ANNUAL REPORT

Wayne Cooperative
Insurance Company

To Our Policyholders

I'm excited to lead the Company's next chapter, bringing an entrepreneurial spirit and practical approach.

SEAN P. CAMPBELL
President & Chief Executive Officer

It is my honor and privilege to address you all in this years' annual report following my first year as the Company's President & CEO.

After holding leadership roles at Preferred Mutual and Union Mutual, I joined Wayne Cooperative in September 2023 as Chief Risk Officer. I was drawn to the Company's team-first, practical style.

In my time here, it's truly been a pleasure learning about the Company's culture and history. We listen when others won't, provide a stable market for our independent agents and policyholders during uncertain times, and embody what it means to be a cooperative company, humbly supporting our local communities.

I'm in the privileged position of inheriting an organization primed with potential and a great team developed through careful guidance. I'm excited to lead the Company's next chapter, bringing an entrepreneurial spirit and practical approach. The future is bright for the entire team at WCIC.

While financial results for 2025 were challenging, we still achieved much success. The following report will provide you with a highlight of our year, where we struggled and where we came out on top.

2025 Overview

While it's not uncommon that the Company has a rough start in the first quarter of the year, typically due to weather-related events during the winter, the first quarter of 2025 was one of our worst as a result of multiple large fire losses and two (2) tracked catastrophe events.

Overall direct losses incurred, including salvage and subrogation, significantly increased by $4,035,373 (37.53%) from $10,751,225 in 2024 to $14,786,598 in 2025. This is primarily due to an increase in loss payments of $3,555,167 (32.67%) from $10,880,624 in 2024 to $14,435,791 in 2025.

Fire-Related Claims Activity

Reported fire-related claims remained stable year-over-year, only increasing in count by one (1) from 95 to 96.

Although fire losses only made up 8.81% of reported claims in 2025, they accounted for 48.40% of total loss payments issued in 2025 and were the primary cause of increased loss payments for the year.

Year-over-year, fire-related loss payments increased $1,761,523 (33.71%) from $5,226,047 in 2024 to $6,987,571 in 2025.

Weather-Related Claims Activity

Despite a total of six (6) tracked catastrophe events in 2025, reported weather-related claims decreased by 187 (-23.09%) from 810 to 623. These claims made up 57.16% of total reported claims in 2025 as compared to 62.36% in 2024.

The largest event was a winter storm that resulted in 107 reported claims and $758,655 in loss payments. Total loss payments issued for weather-related claims increased $472,984 (12.57%) from $3,763,497 to $4,236,480 and accounted for 29.35% of total loss payments in 2025, down from 34.59% in 2024.

	Accounting Year					
Losses Incurred	2021	2022	2023	2024	2025	5-Year
Direct Losses Incurred	10,619,429	11,506,339	9,371,420	10,751,225	14,786,598	51,173,263
Reinsurance Loss Recovery	492,182	1,567,984	542,841	1,065,396	1,269,758	4,120,887
Net Losses Incurred	10,127,247	9,938,355	8,828,579	9,685,829	13,516,840	47,052,376
Net Loss Retention Rate	95.37%	86.37%	94.21%	90.09%	91.41%	91.95%
Reinsurance Premium	2,244,192	2,370,280	3,070,551	3,784,071	3,348,046	13,496,093
Reinsurance Recovery Rate						
Ceded Loss to Direct Loss	4.63%	13.63%	5.79%	9.91%	8.59%	8.05%
Ceded Loss to Ceded Premium	21.93%	66.15%	17.68%	28.15%	37.93%	30.53%

The Company's reinsurance loss recovery, the amount received from its reinsurers, increased $204,362 (19.18%) from $1,065,396 in 2024 to $1,269,758 in 2025. While overall recoveries increased, there were no recoveries received for any of the catastrophe events due to incurred losses remaining below our reinsurance retention.

Overall, with reinsurance included, net incurred losses increased $3,831,011 (39.55%) from $9,685,829 in 2024 to $13,516,840 in 2025. This resulted in the Company retaining 91.41% of losses incurred.

Other Financial Results

Total policy count in 2025 increased 2.20%. While the homeowners line, representing 51.13% of total policies at year-end, continued to grow at 6.14%, the dwelling/farm fire, farmowners, mobile homeowners, commercial multi-peril, and landlord package lines experienced negative growth rates of -1.09%, -0.25%, -3.48%, -1.76%, and -1.91% respectively.

