2019. 1, 2



Peter M. Marino
President and Chief
Executive Officer,
Neighborhood Health Plan
of Rhode Island
Age 52. Director since
2019. 1, 3



Diane D. Souza
Chief Executive Officer,
UnitedHealthcare
Specialty Benefits (Retired)
Age 68. Director since
2019. 1, 4

REFLECTING ON 2020



A Worthwhile Purpose

On March 1, 2020, Amica celebrated its 113th anniversary. We feel incredibly fortunate and honored to have served our customers for so long, and it's not an achievement we take for granted. If we'd known then what 2020 had in store for us, however, we probably would've lingered a bit longer in the conference room, and perhaps had another slice of cake.

It's well-documented that the average lifespan for a U.S. corporation is rapidly declining, and that companies disappear every day. Thankfully, Amica has stood strong through many challenges since our founding – stock market crashes, wars, health crises and many changes in national leadership.

A Harvard Business Review article titled “How Winning Companies Last 100 Years” considered why some companies survive and others don't. The first factor identified was that at the heart of



long-lasting organizations is a stable core. The second factor was that these organizations value disruption as a catalyst for change and constant improvement.

At Amica, our core purpose is very clear. We exist to protect important parts of our customers' lives. We prepare for the worst-case scenarios so we're ready to assist you when the unexpected happens.

Despite all of the planning we do, the circumstances we encountered in 2020 were unforeseen. The speed at which the global pandemic came down upon all of us required quick and decisive action. It was at this critical time that the strength of our core was most evident.

In order to be there for you when you need us most, we rely on the significant knowledge of our employees. That's why it's always a top priority to take care of them. Beginning in mid-March, we transitioned thousands of our people to working from the safety of their homes. We're incredibly



thankful for the resilience of all our employees, including our IT group, whose expertise allowed us to get up and running from so many locations across the country in a short amount of time.

From there, our ability to serve you was the result of having the right technology, but more importantly, having the right culture. A culture where, even when separated, we support each other and make use of every available tool to fulfill our promise to you.

The most valuable tools this year were those that allowed us to safely and effectively serve you from a distance. Many of them, fortunately, were already in our toolbox. Our systems were configured to support remote work, allowing us to seamlessly answer your calls even though we weren't physically in our offices. Through the functionality on Amica.com and our online self-service tools, we could correspond with you and issue payments without exchanging physical documents. And we were able to ramp up the use of our digital collaboration tools to view damage to customers' homes and cars through video or pictures captured by the



customers themselves. This allowed us to inspect and resolve many claims without risking in-person exposure.

We're also continuously working to make our products and service better, and to develop new offerings that fit your needs. And despite the unprecedented challenges in 2020, we were able to offer a new product and improvements to the customer experience.

Protecting your pets

Through a partnership with Embrace Pet Insurance, we can now help you protect other very important members of your family: your cats and dogs. Based on the results to date, there's a great deal of



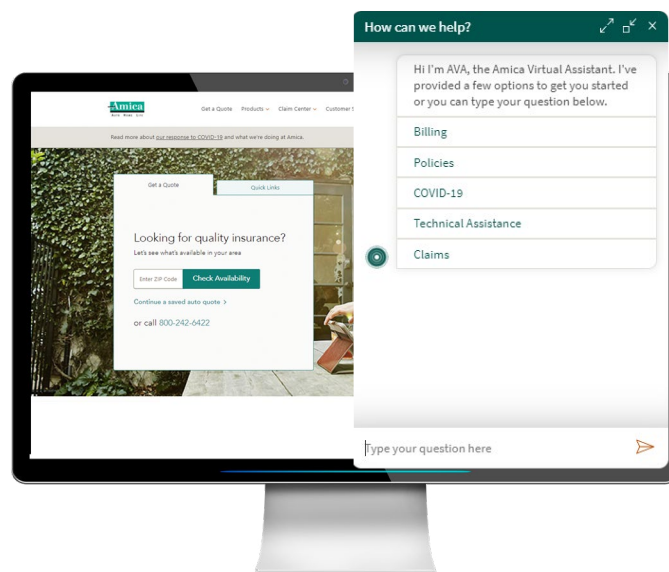
interest in the product, and our customers enjoy the convenience of handling pet insurance at the same time as their other insurance needs.

