



**ELCO MUTUAL**  

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**LIFE & ANNUITY**

**2018 Annual Report**



W.D. Bruce  
Chairman Emeritus

**“This year will undoubtedly add another chapter of achievements for the company’s history. A target to have a billion dollars of assets by 2021 is very realistic.”**



## A Message from the President

The United States experienced great economic growth this past year. It started with tax changes which enhanced consumer income, job growth, and the lowest unemployment in 50 years.

ELCO benefitted from this growth too. Our admitted assets increased over 15% to \$878M. In addition, our surplus increased by 17% and is now over \$68M.

With growth comes change. As our assets continued building, we decided to enter into an agreement with J. P. Morgan Asset Management, Inc. (JPMAM). JPMAM manages over \$3 trillion across the country and has a staff dedicated to ELCO. This partnership will allow ELCO's growth to continue, greatly improve the quality of investments, and provide valuable data necessary to make sound investment decisions.

In the early 1980's, we decided to dedicate our products and marketing to the senior market. We have been successful for a variety of reasons. First, our products are easy to understand, unlike many products available today. Excellent customer service is another reason. When you call ELCO, you will always speak with a real, live person.

Our 72 years of success stems from our dedication to the policyholders. Our business continuity instills the values that were established in 1946: well defined plans, proficient personnel, and a progressive sales force.

We are confident in our sustainable growth and look forward to the new opportunities that await in 2019.



Sincerely,

A handwritten signature in white ink that reads "David A. Bruce". The signature is written in a cursive, flowing style.

David A. Bruce  
President - CEO

## New Business

New Business had a fantastic 2018. To say it was an active year would be an understatement. New Business issued over 8,000 policies and processed over \$480 million in premiums, which we hope to surpass in 2019.

We saw many improvements throughout the year, including the ability to take applications via electronic submission. This advancement opened the door to several new possibilities that will help improve the way we do business in the future.

Our staff also saw several changes. The size of our team expanded, and many individuals took on projects to help diversify their insurance knowledge. The department also added more to the managerial level as we promoted Kristen Johnson to Assistant New Business Manager.

While the progress we made in 2018 was significant, we expect the progress we will make in 2019 to be even greater. The new year will hold many new opportunities, and we can't wait to see what it has in store.

**Stephanie Rossi**  
New Business Manager



**Richard P. Leach**  
Sr. VP - Secretary

***“As we move into the future,  
we will never abandon our  
key to success: providing  
the best possible service to  
our policyholders and our  
producers.”***

***“ELCO’s number one priority is our customers. We continuously advance our infrastructure and technology to provide them with the best service possible.”***



**Paul J. Grawe**  
Executive Vice President - CFO

## **Policy Services**

The Policy Services department experienced widespread success during 2018. The members of our staff focused on improving several areas, including our daily operations and processes. They also worked diligently to expand their knowledge base. Some members joined committees, while others acquired life insurance and annuity related designations from LOMA.

They made these advances with one goal in mind, to provide our clients and agents with outstanding support. ELCO Mutual is all about helping people. We offer solutions to problems that our current and future clients may face. This philosophy is what built this company and what has allowed it to flourish for over 70 years.

This philosophy will carry over to this year as well. New advancements in ELCO’s technological capabilities will help further the way ELCO assists those who need help. Our department looks forward to another great year and cannot wait for what 2019 will bring.

**James Huitt**  
Policy Services Manager

***“The claims department is helpful, fair and prompt. We expanded on these values in 2018 and will continue to build on them in 2019 too.”***



**Mary Navulis**  
Assistant Vice President - Claims

## **Claims**

Claims reached its goals for 2018. We processed over 3,200 claims during the course of the year and had a fantastic turnaround time of under 48 hours on standard cases. The department's proficiency grew as we continued our education programs and made significant advancements in fraud prevention. Our team also increased in size as we made a new hire early in the year, and we anticipate that it will continue to grow in 2019.

The number one concern our staff has is helping the beneficiaries of our policyowners. Being able to guide these individuals through a time of grief is one of the reasons we do what we do.

In 2019, we will be able to help them better by working to streamline the claims process further, all while providing the same support that makes this job worthwhile. Our team is looking ahead to the new year with confidence, curiosity, and enthusiasm.

**Mary Navulis**  
Assistant Vice President - Claims

## Information Technology

The IT department spent much of 2018 improving the security and technology related capabilities of ELCO Mutual. We worked tirelessly to improve our staff's efficiency by implementing software like Office 365. Internal processes also saw vast improvement as our team implemented a new help desk system that will make assisting the staff with their needs much easier.

Our team has over 70 years of IT experience and is continuously looking for ways to improve. We also partner with a third party to provide an increased level of perspective on our technology-related goals.

In the new year, we will focus on continuing to enhance our security, educate our team about cybersecurity, and work on the implementation of ELCO's new administration system. We see 2019 as being active for all the right reasons and are thrilled about the new advancements that await.