The Company's total policy retention rate increased from 87.26% in 2024 to 88.60% in 2025. Overall, as can be seen in the table below, policy retention rates for each line of business have remained very stable year-over-year.

Lines of Business	2021	2022	2023	2024	2025	5-Year Avg.
Dwelling/Farm Fire	82.80%	83.98%	81.39%	81.33%	82.44%	82.39%
Farmowners	94.71%	93.87%	94.07%	94.25%	95.54%	94.49%
Homeowners	90.62%	89.85%	89.87%	89.77%	90.85%	90.19%
Mobile Homeowners	92.15%	89.99%	90.75%	90.40%	91.76%	91.01%
Commercial Multi-Peril	84.24%	88.23%	87.19%	83.22%	89.77%	86.53%
Landlords Package	85.76%	84.92%	84.20%	84.19%	85.47%	84.91%
Total	88.21%	87.84%	87.34%	87.26%	88.60%	87.85%

Premiums for dwelling farm/fire, allied lines, private flood, farmowners, homeowners, landlords policy package, commercial multi-peril, inland marine, and mechanical breakdown increased.

Most notably, the Company's largest line, homeowners, increased $1,597,218 (16.02%) to $11,566,521 due to exposure growth from inflation indexed policies, new submissions valued at replacement cost, and an update to the homeowners program effective 09/01/2024 which included:

- program changes;
- expanded coverage offerings; and
- refined rating factors.

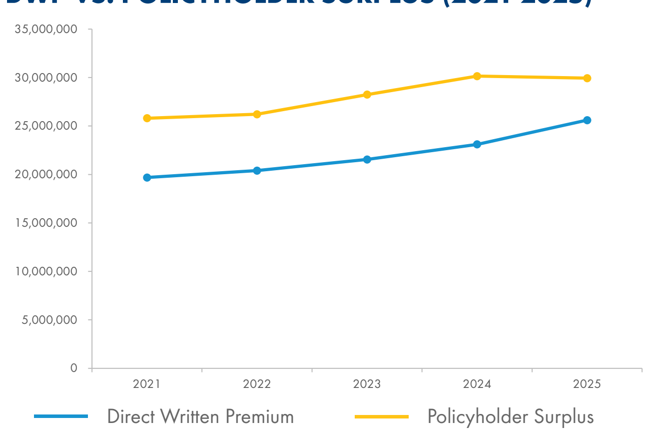
In addition, the inland marine line increased $290,056 (13.56%) to $2,428,922. Equipment increased $142,531 (12.81%) and livestock increased $113,406 (15.50%) over the previous year. The overall premium growth is attributable to insuring larger farms with higher coverage limits for equipment and livestock.

For most other lines of business, premium growth was a direct result of increased policy limits and additional policy coverage on new and current policies. Total direct written premium (DWP) continued to grow in 2025, increasing $2,504,745 (10.84%) to $25,605,121. This was the Company's highest growth rate in over a decade. Due to a difficult year of losses, policyholder surplus (PHS) modestly decreased $201,596 (-0.67%) to $29,939,316.

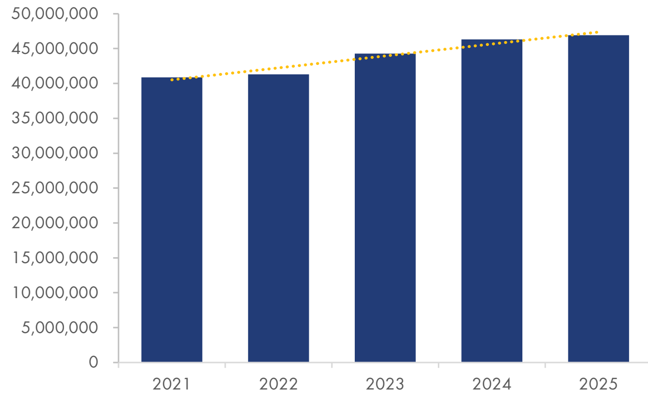
Our gross leverage ratio (direct written premium/ policyholder surplus) declined from having $130 of policyholder surplus for every $100 of premium to $117 of policyholder surplus for every $100 of premium.

Since 2021, DWP has increased 30.06% from $19,686,586 to $25,605,121 and PHS has increased 16.02% from $25,805,358 to $29,939,316.

DWP VS. POLICYHOLDER SURPLUS (2021-2025)



TOTAL INVESTED ASSETS (2021-2025)



While the Company experienced a net underwriting loss of $2,772,569, this loss was partially offset by an investment and other income gain of $1,661,390, resulting in a pre-tax net income of ($1,113,031).