If you missed the initial announcement, here are some benefits of pet insurance with Embrace:

- 🐾 Coverage levels vary and can be personalized.
- 🐾 You're covered at any licensed vet in the U.S.
- 🐾 You have round-the-clock access to Pet Pros for pet health-related questions, including diet, wellness care and even emergency situations.
- 🐾 Claims are processed quickly to make you whole again.

Introducing AVA

We were also very excited to introduce customers to AVA, the Amica Virtual Assistant. AVA helps visitors to [Amica.com](https://www.amica.com) with product information, self-service functionality and common questions. This digital tool can be accessed through the orange “Need Help?” icon anchored to the bottom-right corner of all Amica.com pages. By clicking the icon and entering your question, AVA will quickly answer or guide you to key information to assist you. And if AVA doesn’t have the answer, it will point you in the right direction. The best part is that AVA learns from the questions asked and expands its knowledge over time. At year-end, AVA had successfully answered more than 70% of inquiries to the customer’s satisfaction.



Amica Life

The tragic losses that impacted so many during the pandemic reminded us all how fragile life can be. A result of that was increased recognition of the importance of life insurance. Our teams in Amica Life made great progress in 2020 to enhance our customer service. With refreshed resources that simplify product options and the application process, it's never been easier to get the coverage you need to protect those you love.

As always, providing you with world-class products and service remains our focus.

The Goodness of Others

2020 was challenging for everyone, but it hit the most vulnerable populations hardest of all. Many individuals and families were directly impacted by COVID-19, and others were indirectly harmed as their situation was made worse by the pandemic. Our duty and privilege as a good corporate citizen was to provide support to those in need.

Through the years, we've built partnerships with many trusted nonprofit organizations across the country. And in talking to them, we knew community assistance would be even more important during the pandemic. In response, we increased our giving throughout the year so these support services and relief efforts could further assist those in need. While we're proud to be part of the wonderful work done by hundreds of organizations, we'd like to share a few examples that stick out to us from 2020:



Photo taken February 2020

Protecting those on the front lines

Medical professionals regularly do heroic work providing care to patients in life-threatening situations. But what happens when hospitals are overwhelmed with sick people in the midst of a pandemic, and those professionals don't have the basic personal protective equipment (PPE) to safely do their jobs?

We saw this scenario unfolding right in our backyard and sought a way to help. While PPE was in short supply everywhere, we were able to find a producer of medical-grade face shields and purchased a supply to give to the facilities facing shortages in our area. We also had a stock of rain ponchos, which we donated to a local hospital that had run out of medical gowns. While these gestures were small, they allowed the individuals putting their own lives at risk to continue caring for those with COVID-19 during the early and chaotic stages of the pandemic.

We also discovered that our neighbors at Honeywell, a fellow Rhode Island business located just down the street from our corporate office, had transitioned its typical production to manufacture much-needed N-95 facemasks. We were thrilled to provide a meal to their employees on all three shifts as a small gesture of our appreciation and a reminder that we're all in this together.

Home sweet (new) home

We often take for granted having a roof over our heads at the end of a long day. But what if the place you called home was suddenly destroyed?

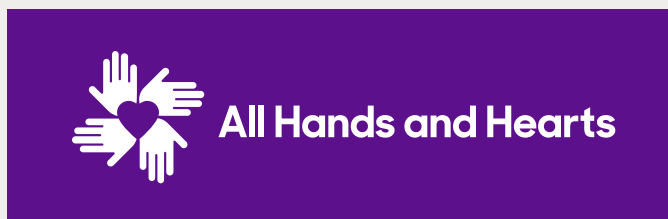
All Hands and Hearts (AHAH) is a volunteer-powered organization that addresses the immediate and long-term needs of communities impacted by natural disasters. Amica was proud to partner with AHAH in 2020, which included \$250,000 in grant funding.

While disaster preparation and immediate response are crucial, we really love the organization's focus on long-term recovery and resilience. It aligns perfectly with Amica's charitable giving mission – to harness the power of enduring relationships to help individuals, families and communities become economically independent and strong.

