



Tower Hill Insurance Exchange

2022 ANNUAL REPORT

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Message from the CEO

First, let me start by saying welcome and thank you for becoming a member of Tower Hill Insurance Exchange, a reciprocal insurer wherein members insure each other and share in the success of the organization.

Tower Hill Insurance Exchange (or Exchange for short) began writing business in 2022. While Exchange may be a newly formed entity, Tower Hill Insurance Group has been doing business in Florida for over 50 years. There are 500 dedicated Tower Hill team members ready to take care of you and provide you with an incredible customer experience when you need us.

We want to take the opportunity in this first annual report to share some of the highlights of 2022 along with how your new reciprocal insurance company ended the year. Before we begin, let me take a moment to discuss the property insurance challenges in our great state of Florida.

If you've been following the insurance news in our state, you probably know that 2022 was not a kind year for the industry. In fact, the last five years have been quite challenging. Increasing weather and catastrophe losses, excessive litigation and, most recently, rising inflation have resulted in record losses for the industry. These losses also

adversely impact the reinsurance market, through which the front-line carriers purchase reinsurance. All of this has caused enormous price increases in the reinsurance market, and reinsurers have significantly reduced coverage availability and capacity.

These challenges have led to half a dozen private property insurers going under in 2022, and many others have reduced capacity or stopped writing altogether in Florida. One bright spot is the new Tower Hill Insurance Exchange, of which you are a member. We are financially secure and well positioned to weather the many challenges facing our industry today. Furthermore, we have an experienced team with over 50 years of experience in Florida to ensure that Exchange will be well managed and there for you when you need it.

Given the challenges we just noted, we will be very selective as to whom we allow into Exchange. While many will want to join our ranks, they must meet our strict underwriting guidelines. For those lucky enough to be granted a membership, we promise they will be well taken care of.

On behalf of all of us at Tower Hill, I thank you for allowing us to serve your insurance needs, and we stand ready when you need us!

Best wishes for a healthy and successful 2023!
Kirk La



Kirk La, CEO



Tower Hill
Insurance

The Connection Between Surplus, Premium & Reinsurance

Tower Hill Insurance Exchange – or Exchange for short – is a reciprocal insurer. In effect, the policyholders (also known as subscribers or members) insure each other and share in the underwriting profits generated via subscriber savings accounts. Whereas conventional carriers are owned by shareholders or private investors, reciprocal insurance companies are owned by their members or subscribers. Two of the best-known reciprocals are USAA and Farmers Insurance.

Exchange's **surplus** and its **premium to surplus ratio** are key indicators of the company's financial strength. These measurements also factor heavily into the growth opportunities available for Exchange. **Reinsurance**, often referred to as insurance for insurance companies, also plays a pivotal role in an insurer's financial strength and stability. Maintaining a strong reinsurance program year after year enhances growth opportunities.

Surplus and premium are the sources available to insurers to pay for any policyholder claims that their reinsurance does not cover. As you can see, the connection between surplus, premium and reinsurance is critical in achieving financial strength and maintaining measured growth. Below we've provided a closer look at these three elements, which are detailed further in the **Financial Section** (page 11).

Surplus

Surplus is often referred to as an insurance company's savings account. Quite simply, surplus is the insurance **company's assets minus its liabilities**. Although we often consider **surplus** to be something extra or left over, in the insurance industry it is a key measure of an insurer's financial stability, and it's necessary to provide coverage for unexpected events. Importantly, state and federal regulatory agencies require insurers to maintain specific surplus levels to help ensure their financial solvency and to protect policyholders.

While Exchange is owned by its members, initial surplus was necessary to begin writing premium. Exchange's initial surplus took the form of \$205 million in debt from external investors. This debt, referred to as **surplus notes**, receives surplus treatment from the regulators because it can be repaid only with regulatory approval.



Each Exchange policy includes a **surplus contribution** of 10%, which is applied directly to the company's surplus. Although the initial contribution is 10%, the amount may be reduced or suspended when adequate surplus has been attained to ensure appropriate security for members and the ability to repay external surplus note investors.