Total admitted assets increased $1,383,965 (2.60%) from $51,831,542 in 2024 to $53,215,507 in 2025. The growth can primarily be attributed to increases in the equity portfolio, cash and short-term investments, and net federal tax recoverable.

Total invested assets increased $626,300 (1.35%) from $46,298,726 in 2024 to $46,925,026 in 2025. Between 2021 and 2025, invested assets have increased $6,063,398 (14.84%).

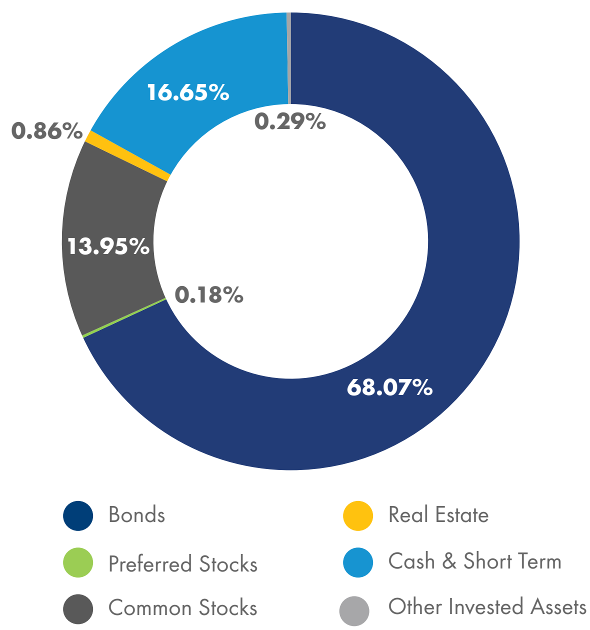
Our investment portfolio consisted primarily of diversified high-grade fixed income securities. The book value of the bond portfolio totaled $31,943,681. It was a $2,080,568 (-6.11%) decrease from 2024 and represents 68.07% of the total portfolio, down slightly from 73.49% in 2024.

The equity portfolio of preferred and common stocks increased $513,845 (8.40%) from $6,115,976 to $6,629,821, representing 14.13% of the portfolio. This growth was driven by net unrealized gains within common stocks totaling $507k.

Total cash and short-term investments increased $2,053,105 (35.65%) to $7,812,160, representing 16.65% of invested assets as compared to 12.44% in 2024. This is a result of the following:

- elevated retentions for the excess of loss and catastrophe reinsurance programs;
- similar level of agency contingent commissions as 2024;
- delayed reinvestment due to a change in the management of the Company’s investment portfolio.

INVESTED ASSETS CONCENTRATION



	2024	2025
DIRECT PREMIUMS EARNED	**100.00**	**100.00**
EXPENSES		
Reinsurance Costs	**16.83**	**13.91**
Loss & Loss Adjusting Expenses		
Net Losses	43.22	55.50
Net Loss Adjusting Expenses		
Net Outside Adjustment Costs	1.21	3.54
In-House Adjustment Costs	4.79	4.97
Total Loss Adjustment	5.99	8.52
Total Loss & Loss Adjustment	**49.21**	**64.02**
Underwriting Expenses		
Net Agency Commissions	19.03	19.34
Salary, Payroll Tax & Benefits	8.89	8.62
Operations	4.80	4.81
Taxes, Licenses & Fees	0.66	0.69
Total Underwriting Expenses	**33.37**	**33.45**
NET UNDERWRITING GAIN/(LOSS)	**0.59**	**(11.38)**

Where does your premium dollar go?

As a policyholder, you may wonder how the premium you pay to the Company is utilized. We think it's important that you know.

For every premium dollar received, the following company expenses are deducted:

- reinsurance costs;
- loss and loss adjusting expenses; and
- underwriting expenses.

Reinsurance costs are the ceded premiums that the Company incurs for its various reinsurance programs. The Company's reinsurance costs decreased $383,557 (-10.17%) from $3,771,359 in 2024 to $3,387,802 in 2025, declining for the first time over the last five years. This caused the portion of premium that's allocated to reinsurance costs to decrease by 2.92 (-17.35%) from 16.83 to 13.91.

Loss and loss adjusting expenses have the largest variability and are the typical driver of a net underwriting gain or loss. As a portion of the premium dollar, the total significantly increased 14.81 (30.10%) from 49.21 in 2024 to 64.02 in 2025. This is primarily due to a 39.55% increase in net losses incurred from $9,685,829 in 2024 to $13,516,840 in 2025.