Part of our grant funding went to an AHAH program to help Florida residents who suffered serious losses in 2018's Hurricane Michael. Michael was the strongest storm to make landfall in the continental United States since Hurricane Andrew in 1992. Homes in the area required major repairs from AHAH – including installing insulation, hanging drywall and laying down flooring – and, in some instances, full rebuilds. One of our favorite parts of the program includes an initiative to replace trailers badly damaged in the storm with full houses, leaving the structure much more resistant to future damage.

Empowering our employees


At Amica, we want our employees to support the causes close to their hearts. We rely on them to recognize the needs within their own communities, and offer programs to maximize their giving. We match their donations to qualified nonprofits at a rate of 175%, and provide grants in the name of employees and their spouses who actively volunteer with nonprofit organizations. Each employee also receives paid time off to volunteer in their community.



Giving is in our nature

In all, Amica gave:


 over **\$5M**
 to nonprofits

including
\$1M 
 to COVID-19 causes

An annual tradition, a new approach

While hunger is a serious problem many Americans struggle with regularly, the number of families not knowing where their next meal would come from skyrocketed during the pandemic. In 2020, approximately 50 million Americans experienced food insecurity. The increased demand resulted in food banks that were overwhelmed and long lines of vehicles waiting to receive groceries in many cities.

Access to healthy food is a basic need that's close to our hearts at Amica. Each November, our employees participate in a countrywide food drive in the weeks leading up to Thanksgiving. But with COVID-19 making it impossible to host an in-person event, we decided to host a virtual food drive for Feeding Children Everywhere – and we invited the public to join us.

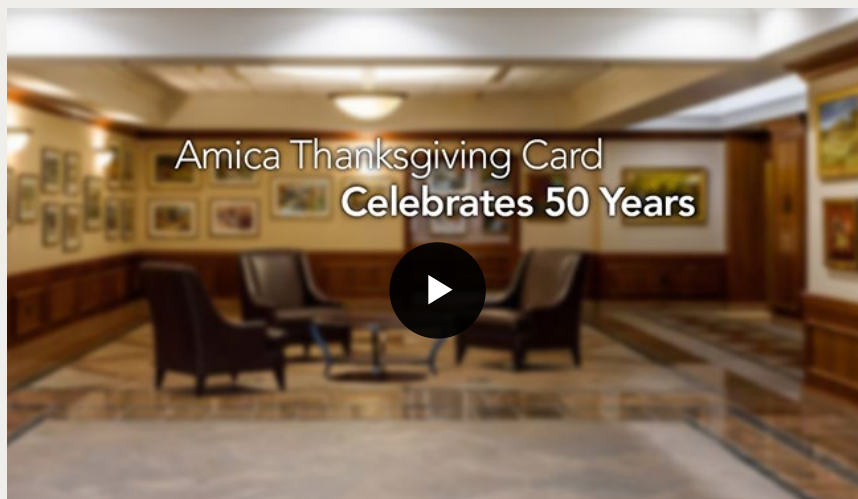
With a dollar given for each share of our 50th Thanksgiving card through Amica.com, and a dollar-for-dollar match for online donations, the campaign raised over \$60,000. That led to more than 151,000 servings of shelf-stable food and over 10,000 pounds of fresh produce for families facing hunger over the holiday season.

50 years of sending thanks

2020 marked the 50th year of our longstanding tradition of sending Thanksgiving cards to our customers as an expression of gratitude for their loyalty. For half a century, each card has featured a unique and colorful painting by a talented artist that captures the essence of this season of thanks. To learn more about this time-honored holiday tradition, watch our video.



We were so grateful that you joined us in this worthwhile endeavor. The impact of the campaign and the generosity of our employees and policyholders was undeniable. Among the individuals we heard from were a man who previously skipped meals so his family could eat, and a couple who could now pay for medical bills with money that would've gone to putting food on their table.





