

To Our Policyholders

When work began on this report to policyholders, social distancing and COVID-19 were not yet part of the vernacular. With their arrival, amid grave health concerns, they placed unprecedented demands on our personal lives and on every business. Our messaging during this time reflects our commitment to you and our injured workers, assuring you our operations remained responsive and active.

Our 2019 results were not impacted by the spread of the COVID-19 virus, and we do not yet know the ultimate impact on our Company. The one thing we can be confident in is the dedication and commitment of our valued colleagues who are prepared to meet and conquer these new challenges.

We present here our 2019 financial and operational summaries, reflecting strong results marked by notable achievements in a number of areas.

“Stay focused on your mission, remain steadfast in your pursuit of excellence, and always do the right thing.”

--Mark Esper, 27th U.S. Secretary of Defense

Each year we look for an inspiring quote that reflects our approach to our business. Secretary Esper’s words hit the mark, as A.I.M. Mutual worked to stay the course throughout 2019.

We embarked on a monumental partnership with one of New England’s marquee organizations, The Kraft Group. We believe this opportunity came to us due to 30 years of consistent and steadfast adherence to one of our core values: Do the right thing. We pride ourselves on our ability to work with insureds and solve problems by listening.

In January, we began writing workers’ compensation insurance in the state of Maine, allowing us to extend coverage to existing policyholders who have locations there. Moreover, we spent much of 2019 laying the ground-

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To Our Policyholders (continued)

work for expansion into our final New England state, Rhode Island, and we expect to write those first policies in the second half of the year.

We also began preparing to bring our nurses and other clinicians on board as staff members, and that transition was completed last month. Under our newly-branded program A.I.M. Vantage, we continue to provide the highest level of occupational health guidance to our injured workers, with a shared goal of a full recovery and successful return to work.

As noted earlier, we welcomed The Kraft Group and the New England Patriots as a policyholder in July, building a custom workers' compensation program responsive to the needs of an account of this size and complexity. We thank the Cross Insurance Agency for this opportunity to partner with them.

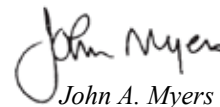
Profitable underwriting results, strong investment results, and positive results from our Fairway Agency drove a 14% increase in policyholders' surplus. For the 26th consecutive year, we recognized favorable development on prior year loss reserves. Despite recent double-digit rate decreases in Massachusetts, New Hampshire, and Connecticut, premiums were modestly higher due to policy retention in excess of 90% and slow but steady growth in our most recent licensed states. These results, combined with \$17.7 million of net investment income, realized gains of \$4.5 million, and continued management of expenses contributed to net income of \$26.7 million.

Throughout 2019, we sent well wishes to eight members of our staff who retired from our Company. We appreciate all they've done on behalf of this organization, bringing a level of professionalism to the workplace that has set a high bar. Our thanks go to Joseph Vollaro, Linda Berglund, Sheila Bindman, Sally Burke, Kathleen Correnti, Sandra Barber, Kathleen Lindros and Christine Hartley.

On behalf of the Board of Directors and A.I.M. Mutual's senior leadership, we extend our deep gratitude and congratulations to Laurie Parsons, Director of Claim, who will be retiring June 1. Under her direction, we've set high standards for injury management, and she has made a lasting impact on our company. We wish her well in this next chapter.

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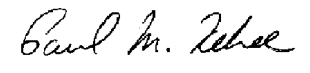
For the 11th straight year, our employees named A.I.M. Mutual a Best Place to Work, first regionally with *The Boston Globe*, and then nationally, with *Business Insurance*. We value that recognition. We credit our people with putting our mission into action; with recent events, our confidence is well validated. We thank them and the Board of Directors whose vision always keeps us on course. To each business we insure, assigned and voluntary, large and small, your workers' compensation partnership is steadfast with us.



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CONSOLIDATED BALANCE SHEETS (CONDENSED)

<i>December 31 (in thousands)</i>	2019	2018
ASSETS		
Bonds	\$543,469	\$518,631
Common stocks	77,814	58,229
Cash and short-term investments	4,201	5,364
Premiums receivable	50,311	42,981
Deferred federal income taxes	7,756	7,813
Accrued investment income	4,380	4,306
Other assets	8,284	7,530
TOTAL ASSETS	\$696,215	\$644,854

LIABILITIES AND POLICYHOLDERS' SURPLUS

Reserves for losses and loss adjustment expenses	\$293,027	\$284,150
Unearned premiums	59,007	52,586
Ceded reinsurance balances payable	10,785	11,303
Borrowed money	10,000	13,000
Federal income taxes payable	2,626	342
Other liabilities	25,705	25,653
TOTAL LIABILITIES	401,150	387,034
POLICYHOLDERS' SURPLUS	295,065	257,820
TOTAL LIABILITIES AND POLICYHOLDERS' SURPLUS	\$696,215	\$644,854

CONSOLIDATED STATEMENTS OF INCOME (CONDENSED)

<i>Year Ended December 31 (in thousands)</i>	2019	2018
Premiums earned	\$141,318	\$137,454
Net investment income	17,720	17,222
Net realized capital gains	4,568	3,000
Other (expenses)	(975)	(500)
TOTAL REVENUES	162,631	157,176
Loss and loss adjustment expenses incurred	97,331	93,554
Underwriting expenses and dividends declared to policyholders	31,339	29,968
TOTAL LOSSES, EXPENSES AND DIVIDENDS	128,670	123,522
INCOME BEFORE FEDERAL INCOME TAXES	33,961	33,654
Federal income taxes	7,232	6,190
NET INCOME	\$26,729	\$27,464

Ernst & Young LLP has completed the audit of the 2019 financial statements of the Companies. A copy of the audited financial statements can be obtained by contacting A.I.M. Mutual.