Total underwriting expenses remained consistent year over year as a portion of the premium dollar with only a 0.08 change from 33.37 in 2024 to 33.45 in 2025.

Overall, this resulted in a net underwriting loss of (11.38) in 2025 as compared to a net underwriting gain of 0.59 in 2024.

Financial highlights

2024 / **2025**

Direct Written Premium

$23.1M / **$25.6M**

Policyholder Surplus

$30.1M / **$29.9M**

Net Underwriting Gain/(Loss)

$130K / **($2.8M)**

Admitted Assets

$51.8M / **$53.2M**

Pre-Tax Net Income

$1.8M / **($1.1M)**

Combined Ratio

97.89% / **110.97%**

Financial highlights

AT AND FOR THE YEAR ENDED DECEMBER 31

	2021	2022	2023	2024	**2025**
Direct Written Premium	19,686,586	20,398,834	21,547,134	23,100,376	**25,605,121**
Net Earned Premium	17,101,524	17,644,245	17,831,616	18,636,626	**20,965,426**
Direct Losses Incurred	10,619,429	11,506,339	9,371,420	10,751,225	**14,786,599**
Net Losses Incurred	10,127,247	9,938,355	8,828,579	9,685,829	**13,516,840**
Net Loss Adjusting Services	592,200	433,561	313,512	270,341	**863,079**
Net Underwriting Gain/(Loss)	(480,032)	364,214	703,976	129,565	**(2,772,569)**
Total Other Income	268,620	288,683	285,788	275,592	**265,156**
Net Investment Gain/(Loss)	1,010,390	1,023,397	1,191,490	1,378,309	**1,555,242**
Realized Cap Gain/(Loss)	106,941	132,017	6,564	(7,755)	**(159,008)**
Net Income	905,919	1,808,311	2,187,818	1,775,711	**(1,111,179)**
Total Invested Assets	40,861,628	41,292,942	44,286,241	46,298,726	**46,925,026**
Total Admitted Assets	45,430,691	45,792,496	49,276,208	51,831,542	**53,215,507**
Policyholder Surplus	25,805,358	26,208,035	28,237,361	30,140,912	**29,939,316**
Policyholder Surplus Change	1,685,988	402,677	2,029,326	1,903,551	**(201,596)**

Getting out of the office with our agents

As our company is represented by independent agencies throughout New York State, it's extremely important for us to develop and maintain strong relationships with our agents. While this is primarily done through regular in-person and virutal agency meetings throughout the year, we also like to have some fun!

During the summer, we invite agents to participate with us in various golf tournaments that support local non-profit or industry organizations. A few of the organizations we support include:

- The Arc Wayne; and
- Big I Greater Rochester.

While golf has been our primary social activity with agents in years past, we were excited to also introduce salmon sportfishing charters on Lake Ontario in 2025!

It's been a great opportunity for us to do something different out of the office and get to know even more of our agents.

Leaving behind a legacy

2025 was a year of substantial change for our organization. Most notably, Jeff Rice retired as President & CEO effective March 18, 2025. After joining the Company in 1985 as an underwriter, he served in various positions prior to being elected to the role of President & CEO in 1999.

While the true impact he had on the Company over his many years of service can't be quantified, there are a few key metrics that show just how much the Company grew during his tenure as President & CEO.

Here's a comparison of the Company's size in 1999 and 2024.

	1999	2024
Direct Written Premium	$5.42M	**$23.10M**
Policyholder Surplus	$5.78M	**$24.36M**
Total Admitted Assets	$11.24M	**$40.59M**

We can confidently say that Jeff had a truly significant impact, leaving behind a legacy and a company that is poised for continued growth and success. The Company's employees and Board of Directors are grateful for his many years of service and wish him all the best in the next chapter of life: retirement!

What did we accomplish in 2025?

Between large strategic projects, small maintenance items, and everything in between, 2025 was an extremely busy year for us. Even in the face of a lot of organizational change, we're proud of everything that we were able to accomplish over the course of the year. Here are just a couple of the highlights!

Data download

Back in 2023, we began working with Ivans, a leader in digital insurance software, on a data download project. The data download process simplifies the exchange of policy-related information between the Company and the agency by delivering data directly to agency management systems. It creates a much easier process for agents to maintain up-to-date policy information in their systems without manual data entry.

This project was a large undertaking. Specifically, we had to develop the infrastructure needed to support the entire process. And it took a long time to build out. However, through lots of perseverance, we got the project over the goal line and implemented with our agents in Q1 2025. It was a huge milestone for us!