Premium To Surplus Ratio

The **premium to surplus ratio** measurement for insurance companies refers to the amount of premium, which is then divided by the policyholder surplus. Regulatory and rating agencies use this ratio as an indicator of the financial strength and stability of an insurer. An insurance company's **capacity**, or the number of new policies it's authorized to sell, is impacted by the premium to surplus ratio.

EXAMPLE: If an insurance company has \$10 million in premium and \$2 million in surplus, its premium to surplus ratio is 5:1.

Reinsurance

Reinsurance enables insurance companies to increase their capacity to protect more policyholders and to limit spikes in losses resulting from claims. Without reinsurance, insurers would rely only on the premium collected and their surplus dollars to pay the claims of their insureds.

Depending on weather events, an insurance company could easily have a roller coaster balance sheet from year to year. By purchasing reinsurance, a portion of the claims payouts and the premium will be transferred **from the insurer to the reinsurer**.

EXAMPLE: If an insurer has 50% of its program reinsured, the reinsurance company will receive 50% of the premium and be responsible for 50% of the claims payouts.

In recent years, reinsurance costs have risen significantly due to numerous global catastrophes and rising inflation. Especially for Florida property insurers, the challenges are two-fold. **Reinsurance prices are increasing, while the amount of reinsurance available in the marketplace is decreasing.** Of course, higher reinsurance costs generally translate to increased policy premiums.

Reinsurance has always been a core component of Tower Hill's business strategy. With more than 50 years in the Florida market, we have many long-term reinsurance partners. And it's one of the reasons we've successfully weathered Florida's many hurricanes while remaining financially strong since our founding in 1972. Our team is currently working on placing this year's reinsurance program with our long-term business partners and industry leaders.

Your Customer Portal Account

In partnership with your insurance agent, we're dedicated to providing you with excellent service.

Our secure **Customer Portal is available to you 24/7** for easy access. Using your Customer Portal account at THIG.com/Portal, you may review your policy documents online, make a payment, and file or check on the status of a claim. If you have not already registered online, please refer to your policy for the information required to create an account: **your policy number, agent ID** and **ZIP Code**.

With a billing or payment question, please contact our **Customer Service Center at (800) 342-3407**. Representatives are available to assist you by phone or online chat Monday through Friday from 8:00am to 6:00pm Eastern Time, except for holidays. If you have any questions about your policy coverages and limits, please contact your insurance agent for assistance.

We recommend reviewing your policy with your agent on an annual basis, to help ensure you have the insurance coverage that best meets your individual needs.



Why Is Cyber Protection Important?

Today's homeowners rely on being connected more than ever. Whether you're shopping online, working remotely or adjusting your home's thermostat from miles away, mobile devices and home computers are integral to daily life. Although these connections have made our lives easier, they've also exposed homeowners to a new range of personal cyber risks.

Tower Hill CyberShield is a suite of cyber coverages and services for computer attacks, cyber extortion, online fraud and identity theft.

CyberShield package solutions are available by endorsement for an annual premium starting at \$25. Your insurance agent can assist in evaluating your levels of risk and need, then recommend the coverage options best suited for you and your family. Options available exclusively for Exchange members include:

- Identity Recovery Coverage
- CyberShield
- CyberShield+

Falling victim to cyber threats can be costly and time consuming. Unfortunately, incidents are on the rise, and attacks are becoming increasingly dangerous. Based on 2021 data, Florida ranked **second** in the number of cybercrimes and **sixth** for identity thefts according to the Federal Trade Commission/Consumer Sentinel Network.*



Identity Recovery is one of our most popular coverage options. Cyber Bullying Coverage, available with our CyberShield+ package, is especially popular with parents of school-age children and teenagers. More about these in-demand cyber coverages is included below.

Identity Recovery Coverage

This option pays for various out-of-pocket recovery expenses due to an identity theft, and provides a third-party case manager who is a licensed investigator. The case manager will help determine the full extent of the identity theft and will work on your behalf to recover your financial credit standing to pre-theft status.