The **Support** of Those Who Truly Care

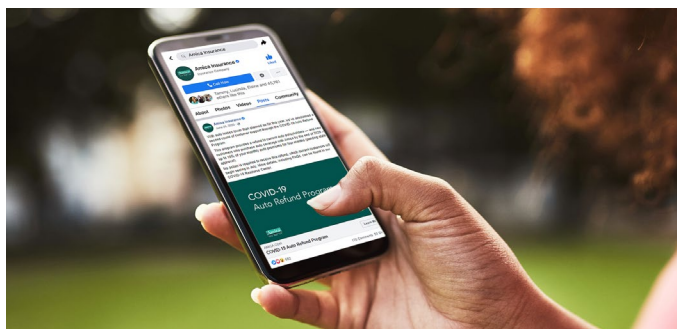
At Amica, we know the value of peace of mind. It's our mission to provide it to our customers, and we do so by assuring you that we'll protect the important parts of your life and help when things go wrong. A number of events that occurred in 2020 deteriorated peace of mind for many by creating uncertainty, fear and worry. Prolonged periods of isolation, divisive rhetoric and violence had negative effects on many of us. As your insurance company, we aim to be a steady and reliable source of support, providing you with reassurance during difficult times.

Here's a look back on some of the ways we tried to help last year.

Financial assistance and premium relief programs

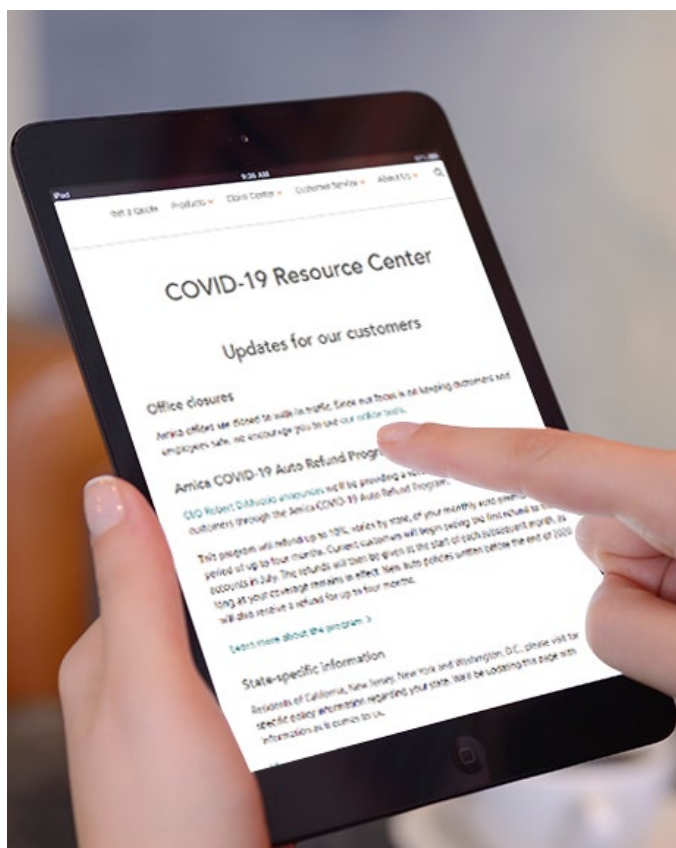
The pandemic caused many people to experience unexpected financial hardship. That's why one of the first steps we took was to offer leniency to our Mutual and Life policyholders who were unable to pay their premiums on time as a result of COVID-19. This involved stopping the cancelation of policies to provide additional time. We value our relationships and didn't want to see anyone's insurance protection lapse. Over the course of the year, we had thousands of conversations with customers to adjust policy coverages and create repayment plans to keep insurance protection in place.

As March turned to April and fewer miles were driven as a result of the pandemic, we recognized a reduction in auto losses. On April 9, we launched the COVID-19 Auto Premium Relief Program. Through this program, Amica customers who had an automobile policy at the time received a 20% credit on their auto premiums for two months.



In the months that followed, we saw an increase in the number of auto losses as restrictions eased and drivers returned to the roads. Despite that, our losses for the year remained lower than what we had planned. That's why, on June 25, we launched a second round of support for customers through the COVID-19 Auto Refund Program.

This program refunded up to 10% of your monthly auto premium each month for a period of four months. Together, these programs provided up to six months of relief and put nearly \$90 million back into our policyholders' pockets. We hope it eased some of the financial burden when you needed it most.



