



May 1, 2024

Notice of Annual Meeting and Proxy Statement of Members

- Notice of Annual Meeting and Proxy Statement of Members
- Board of Directors and Officers
- Letter from the Chief Executive Officer
- Financials 2023 and 2022

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To the Members (policyholders) of California Mutual Insurance Company (the Company):

Notice is hereby given that the annual meeting of the members of the Company will be held on:

TUESDAY, MAY 28, 2024

AT 3:00 P.M.

In the Company Office located at:

650 SAN BENITO STREET, STE. 250

HOLLISTER, CA

For the following purposes:

1. Election of two directors, and
2. For the transaction of any other business that may properly come before that meeting or any adjournment thereof.

Hollister, California

May 1, 2024

Connie Glosser,

Secretary

ELECTION OF DIRECTORS

The term of office for two directors will expire this year. The candidates nominated for the four-year term expiring in May 2028 are:

DON MARCUS

Mr. Marcus, 72 is a 4th generation San Benito County (SBC) resident, managing his family's home cattle ranch and serving for 34 years as President of Marcus Building Systems, Inc.. He is now a retired shareholder in the company. Mr. Marcus has served on the SBC Board of Supervisors, SBC Saddle Horse Association

Board of Directors and President, Trustee for San Benito Joint Union High School, past Rotary Club board member, member of the Hollister Elks Lodge and provided donated labor and material for the construction of St. Benedict Catholic Church and the Emmaus House for Women.

Mr. Marcus is a graduate of California Polytechnic State University and was appointed to a board vacancy in November of 2014. He is seeking election to his third term as a director.

KEN BETTENCOURT

Mr. Bettencourt, 77, is the owner/broker of Ridgemark Realty. Previously he was President of Ridgemark Corporation, Vice-President and County Manager of Western Title Insurance Company and Vice-President of Fidelity National Title Company of Monterey County.

Mr. Bettencourt is a graduate of Gavilan College and has served as a director of California Mutual since 1982.

OTHER MATTERS

As of this date there are no other matters management intends to present or has reason to believe others will present at the meeting. The members acting as your proxy will vote on those matters in accordance with their best judgment.

2023-2024 Board of Directors

Matt Curley, San Jose
Steve Miller, Payson, AZ
John Tobias, Hollister
Kenneth Bettencourt, Gilroy
Cheri Schmidt, Hollister
Connie Glosser, San Francisco
Don Marcus, Hollister
Ray Borzini, Salinas

2023-2024 Officers

Matt Curley,
Chief Executive Officer

Connie Glosser,
Secretary

Cheri Schmidt,
Chief Financial Officer

CALIFORNIA MUTUAL INSURANCE COMPANY DECEMBER 31, 2023 AND 2022 UNAUDITED (STATUTORY)

BALANCE SHEET	2023	2022
ASSETS		
Cash in Bank	\$ 7,658,496	\$ 4,238,052
Bonds	9,543,972	9,746,173
Stocks	6,499,016	5,420,378
Agents Balances	3,679,902	2,033,226
Reinsurance Recoverable	23,246	331,787
Other Miscellaneous Assets	463,165	359,168
TOTAL ASSETS	\$ 27,867,797	\$ 22,128,784
LIABILITIES AND POLICYHOLDERS' SURPLUS		
Reserve for Losses/Loss Adjustment Expenses	\$ 4,074,482	\$ 2,650,442
Reserve for Unearned Premium	8,351,990	5,486,411
Accrued Expenses	1,164,344	826,332
Deferred Income Tax Liability	91,267	51,469
Current Income Tax Liability	-	-
Reinsurance Payable	826,085	214,317
TOTAL LIABILITIES	14,508,168	9,228,971
POLICYHOLDERS' SURPLUS	13,359,629	12,899,813
TOTAL LIABILITIES AND POLICYHOLDERS' SURPLUS	\$ 27,867,797	\$ 22,128,784
OPERATING RESULTS		
PREMIUMS EARNED	\$ 9,963,737	\$ 7,658,334
DEDUCTIONS		
Losses and Loss Expenses Incurred	6,091,860	4,298,131
Underwriting Expenses Incurred	4,395,564	3,495,585
UNDERWRITING GAIN (LOSS)	(523,687)	(135,382)
NET INVESTMENT INCOME EARNED	141,007	5,791
OTHER INCOME (EXPENSE)	87,584	(4,971)
FEDERAL INCOME TAX EXPENSE	37,898	20,316
NET INCOME	\$ (332,994)	\$ (154,878)
SUMMARY OF SURPLUS		
POLICYHOLDERS' SURPLUS-BEGINNING OF YEAR	\$ 12,899,813	\$ 13,887,579
Net income	(332,994)	(154,878)
Net Unrealized Capital Gains (Losses)	835,827	(1,147,423)
Change in Non-Admitted Assets	(3,217)	432
Change in Net Deferred Income Tax	(39,800)	314,103
POLICYHOLDERS' SURPLUS-END OF YEAR	\$ 13,359,629	\$ 12,899,813