Cyberbullying Coverage

Included in the CyberShield+ package, this coverage pays for the costs you may incur if someone in your household is the victim of a cyberbullying attack. These costs can include the following: psychiatric counseling services; legal expenses; temporary relocation expenses; temporary private tutoring and enrollment expenses; professional cybersecurity consultation services; social monitoring software; and web-based products to prevent further bullying.



Additional CyberShield and CyberShield+ package solutions include the following coverages.

Cyber Attack: Covers the costs associated with restoring data and systems following the unauthorized use or access of a malware attack on a connected home device.

Cyber Extortion: Provides professional assistance from a subject matter expert to respond to a demand for money or other consideration, coupled with a threat to damage, disable, deny access or disseminate content from your device or system.

Online Fraud: Reimburses you for financial losses resulting from a variety of fraud: identity theft; unauthorized use of credit or debit card; counterfeit currency; and criminal deception.

Data Breach: Coverage includes costs related to loss, theft or accidental release of sensitive data. Fees for legal review, forensic technology experts, and notification costs are included.

DID YOU KNOW?

According to the Federal Trade Commission (FTC), identity theft and fraud rates continue to climb at unprecedented levels. In the United States, 1 out of 20 residents become a victim of identity theft every year.** The most common identify theft scams include tax fraud, stealing someone's government benefits, such as Social Security or Medicare, and opening new credit accounts and/or applying for loans using someone else's identity.

Depending on the type of theft, the assistance of a legal expert may be required to repair the damage. Our CyberShield coverage options provide a range of resources and professional expertise you can depend on. *To determine the cyber coverage option that best meets your individual needs, please contact your Tower Hill insurance agent.*

*Source: Insurance Information Institute (iii.org)

** Source: Experian (Experian.com)

Here's how this coverage helped a family in crisis find the professional support they needed and saved them nearly \$5,000 in out-of-pocket expenses.

A middle school student was bullied by several of her classmates, who posted negative comments and altered photos of her on social media. Her parents immediately notified the school principal, the county school board and the district's police department. Concerned for both her physical and emotional well-being, her parents decided to temporarily pull her out of school and hired an attorney. Working closely with her teachers, the student received professional tutoring so she could keep up with class assignments during her absence from school. Her parents also sought the assistance of a psychologist for counseling.

Attorney and counseling fees added up quickly, plus costs for tutoring and transportation to appointments. The paid loss to this family totaled nearly \$5,000, after the policy deductible was met. Without the Cyber Bullying Coverage provided through the CyberShield+ package, the costs incurred would not have been reimbursed by the family's homeowners insurance policy.

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Our Journey to Excellence

Continuous Improvement through Lean Six Sigma

Lean Six Sigma, used successfully in business for decades, is a collaborative team approach to improving quality and efficiency that paves the way for operational excellence.

In other words, we engage our employees to seek better ways of doing business, and they in turn become champions for positive change with a high commitment to our members. The result is a winning combination of lower operating costs and an improved customer experience.

In 2022, we successfully integrated Lean Six Sigma throughout our organization to ensure Tower Hill is the best in the business. Recognizing all of Tower Hill employees play a vital role in our success, we equip them with the knowledge of Lean Six Sigma and tools to guarantee we have the most efficient member focused processes.

We are fortunate to have an incredibly talented staff that embraces these principles to ensure Tower Hill's competitive advantage through excellent member experience at every interaction. We empower them to spend time analyzing, implementing, and measuring new ways to deliver the highest quality experience.

In 2022, we focused on reviewing current processes to improve our company's quality, efficiencies, and member experience. We understand that one of the most crucial moments in our members' lives is when their property, oftentimes during a catastrophe, is damaged. Thus, dedicated teams are in place to improve our claims processes and assist our members as quickly as possible.



We have reduced the time it takes to resolve claims and communicate transparently through the entire claims process. These process improvements have made us that much better, allowing us to effectively compete, and continue to serve, in the challenging Florida market.

Exchange Member Stories

We're pleased to share several stories from Exchange members and an independent insurance agent who represents Tower Hill Insurance Exchange.