Keeping you informed

We're strong believers in the value of communication – both as a way to stay connected and to create shared understanding. When the COVID-19 pandemic struck, one of our main goals was to provide you with regular communication and access to information about what was happening at Amica and how we were working to assist you.

Early on, we created a [COVID-19 Resource Center](#) on Amica.com that included timely alerts, state-specific policy information and FAQs. Our CEO created several messages that were sent over the course of the year. We also regularly shared information, helpful tips and updates through our social channels. If you haven't already, we'd love it if you joined us on Facebook, Instagram, Twitter and YouTube. And last, but certainly not least, our representatives across the country were the best at providing individual attention and service tailored to your needs.

Whether you had reason to call upon us in the past year or not, please know that we're always here and our support is something you can count on.

Awards and Recognitions



Highest ranking in two 2020 J.D. Power studies:
U.S. Property Claims Satisfaction Study
U.S. Auto Insurance Study, New England Region



Named a "Best Homeowners Insurance Company of 2020"
 by U.S. News & World Report



2020 PBN Best Places
 to Work in Rhode Island



2020 PBN Diversity & Inclusion Award
 in Insurance/Financial Services category



2020 Exemplary Worksite Health Award
 from Blue Cross & Blue Shield of Rhode Island
 and Greater Providence Chamber of Commerce



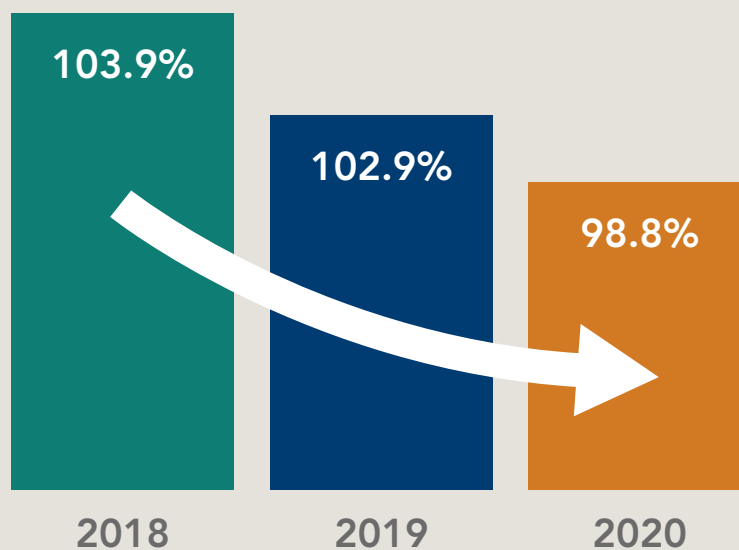
Our focus is on maintaining long-term financial stability so we can be there when you need us.

Below, you'll find some of the financial highlights for 2020.

Continued improvement of combined ratio

2020 marked the fourth consecutive year we've seen an improvement in our combined ratio. We ended the year at 98.8%, and that includes the nearly \$90 million in COVID-19 premium relief we paid back to customers.

More specifically, our auto loss ratio was down more than 16 points to 47.3%, which was the result of our improved book of business and a reduction in loss frequency with fewer miles being driven. Our home loss ratio increased a little more than 5 points to 59.1% due to higher weather-related losses.





\$178 million
in net income

Solid investment performance and net income

Net income for 2020 was \$178 million, with income from investments totaling \$174 million. Net income was helped by improved operational efficiency, while our high-quality investment portfolio also kept us on firm financial ground.

Strong balance sheet

At the end of the year, we had \$5.7 billion in assets and crossed the \$3 billion threshold in surplus. This surplus provides an important safety net to fulfill our commitment to our policyholders.



\$5.7 billion
in assets



\$3 billion
in surplus

Growth of Amica Life

In 2020, Amica Life Insurance Company continued to grow, with new life premium of \$7.4 million dollars and 7,330 new life policies issued. Amica Life surplus was also up by \$16.6 million dollars, while total coverage in force grew to \$46.3 billion.



