Building relationships.

“Let’s sit down and talk.”
Pete McPartland
Sentry Chairman of the Board, President, and CEO

“Let’s sit down and talk.”

Five simple words that begin many of the conversations we have with customers. The two blue chairs that make up the cover help represent the power of conversation. It’s how we’ve engaged our customers for more than 110 years. The importance of long-term business relationships is featured in our brand messages—since we introduced our new logo in 2016—and as the new title sponsor of the PGA TOUR Sentry Tournament of Champions. This year’s Annual Report highlights our customer relationships—but also those with employees and communities—that are centerpieces of our culture and the core of our business model.
Financially, 2017 was another very good year for Sentry, despite it being a challenging year for the property and casualty insurance industry. Our earned premiums grew by $169 million to $2.8 billion, reflecting the continued vitality of our mature businesses, as well as the continued success of our acquisitions and organic start-ups. Surplus—the excess capital over what is needed to cover our obligations—passed the $5 billion mark to end the year at $5.2 billion, an increase of $422 million or 8.9% growth. Our strong operating profitability, including superior investment returns on $12 billion of invested assets, was responsible for this result.

Sentry earned an A+ rating from A.M. Best—the industry's leading rating authority—for the 26th year in a row. It's something only a handful of companies have accomplished.

Two major story lines dominated the property and casualty industry in 2017. The most significant being record catastrophic natural disasters. No doubt you recall the devastation from hurricanes Harvey, Irma, and Maria that, along with California wildfires, resulted in an estimated $85 billion insured loss impact on the industry. Due to our disciplined approach to managing catastrophe exposures, Sentry experienced limited losses, just $43 million—an impact proportionally much smaller than the industry average.

The second major issue is the rising costs of bodily injury—largely from accidents involving trucks and private vehicles. Rising jury verdicts and expanding interpretations of negligence have driven bodily injury costs up significantly in recent years. We experienced this impact mainly in our trucking insurance and dealer insurance programs. I'm confident Sentry is working through these issues as well as anyone.

We continue to invest heavily in our people, our facilities, and our technology. Sentry University has been in the works for a few years and opened in 2017. This program involves a multi-faceted approach to associate development, training, and setting career paths. It includes a variety of traditional and high-tech learning methods, always emphasizing associate self-direction.

Other stories in this report focus on building projects that provide better work experiences for our people, and technology transforming the way we serve customers.

If you're a fan of golf or if your favorite NFL team didn't make the playoffs, I hope you tuned in to the inaugural Sentry Tournament of Champions held at the Plantation Course at Kapalua, Maui, in January. This exciting tournament represented the introduction of our new Sentry logo and reassertion of our brand message to a wider audience. Customers see us as a company with strong, long-term customer relationships, one that listens and engages in dialogue with customers. This was the thrust of our branding message on the course and during televised coverage. You'll see more of Sentry and our national advertising campaign going forward.

I thank you for your interest and support. I've said in the past, much of our success has to do with being a mutual insurance company that manages for the longer term, while being disciplined and opportunistic in how we do business. The relationships we've formed prove that it's a winning strategy for us, and for you.
The 18th hole on the Plantation Course at Kapalua Golf, Maui. We're starting new conversations with business leaders as title sponsor of the PGA TOUR Sentry Tournament of Champions, the TOUR's sole winners-only event.
Creating—and renewing—connections through golf

AN INVITATION

Emma Fosdick, president of Pittsfield Products, takes her responsibilities to her company and her employees seriously, so frequent talks with her Sentry account manager are not unexpected. Getting a call from John Hyland, Sentry vice president and segment executive, with an invitation to attend the 2018 Sentry Tournament of Champions, however, certainly was. “I was both flattered and shocked,” she remembers. “It was so thoughtful and generous. I had to go. I knew it would be a good chance to meet more Sentry leaders.”

Pittsfield Products and Sentry have a long history together. “My first memories of Sentry date back to when I was a kid visiting my father at work,” says Emma. “I grew up seeing this relationship from the outside before I became the person in charge and had to make decisions about things like business insurance and our 401(k) plan.”

After arriving on Maui and meeting other guests—some from companies like hers, some from much larger businesses—she noticed a trend: “We were all there because we had strong connections to Sentry. No matter the size of our companies, each of us had a long-lasting, caring, and genuine business relationship, one beneficial to all parties.”

PITTSFIELD PRODUCTS IS A THIRD-GENERATION FAMILY COMPANY WITH NEARLY 150 EMPLOYEES.