Tom and Colleen McGuire

Colleen and Tom McGuire, Jr. have been Tower Hill policyholders since June 2011 and Exchange members since June 2022. Tom is the second-generation owner and president of FLAIR Air Conditioning based in Port Orange, Florida; FLAIR has been in business since 1967.

Hurricane Ian Damaged the McGuire's Home

The McGuire's two-story home in South Daytona was damaged by Hurricane Ian on Wednesday, September 28, 2022. The upper roof was missing some shingles and water had reached the inside of their home. The fence sustained damage and needed repair.

Tom explained what happened after the storm passed through. "I went out the same day, and I started seeing roof tiles all around, and I'm going, 'Uh, I hope that's not my roof.'" He added, "I could see an area of the roof the paper had ripped and tiles were gone, and the thing was flapping in the breeze."

There was also water intrusion inside the McGuires' home, as Tom explained. "I had some water come through in different areas of the upstairs." Also, "I have a patio room in the back and some water stains came down through the chimney." Besides the exterior and interior damage, he noticed, a tree fell down on their fence.

Caton Hosey Insurance Agency in Port Orange

The McGuires' insurance agency, Caton Hosey Insurance in Port Orange, has represented Tower Hill Insurance since 1988. The McGuires contacted their agency about the damage to their home, who in turn reported the claim to Tower Hill on their behalf.

CastleCare, a credentialed contractor network available exclusively to Tower Hill customers and Exchange members, was assigned to access the damage. The initial payment was issued within seven days of reporting the claim.



“Obviously I would definitely recommend Tower Hill.” –Tom McGuire, Exchange Member

Fulfilling Tower Hill's Promise to the McGuires

As Tom shared, the field inspector “came out pretty quick, went up on the roof, came up with an estimate, and said I’d hear from Tower Hill.” He added, “The inspector that came out was really nice.” Working closely with the Tower Hill Claims desk adjuster, further inspections by the CastleCare team determined the home’s upper roof needed to be replaced. The final payment for the McGuires' roof replacement was then processed.

“Tower Hill paid exactly what they said they were going to do. I was a happy camper at that point,” he explained. Tom also shared that “the claim was handled fairly” and “there was no arguing back and forth.”

Monika Glisson

In 2004 when Monika and James Glisson bought their first home in Port Orange, Florida, they chose Tower Hill Insurance Group to protect it. The Glissons have now been with Tower Hill nearly 20 years; in 2022 they became Exchange members.

December Wind Damage

On December 12, 2022, Monika called Tower Hill to report that there were several damaged, loose, and missing shingles on her Port Orange home. After speaking with a Tower Hill desk adjuster, an on-site inspection was scheduled. During the inspection process we discovered that wind damage was evident on all slopes of the roof, which warranted a full roof replacement for the Glissons' home.

Fulfilling Tower Hill's Promise to the Glissons

Payment was issued shortly after the initial loss was reported. As Monika explained, "They called me right away, you know, [explaining] what to expect, how the process



"I've always had Tower Hill, always, since we bought our house in 2004."
**–Monika Glisson,
Exchange Member**

goes, and yeah, it was really fast." Although the Glissons have been with Tower Hill for almost two decades, this was the first significant damage to their home. Monika shared, "It was just really awesome; it was my first really big claim...I mean it was a roof replacement, so I didn't expect the insurance to pay for it."

Ron Assise, CIC, CPRM

A Senior Vice President and Partner at The Horton Group in Bonita Springs, Florida, Ron Assise has almost 40 years of insurance industry experience. Although Ron was too modest to mention, the first customer that he insured back in 1985 is still a happy client of his.

The Horton Group

Based in the Midwest, The Horton Group is a privately held insurance firm with over 400 employees. As Ron explained, they opened an agency in Southwest Florida in early 2020 and they've been with Tower Hill since 2021. "We basically started from scratch down here in Southwest Florida. It's been a great two years." The threat of hurricanes isn't one that most Midwesterners are familiar with, and the 2022 season was certainly one for the record books. "We are proud to call Tower Hill our partner in this crazy journey we call the Florida insurance landscape."