\$46.3 billion
in coverage in force



\$7.4 million
in new life premium
and annuity revenue



7,330
new policies
in force

AM Best renews ratings for Amica Mutual, Amica Life

Amica Mutual and Amica Life once again received "Superior" financial strength ratings of A+ from AM Best,¹ a leading insurance rating agency and the nation's authority on insurance company financial stability.

Our financial strength allows us to continue providing our customers with peace of mind. As always, we're dedicated to serving you. Thank you for being part of the Amica family.



¹ AM Best Company, Feb. 3, 2021. For the latest rating, access [ambest.com](https://www.ambest.com).

AMICA – Combined P&C Operations

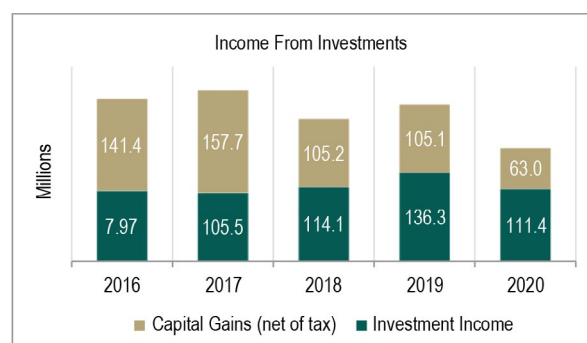
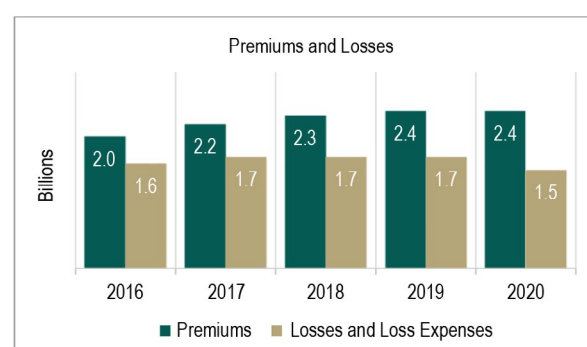
Financials

\$ in millions

Balance Sheets	2020	2019
Assets:		
Bonds and debt securities	\$ 2,783	\$ 2,641
Stocks	1,679	1,504
Cash and short-term investments	81	118
Other invested assets	460	367
Premiums receivable	485	549
Other assets	181	181
Total assets	<u>\$ 5,669</u>	<u>\$ 5,360</u>
Liabilities:		
Reserves for losses and loss expenses	\$ 1,175	\$ 1,178
Reserve for unearned premiums	1,007	1,110
Other liabilities	479	289
Total liabilities	<u>2,661</u>	<u>2,577</u>
Surplus to policyholders	<u>3,008</u>	<u>2,783</u>
Total liabilities and surplus to policyholders	<u>\$ 5,669</u>	<u>\$ 5,360</u>

Income Statements	2020	2019
Premiums earned	\$ 2,407	\$ 2,412
Losses and loss expenses incurred	\$ 1,501	\$ 1,665
Other underwriting expenses	635	668
Dividends to policyholders	241	150
Investment and other income	175	235
Federal income taxes	27	3
Net income	<u>\$ 178</u>	<u>\$ 161</u>

Statements of Surplus	2020	2019
Surplus, beginning of year	\$ 2,783	\$ 2,558
Net income	\$ 178	\$ 161
Change in unrealized capital gains	83	124
Other surplus adjustments	(36)	(60)
Surplus, end of year	<u>\$ 3,008</u>	<u>\$ 2,783</u>



Financial Highlights

Statements of Surplus	2020	2019		2020	2019
Premium growth rate	-0.2%	3.7%	Policies in force	1,513,450	1,564,906
Loss and loss expense ratio	62.4%	69.0%	Reported claims: Automobile	226,093	330,596
Combined ratio – earned basis	98.8%	102.9%	Reported claims: Homeowners	50,270	46,190
Return on policyholders' surplus	6.2%	6.0%	Reported claims: Umbrella and other lines	3,156	3,323

* The audited financial statements will be available on Amica.com by 06/01/21.

Privacy Notice Effective Date: March 1, 2021



Consumers regularly trust Amica with their nonpublic personal information (NPI). We take our responsibility to appropriately treat and protect your NPI seriously. This notice explains what NPI we collect, how we collect it and how we protect it.