**Roger Grum**  
Vice President - IT



**Roger Grum**  
Vice President - IT

***“We will build off the successes of 2018 and make significant progress on multiple fronts over the course of the new year.”***



## Accounting

Last year was remarkable. ELCO saw impressive gains in assets and watched its revenues soar from \$201 million to \$256 million. We saw an increase in expenses as well, but it was predominately attributable to the company acquiring new technologies and investing in various sections of the business.

We strengthened our support network by partnering with J.P. Morgan Asset Management (JPMAM), which has provided outstanding results thus far. JPMAM has helped us improve asset quality, diversify our portfolio, and reduce credit risk. Our team also worked to implement new strategies, better internal controls, and an aggressive approach towards maintaining timelines.

To summarize, 2018 was a great year for Accounting. We made terrific strides toward the future and expect to accomplish even more in the new year.

**PONNI S. NAINAR**  
Vice President - Treasurer



Ponni S. Nainar  
Vice President - Treasurer

***“Our goal is to provide fast, accurate, and insightful financial information to the management team and strive to build the confidence of the policyholders.”***



***“Our goal for the HR Department is to provide a working environment that challenges, encourages, motivates and recognizes our employees. The growth of our staff is the driver of our success at ELCO.”***



**Lori Lemme**  
Vice President - HR

## **Human Resources**

HR is all about people. We pride ourselves on hiring the right people, training effectively, placing our staff in the appropriate roles and evaluating in such a way as to further each employee's potential. Our team is what sets ELCO apart, our customer service is second to none. Our working environment is the key to our success.

Our employees are strongly encouraged to continue their education, which is evident as most of our staff have LOMA, ICA, HubSpot or American College designations or certifications. An extremely knowledgeable staff is a crucial component to our customer service satisfaction, our turnover is consistently under 3% with the average tenure of 10.25 years. An experienced staff who is motivated, well compensated, provided with robust benefits and given numerous community outreach opportunities which a tight-knit relationship with both staff and management.

**Lori Lemme**  
Vice President - HR

***“Agency strives to treat every producer like a member of our family by providing the support they deserve.”***



**Jeffrey Rasmus**  
Agency Manager

## **Agency**

The advancements Agency made in 2018 were incredible. We took steps to enhance the agent experience by going out and acquiring a new illustration software provider, a new eSignature platform, and we also made significant strides toward the development of a new agent portal. Many of our agents can look forward to seeing these improvements go into effect at some point during 2019.

In 2019, we will look for even more ways to improve the agent experience, launch new products, and offer more opportunities to our agents.

**Jeffrey Rasmus**  
Agency Manager

## Marketing

Marketing also made progress during 2018 as our team focused on creating materials to support agents, developed content to help educate consumers, conducted detailed market research, and implemented a variety of tools to help fortify our communication channels.

The team's goals in 2019 will be to continue to promote ELCO, create additional support materials, and to work with the product development team to provide our clients with the best solutions to fit their financial needs.

**Bill P. Bruce**

Marketing Manager



**Bill P. Bruce**  
Marketing Manager

***“Marketing’s goal is to help our current and perspective policyholders make informed decisions about life insurance and annuity products.”***

# 2018 Financial Highlights

## Assets

Bonds	\$719,766,918
Preferred Stocks	\$3,000,000
Mortgage Loans	\$1,426,248
Real Estate	\$2,887,187
Policy Loans	\$110,071
Cash & Short Term	\$121,462,921
Receivables	\$8,069,535
Other Assets	\$21,713,823

<b>Total Admitted Assets</b>	<b>\$878,436,703</b>
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## Liabilities

Policy Reserves	\$507,755,563
Policy & Contract Claims	\$350,000
Deposit Type Contract Reserves	\$278,106,539
Other Policyholder Funds	\$771,089
Other Liabilities	\$10,284,150

<b>Total Liabilities</b>	<b>\$797,267,341</b>
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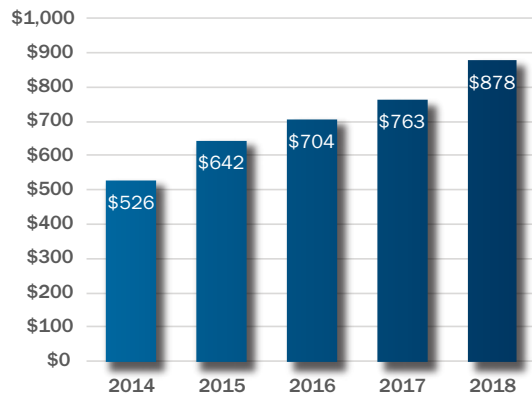
## Policyholder Surplus

Special Reserves (IMR/AVR)	\$12,856,706
Unassigned Surplus Funds	\$68,312,656

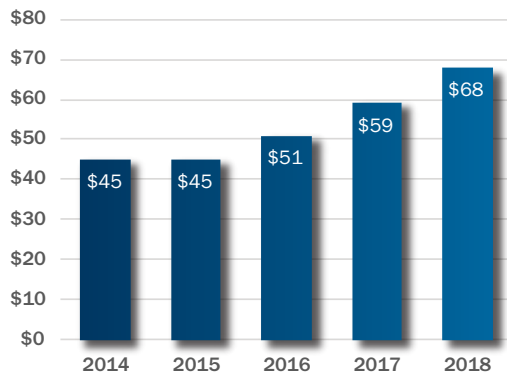
<b>Total Policyholder Surplus</b>	<b>\$81,169,362</b>
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<b>Total Liabilities &amp; Surplus</b>	<b>\$878,436,703</b>
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**Asset Growth** (in millions)\*