Hurricane Ian, September 2022

Ron shared his experiences working with Tower Hill on behalf of The Horton Group's clients. "We have heard over

and over from our Tower Hill clients about how they are already rebuilding or 'back to normal' while many of their neighbors are still waiting for someone to come and assess their damages." He added, "Tower Hill managed to handle an extraordinary volume of claims, and do so like it was any other 'Wednesday'... with elegance."



"In the face of what would become the worst storm in Florida history, Tower Hill stepped up and responded to our policyholders with speed, efficiency, and above all, empathy."
–Ron Assise, CIC, CPRM, of The Horton Group

Our Purpose and Values

In 2022, we proudly celebrated 50 years in the insurance business and renewed our commitment to our members to be there for the next 50 and beyond. Our leadership team, along with our employees, looked at who we are and what has made us successful. The result was articulating and renewing our authentic purpose and a renewed commitment to a set of core operating values.

DELIVER PEACE OF MIND AND FULFILL OUR PROMISE.

Our promise is to provide excellent service with compassion and empathy.

COMMITMENT

Foster an environment where our employees feel valued and can thrive.

In celebration of our 50th year, our Chairman, Bill Shively, declared 2022, "The Year of the Employee," recognizing that nothing happens without each employee's contribution to deliver on the promise to our members.

We have many employees who have made a career with Tower Hill, and we continue to recruit the next generation of talent. Through leadership development, employee engagement, and an environment built on respect, everyone at Tower Hill can thrive.

SERVICE EXCELLENCE

Deliver the highest quality experience with ease, consistency, and care.

Our goal is to deliver the best experience in the industry. We are committed to being there for our members with ease, consistency, and care. It is during the most difficult times that our employees really shine for our members. Hurricane Ian is a good example of how our teams came together to ensure our members were taken care of.

INTEGRITY

Operate with uncompromising integrity.

Operating with uncompromising integrity is foundational at Tower Hill. It always has been, and it will always be. We promise to be honest and fair in all that we do and keep our commitments to our members. We maintain processes to ensure compliance with insurance regulations and the law and are proud to say we strive to do what is right.

TEAMWORK

Collaborate to achieve exceptional results.

Our employees naturally come together and tackle challenges to achieve results. Collaboration occurs across all functions and within all levels, with a "getting it done for our members" mindset.

PROFITABLE GROWTH

Improve and innovate to create a legacy for our customers and families.

We work towards improving our workflow quality and develop strategies to operate more efficiently with our members in mind. To facilitate this, we teach and develop critical thinking skills through our Lean Six Sigma program and encourage ideas for improvement. We remain creative and agile to remain strong through any disruptive external market conditions.

Whatever comes our way, we are committed to ensuring our financial strength so we can fulfill our promise to help our members recover during difficult times.

Your Exchange Membership

Because Tower Hill Insurance Exchange is organized as a reciprocal insurance exchange, as a policyholder you become a partial owner. We often receive questions from new members about the Subscriber's Agreement and why it is required.

Exchange is an association of **members** operating through the contractual arrangements set forth in a **Subscriber's Agreement and Power of Attorney Form**. Exchange is managed by an attorney-in-fact, Tower Hill Risk Management (THRM), which administers the day-to-day financial affairs of the reciprocal.

By signing the Subscriber's Agreement and Power of Attorney (SA/POA) form, you agree to become a **member** of Tower Hill Insurance Exchange and to **appoint** THRM to manage Exchange on your behalf.

Signed your SA/POA, yet? As a subscriber, you are required to sign the SA/POA form only once for the lifetime of your Exchange policy. If you haven't yet returned your signed SA/POA, there's still time to do so!

There are several ways you can sign and return the SA/POA form. Please choose the option that's most convenient for you.

Online: Simply scan the QR code or click on the personalized link included in your policy pocket. Or you can log in to your secure account at **THIG.com/Portal**, then follow the prompts to review and digitally sign the agreement.

If you prefer, you can email or mail your signed agreement to us instead.

Email: TowerExchange@THIG.com

Mail: Tower Hill Insurance Group
ATTN: UW Operations
PO Box 147018
Gainesville, FL 32614-7018



You also have the option of providing your signed form to your insurance agent for submission.