To Our Members

2024 will be California Mutual's 104th year serving California families and businesses throughout the state. We were founded in 1920, by a small group of San Benito County residents who banded together to form a mutual insurance company to secure fire insurance for their properties. We have since grown into a statewide mutual insurer providing comprehensive coverages for individuals and businesses. California Mutual provides personal lines coverage for homeowners, rental properties, and supplemental insurance to CA Fair Plan insureds. On the commercial side, we offer coverages for apartments, motels, mercantile, office buildings, bed & breakfast inns, shopping malls, light to medium industrial and more. Our products are sold through hundreds of independent agents across the state.

We invite you to visit our website for more information on California Mutual and the services we offer at www.calmutual.com.

Owned by You

It is important to note that California Mutual is a mutual insurance company. A mutual insurer is owned exclusively by its members or policyholders. There are no shareholders, as with a stock company, and we do not make profits that are passed along to shareholders like a stock company. All net income we generate is held in a policyholder's surplus fund that is used to pay claims made by policyholders. Because we are not owned by shareholders and expected to make traditional profits, we can offer our members fair and accurate pricing while ensuring the company remains financially secure. As a mutual insurer, we operate with a long-term view to creating value and financial stability for our members.

A California Domestic Company

California Mutual is a California domestic company insuring and employing Californians. We know the state well and we insure risks based on individual attributes rather than by zip code. Our Board of Directors, also based in California, is comprised of talented and experienced professionals who make sure the company remains financially stable and able to fulfill the promise we make with every policy we sell.

A.M. Best

California Mutual is rated A- (Excellent) which was affirmed again by A.M. Best Company in 2024. A.M. Best is the leading insurance industry financial rating agency. The rating of A- (Excellent) is assigned to companies that have excellent financial strength, operating performance, and market profile when compared to the firm's established standards.

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Financials

In 2023, we sold and serviced a record number of policies for California Mutual. Our premium grew 45%, as our new business increased by 90%, and retention, members who stay with us year after year, was 94.1%. We take pride in our growth of new customers and our support for our members in the state at a time when many of our competitors have had to completely exit the California insurance market.

In 2023, our Combined Ratio, which represents the percent of each dollar earned that we pay out in claims and expenses, was 95% for a 5-year average of 97%. In 2023, Policyholder Surplus increased by 3.6%, resulting in a 5-year increase of 13%.

Reinsurers Provide Added Strength

We place our reinsurance with reinsurers rated at A (Excellent) or higher by A.M. Best Company. The reinsurance we maintain provides support for catastrophic losses and our reinsurers have financial surplus in excess of \$10 billion

Some Services and Value to our Members

- Electronic delivery of documents
- Online services to view your policy, billing and claims information
- Commercial Policyholders may elect to add optional coverages such as:
 - Employment Practices Liability- responds to claims brought by employees, as well as third party harassment and discrimination, such as ADA
 - Equipment Breakdown
 - Cyber Liability and Data Compromise
- Homeowner policyholders may elect to add:
 - CalAdvantage coverage—includes equipment breakdown, water service line coverage, green home and increased limits
- Payment options include:
 - Online and telephone payment—credit and debit card and electronic check
 - Automatic payment via email or text messaging
 - Assortment of payment plans

Your Privacy is Important

The information we gather is used by California Mutual to conduct California Mutual business only. We do not share policyholder information with any third parties for their use.

We recognize you have many insurance companies to choose from and we are honored you have chosen to be a member with California Mutual Insurance Company.

We wish you all the best in 2024!

Matt Curley, CEO