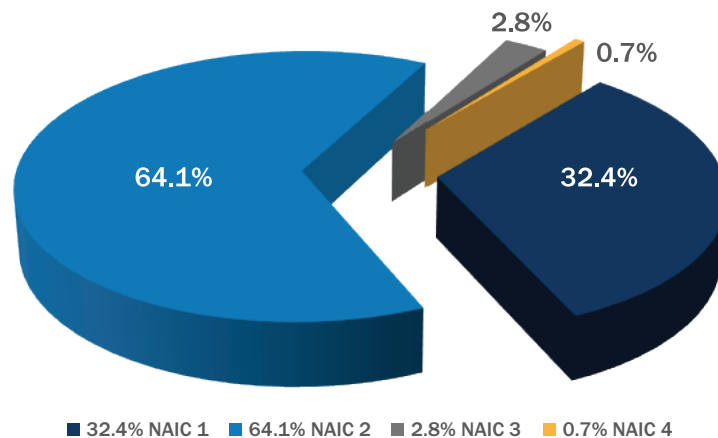


**Unassigned Surplus Growth**  
(in millions)\*



\*Rounded to the nearest million

**2018 Bonds by NAIC Class**



# Our History

Employees Life Company was founded in 1946 and first opened its doors in downtown Chicago, Illinois. Over the past 70 plus years, we have seen many changes, including three moves, two mergers, and one significant name change. Today we are known as ELCO Mutual Life and Annuity and are located in Lake Bluff, IL, which we've had the pleasure of calling home for over 40 years.

## Our Mission

The mission of ELCO Mutual is to help individuals achieve financial security by offering easy-to-understand solutions for the challenges they face. We strive to honor the commitment to our policyowners by offering consumer driven products supported by an elevated level of personable service.

## Our Vision

ELCO will build on its core values to become a trusted provider of information and financial solutions. We will accomplish this goal by educating those interested in learning more about the industry, continuing to recruit the finest agents, and designing products to be advantageous for our clients.



## **ELCO's Executives**

David A. Bruce · President - CEO

Paul J. Grawe · Executive Vice President - CFO

Richard P. Leach · Senior Vice President - Secretary

Ponni S. Nainar · Vice President - Treasurer

Lori Lemme · Vice President - HR

Roger Grum · Vice President - IT

## **Board of Directors**

David A. Bruce · President - CEO

Paul J. Grawe · Executive Vice President - CFO

Richard P. Leach · Senior Vice President - Secretary

William D. Bruce · Director - Chairman Emeritus

Robert E. Bruce · Director - Secretary Emeritus

James S. Farrell · Director - Communications Consultant

Bartholomew Reuter · Director - Attorney

Patricia B. Payne · Emeritus Director - M.D.



## Our Staff

A Better Future  
Built Here.

### Accounting

Latoya Stewart  
Zsuzsanna  
Gaspar-Rosengard

### Agency

Jeffrey Rasmus  
Danette Ustanko

### Claims

Mary Navulis  
Andrea Slove  
Danielle Ruiz  
Diane Vrabel  
Dianne Green  
Steve Rudy

### Marketing

Bill P. Bruce  
Eric J. Grawe

### New Business

Stephanie Rossi  
Kristen Johnson  
Sue Mazur  
Valencia Moore  
Vashon Hanna

### Policy Services

James Huitt  
Dale Dohm  
Janice Bradford  
Kathy Lewandowski

### Records

Howard Rosen  
Logan Cooper

# Serving Our Communities

ELCO Mutual Life and Annuity continued to support its community by volunteering, donating, and participating in numerous events. Our staff has shown an outstanding commitment to helping the community as well. We have gotten involved in a broad spectrum of causes that range from gathering school supplies and books for children to providing seniors with gifts during the holidays. Our staff does its best to support our veterans by participating in food and clothing drives for the Midwest Veterans Closet and by donating to them periodically throughout the year.

On a national scale, ELCO supports Making Strides Against Breast Cancer and The Walk to End Alzheimer's. In 2018, we sponsored tents at local events and had many of our employees attend each walk.

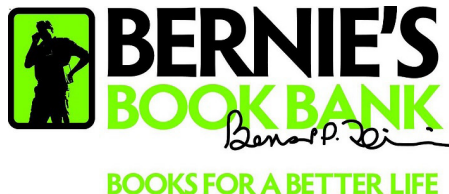
We expect even more involvement in 2019 and look to expand upon what we have done until now. Hosting a pet supply drive, cleaning up our local forest preserves, and becoming more engaged with our local walks are just a few of the items on this year's agenda.



## Who We Support



Midwest  
**Veterans Closet**  
Where Veterans shop **free**





# ELCO MUTUAL

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LIFE & ANNUITY

ELCO Mutual Life & Annuity

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