Due to the nature of Exchange's structure as a reciprocal insurer, to continue coverage we must have your signature on the Subscriber's Agreement and Power of Attorney Form form.

Financial Metrics

Since 1972, Tower Hill Insurance has protected homes in Florida. Tower Hill Insurance Exchange (Exchange), formed as a reciprocal insurer, launched in late 2021. Its first policy was issued on January 10, 2022.

With just one year in the market, here's a snapshot view of Exchange member regions and products.

Total Members

201,509

Policies Inforce by Product

18.6% | Dwelling Fire (includes DP1 and DP3)

74.4% | Homeowners (includes HO3, HO4 and HO6)

7.0% | Mobile Home (includes MH)

Total Insured Value (TIV) by Florida Region

Region	Percent
Southwest	30%
Central	25%
Southeast	23%
Northwest	12%
Northeast	10%

In its first year, Exchange grew significantly. Exchange ended its first year with \$501 million in premium, 201,509 policies in force and \$225 million in policyholders' surplus. Our annual report provides an in-depth look at our yearend results and milestones reached in 2022.

Investment Summary

2022 was a positive year for Tower Hill Insurance Exchange (Exchange) to establish its investment program. The economic challenges caused by the pandemic, international destabilization and the resulting U.S. inflation have led to increased rates on investment grade bonds.

Exchange's cash and invested assets totaled \$303 million at the end of the year. This total represents growth of \$143 million in 2022 driven by positive investment return, the issuance of new surplus notes and surplus contributions from members, like you.

Tower Hill's conservative investment strategy focuses on diversified, high-credit-quality, fixed income assets on the shorter end of the yield curve. The investment portfolio is managed by Conning Asset Management, a leading global investment firm specializing in the insurance industry. In the year ahead, Exchange will conduct a deep-dive review of the invested assets with a look towards enhancing yield and ensuring that income matches liquidity needs.

Balance Sheet (\$ in thousands)

Tower Hill Insurance Exchange	2022	2021	Change	Variance
Total Cash & Invested Assets	\$302,649	\$159,858	\$142,791	89%
Net Accounts Receivable	118,872		118,872	
Other Assets	15,898		15,898	
Total Assets	\$437,419	\$159,858	\$277,561	174%
Unpaid Loss & LAE	18,009		18,009	
Accounts Payable & Accrued	15,277		15,277	
Unearned Premiums	29,880		29,880	
Reinsurance Payable	124,967		124,967	
Other Current Liabilities	24,022		24,022	
Total Liabilities	\$212,155	\$-	\$212,155	0%
Surplus Notes	205,000	165,000	40,000	24%
Member Surplus Contributions	51,706		51,706	
Subscriber Savings Accounts				
Unassigned Surplus & Other	(31,442)	(5,142)	(26,299)	511%
Surplus as Regards to Policyholders	\$225,264	\$159,858	\$65,407	41%
Total Liabilities & Surplus	\$437,419	\$159,858	\$277,561	174%

Insurance Industry Ratings

Demotech, Inc. affirmed Tower Hill Insurance Exchange's Financial Stability Rating® (FSR) of A, Exceptional based on Exchange's positive surplus, the liquidity of the investment portfolio and the reasonableness of its loss reserves, among other factors.

Kroll Bond Rating Agency (KBRA) affirmed Tower Hill Insurance Exchange's Insurance Financial Strength Rating (IFSR) of BBB+, with a Stable Outlook based on Exchange's strong operating model, sound capital position and conservative investment portfolio, among other factors.

Both ratings reflect Tower Hill's longstanding strength in the Florida market, the level of catastrophic reinsurance protection, and the continued operational support and underwriting expertise of Tower Hill's partners Gallatin Capital, Vantage Group Holdings, Ltd. and RenaissanceRe.

Direct Written Premium

Policies will continue to transition to Tower Hill Insurance Exchange in 2023, from affiliate Tower Hill carriers: Tower Hill Prime, Tower Hill Signature and Tower Hill Preferred Insurance Companies. Exchange provides increased underwriting capacity and flexibility to agents and customers in the Florida market.