Dwelling Fire rate change

In June 2025, we implemented a rate change to our Dwelling Fire (FI) line of business; specifically fire, wind, and barns. This was the first update to FI property rates since 1982! As our company continues to grow and we look ahead at modernizing the rating platform for our agents, it's imperative that our rates are adequate.

Multi-factor authentication for employees

Cybersecurity has been, and continues to be, a very hot topic. As a financial services organization, it's imperative that we safeguard our policyholders' data. While undergoing computer upgrades for all employees in the fall, we also implemented multi-factor authentication (MFA) at the desktop level. To log into their workstation, all employees must now use two methods of identity verification.

Enterprise dashboards

To help facilitate conversations regarding company performance and assist in making strategic business decisions, we implemented a new set of enterprise dashboards that monitor key performance indicators within the various departments of the Company.

Investment Manager

In Fall 2025, we appointed a third-party Investment Manager to provide oversight of the Company's investment portfolio. In the past, this had been accomplished using internal resources. As we have started the transition process, we look forward to a great working relationship!

What do we have planned for 2026?

Building on the momentum from 2025, we have another extremely ambitious year of deliverables ahead of us to support our strategic goals and targets. Take a sneak peek at our upcoming year.

Landlord Policy Rate & Product Update

Agency Paperless

Online Application

Workflow Updates

Corporate Officers

SEAN P. CAMPBELL
President/Chief Executive Officer
Chief Underwriting Officer (Acting)
Chief Technology Officer (Acting)

MARSH J. HANCOCK
Vice President
Chief Operating Officer & Chief Claims Officer

LAURA M. HARRIS
Chief Consumer Affairs Officer & Chief Marketing Officer

HARLEY D. ROBERSON
Chief Accounting Officer

KRISTEN L. RICE
Chief Regulatory Officer

Board of Directors & Officers

ROBERT F. BRISKY, CHAIRPERSON
Owner - Finger Lakes Garage Door
Director since 1994

CLAIR J. BRITT, JR., TREASURER
EVP Lending - Lyons National Bank
Director since 2007

SEAN P. CAMPBELL
President & CEO - Wayne Cooperative Ins. Co.
Director since 2025

KENNETH E. DISANTO, SECRETARY
Retired Chief Engineer - Xerox
Director since 1996

BRADLEY E. KEEM
Owner - Keem Appeals, PLLC
Assistant Conflict Defender - Livingston County
Director since 2016

GRETTA B. MILES, ASST. TREASURER
Vice President, Controller & Asst. Treasurer - Carrols Corp.
Director since 2018

ROBERT C. OAKS
Retired - Robert C. Oaks Ins. Agency & NYS Assemblyman
Director since 2021

MICHAEL W. PALUMBOS
Owner - Family Wealth & Legacy LLC
Director since 2010

WAYNE V. RICE
Retired President & CEO - Wayne Cooperative Ins. Co.
Director since 1979

STEVEN D. STASIUKONIS
President - Secure Network Technologies, Inc.
Director since 2002

RICHARD A. WADSWORTH, ASST. SECRETARY
Auditor - Lyons & Gananda Central School Districts
Director since 1994

MELANIE L. WICKHAM, VICE CHAIRPERSON
Owner - RR Events LLC
Partner - Flint Enterprises LLC
Employee - Pick 'n Patch
Director since 2011

Board Committees

NOMINATIONS & GOVERNANCE COMMITTEE
Kenneth DiSanto
Bradley Keem
Robert Oaks
Steven Stasiukonis
Melanie Wickham*

AUDIT COMMITTEE
Clair J. Britt, Jr.
Gretta Miles*
Robert Oaks
Steven Stasiukonis
Richard Wadsworth

COMPENSATION COMMITTEE
Kenneth DiSanto
Bradley Keem
Robert Oaks
Michael Palumbos*
Richard Wadsworth

FINANCE COMMITTEE
Clair J. Britt, Jr.*
Sean Campbell
Michael Palumbos
Wayne Rice
Richard Wadsworth

RISK COMMITTEE
Clair J. Britt, Jr.
Bradley Keem*
Gretta Miles
Michael Palumbos
Wayne Rice
Steven Stasiukonis
Melanie Wickham

EXECUTIVE COMMITTEE
Robert Brisky*
Clair J. Britt, Jr.
Bradley Keem
Gretta Miles
Michael Palumbos
Melanie Wickham

*Committee Chair