Summary of Amica's Privacy Notice

- We collect NPI about you from your application, our transactions with you and from third parties as permitted by law.
- We use your NPI only to service your policies and claims, and to underwrite and price insurance products that meet your needs as you have described them to us.
- We do not share your NPI with nonaffiliated third parties other than as necessary to service your policy or claim.
- When we disclose your NPI to third parties to perform services for us, we require that they protect the NPI and use it only for the purpose it was disclosed.
- We do not sell your NPI to third parties.
- We maintain physical, electronic and procedural safeguards to protect your NPI.

NPI We Collect About You

We get most NPI directly from you during the application process or through other transactions with you. This includes, for example, your name and address, Social Security number, payment account information, type of vehicle and information about other drivers in and members of your household.

We may ask a consumer reporting agency, data provider or other third party for a report about you; for example: a credit-based insurance score, a report about your coverage and claims history with other companies, motor vehicle records, reports that identify other drivers and members of your household, or criminal records. In limited circumstances, we may request an investigative consumer report, which means that the consumer reporting agency will investigate your habits, finances or if you take part in hazardous activities.

For life insurance, we may obtain information about your health from medical providers, the MIB Group, or other prescription or insurance databases. We may also obtain information from you about your beneficiaries or others on your policy.

How We Use and Disclose NPI

Amica uses and discloses your NPI only as permitted by law and as necessary to conduct business. For example, we may use your NPI to: service products you have applied for or purchased, process claims, offer you other Amica products, protect against fraud, and comply with legal requirements. For these purposes, we may share your NPI with:

- Claims adjusters, appraisers, auto repair shops, rental companies, contractors, investigators, attorneys and other third-party vendors who provide services in facilitation of your claim
- Your agent
- Your mortgagee, lienholder or finance company
- Our affiliated companies
- Consultants or other service providers that perform business functions for us, such as mailing or marketing services
- Our reinsurance companies
- Businesses that conduct research, including actuarial or underwriting studies
- Other insurance companies

- Consumer reporting agencies (Information that we share with consumer reporting agencies, including your claims history with us, may be maintained by the consumer reporting agency and disclosed to others as permitted by law.)
- Insurance support organizations
- Medical care institutions and medical providers
- State insurance departments, police or other governmental authorities
- Persons as ordered by subpoena, warrant or other court order, or as required by law

Please note that we do not share information about your creditworthiness with our affiliates for their own everyday business purposes.

How We Safeguard NPI

Amica maintains physical, electronic and procedural safeguards to keep your NPI secure. We limit access to employees who need to know to service your policy or claim and to support our insurance operations. Also, we have an employee Code of Ethics, Confidentiality Policy and Cybersecurity Policy that require employees to keep confidential all NPI obtained in the course of our business.

Your Rights

You have the right to know what NPI we have about you and to receive a copy upon request. Requests must be mailed to Amica Mutual Insurance Company, PO Box 363, Lincoln, Rhode Island 02865. Because of its legal nature, NPI obtained when settling claims or defending lawsuits need not be shared with you.

Within thirty (30) business days of receipt of your written request, we will disclose to you the NPI about you in our files. You may receive a copy at a reasonable charge. We will tell you with whom we have shared your NPI within the past two years, or for the time period required by state law, and we will give you the name and address of any consumer reporting agency that gave us a report about you. Medical records and details about our decisions regarding those records will only be released to your physician or a physician qualified to interpret them.

You may contact Amica if you believe your file should be corrected. Within thirty (30) business days, we will make the change or provide an explanation of our refusal to do so. If we do not make the change, you may send a statement for insertion in your file. Minnesota residents may file an appeal with the Insurance Commissioner. If you ask us to, we will notify persons with whom we have shared your NPI of the change or your statement. With any subsequent sharing of NPI, we will include a copy of your statement.

This Notice applies to prospective, current and former customers of the following Amica Companies:

- Amica Mutual Insurance Company
- Amica Life Insurance Company
- Amica Property and Casualty Insurance Company
- Amica General Agency, LLC
- Amica General Insurance Agency, LLC