Combined Ratio

The Combined Ratio of an insurance company is a measure of expenses and losses compared to premiums. The Combined Ratio net of Reinsurance recoveries is used by the company's management to evaluate underwriting results and the effectiveness of the Risk Management program. In 2022, Exchange's Combined Ratio, net of Reinsurance, was 95.7%, which indicates that the company retained \$4.30 of every \$100.00 of premium to secure future funding of member losses.

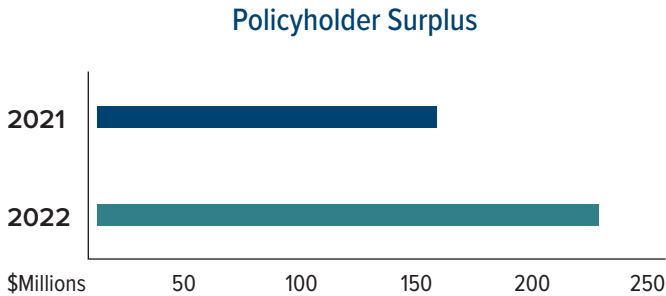
Subscriber Surplus Contributions

Surplus contributions are included with your policy premium and are a part of your membership in Exchange. Your surplus contribution lowers Exchange's cost of capital and allows the company to offer more competitively priced insurance to all members. Through these surplus contributions, you are participating in the company's success and building an ownership stake. You are helping to grow Exchange and the capital available to pay future claims.

Policyholder Surplus

Policyholder Surplus is a financial cushion that protects an insurance company's policyholders in the event of unexpected or catastrophic losses. This number is an

indicator of financial health and represents the capital available when an insurance company's liabilities are subtracted from its assets.



Exchange Investments (\$ in thousands)

Investment Mix	Percentage
Money Market Funds	44.0%
Investment Grade Corporate Bonds	27.7%
Mortgage Backed Securities	11.9%
U.S. Government	6.3%
Municipal Bonds	5.1%
Asset Backed Securities	2.5%
Cash	2.2%
Other	0.3%
Total Cash & Invested Assets	\$302,649

Claims Recap

Weather events continue to be the challenge in Florida. Between the severe convective storms and hurricanes, the Tower Hill Claims team has been busy. It's no surprise that our top cause of loss was windstorm (i.e., tropical storms and hurricanes), which accounted for 85% of all reported claims in 2022.

The big story for 2022 was **Hurricane Ian**, which struck Florida's West Coast on September 28th as a strong Category 4 storm. On November 10th, **Hurricane Nicole** struck Florida's East Coast as a Category 1 storm and then traveled across the state into the Gulf of Mexico as a tropical storm. Some of the most severe damage caused by this late season storm was in Volusia County as a result of the devastating coastal erosion that affected beachfront homes, condominiums and businesses.

Hurricane Ian was one of the most destructive and devastating storms in Florida's history. The infrastructure of some areas was severely impacted, making it especially challenging for members and their families. As soon as it was safe to do so, our staff was on-site at the Florida Department of Financial Services Insurance Villages in Port Charlotte and Fort Myers to assist our members.

The team continues to focus on process improvement, with a focus on member experience. If you have not registered for your Tower Hill customer portal account, we strongly encourage you to do this now at THIG.com/Portal. The next hurricane season officially begins on June 1, 2023.

Hurricane Ian Stats

- More than 80% of the nearly 10,000 Hurricane Ian-related claims were settled by yearend. That's 10% higher than Florida's Department of Insurance industry average.
- For members calling in to report a claim, the average hold time was approximately 8 seconds, basically no wait time.
- Through CastleCare, our credentialed contractor network program, we responded to over 15,000 emergency repair requests. These time-sensitive repairs included boarding up windows, tarping roofs and providing water extraction services.
- We served over 1,500 Exchange members at our Insurance Villages in Southwest Florida. Most of these members had no or limited cell service and were without electricity, so having the opportunity to receive in-person assistance was essential.
- Our 2022 Claims Net Promoter Score (NPS) for all carries is 78%, which compares to the insurance industry average of 45%.

Tower Hill Insurance
Exchange