Ten years ago, Emma Fosdick took over for her father as president. Her grandfather started the company in the 1940s. It’s a healthy, strong, and profitable company that makes filters and other components that go into many products, from heavy industrial equipment to household refrigerators, even high-performance race cars. In other words, it’s a manufacturing company foundational to the U.S. economy—a core industry for Sentry business insurance.
CONNECTED TO THE GAME
We’ve been building relationships with business owners at SentryWorld—Wisconsin’s first destination golf course—since 1982. So we know business owners and executives play, watch, and read about golf.

Extending our dedication to the sport of golf, SentryWorld will be the host site for the 71st U.S. Girls’ Junior Championship, July 22-27, 2019.

A COMMITMENT
The inaugural Sentry Tournament of Champions was an unforgettable experience: for the first time in several years, the event featured the top five golfers in the world. It was an elite, winners-only competition on a fantastic course, surrounded by lush Hawaiian vistas, overlooking sunlit ocean waves.

For Emma Fosdick, the tournament was also memorable for other reasons. “The conversations I had on Maui reminded me why I stay with Sentry. Sentry values are our values. It was something everyone I met understands, and what they live up to. I’m proud of Sentry. I want others to see in them what I see.”

The Sentry Tournament of Champions trophy represents two icons of Maui—the wave and whale—and echoes the quotes in our logo, which symbolize the power of smart business conversations. We commissioned local island artisans at Makai Glass to create the trophy. Dustin Johnson, the number one ranked golfer in the world, captured the trophy with his 8-stroke victory.
AN OPPORTUNITY

Sponsoring the PGA TOUR’s Sentry Tournament of Champions gives us an opportunity to celebrate with our customers at one of the most beautiful venues in golf. It’s an exciting way to extend our brand which emphasizes long-term relationships. The tournament broadcast and our new television commercials helped introduce us to a wide audience of potential customers.

“The PGA TOUR was thrilled to welcome Sentry as title sponsor of the TOUR’s annual winners-only event, the Sentry Tournament of Champions. The unmistakable Maui beaches provided an idyllic backdrop for the Sentry brand. The PGA TOUR’s biggest stars continued their season-long quest for the FedExCup—with World No. 1 Dustin Johnson capturing the 2018 Sentry Tournament of Champions title.”

—Jay Monahan, commissioner, PGA TOUR, Ponte Vedra Beach, FL

Golf programming is an efficient way to reach the television screens of business decision makers across the nation. In preparation for the tournament, we produced new television commercials based on our ongoing “Right By You” print ad campaign.
A human approach to technology

Knowing your first impression with a company usually happens on the Internet, we rebuilt sentry.com in 2017 to make it feel as familiar and comfortable as talking to a Sentry employee in person. It mirrors our commitment to making lasting, true connections. It also provides tools and resources to help businesses succeed.

For many, it can be an imposing task to work out what kinds and levels of insurance coverage make good business sense. On sentry.com, you can choose if you want to educate yourself on workplace insurance or reach out to someone with the experience to help you make smart decisions. Uncomplicated, helpful resources include information on reducing risks and improving safety. If you’re a customer, it’s a one-stop spot for managing your insurance account, claims in progress, or your retirement account.

With today’s technology, a company’s first impression often comes via the Internet.
New technology also played a role in how we responded to multiple major hurricanes in 2017. Drones allowed our claims professionals to promptly assess damages and speed payments to those affected.

Also during 2017, we began using another tool to help customers manage risks: safety specialists used new data analysis programs during site visits to gather vital information, such as environmental risks, and share it with businesses to help them proactively avoid problems.

“It was great knowing and seeing Hortica (a Sentry brand specializing in the horticultural industry) use the latest technology to thoroughly respond to my loss and move quickly to repair my property! The information gathered by using their drone proved helpful, not only in the repair but in determining what property was undamaged. This gave me peace of mind, knowing that my business could continue to operate during the repair period.”


HURRICANE IRMA DAMAGED THE ROOF OF SUNBELT LAWN & TRACTOR IN WINTER PARK, FLORIDA:
“I was very impressed with the use of this equipment to inspect areas that would otherwise be difficult to view,” said Walt Thomas, owner. “Your claim adjuster was very professional and well informed on building and zoning requirements.” Using a drone-mounted camera to complete the inspection quickly, we issued a payment less than 72 hours after the storm.
Driving into Stevens Point, Wisconsin, from the north, you’ll see a new Sentry office building under construction on the right. On the left, you’ll see our home office, where multi-year renovation projects continue. Both ventures reaffirm long-term commitments to the area. A closer look reveals we’re also building relationships.

Often, long-term relationships are formed when a customer comes to us to resolve a claim. The experience they have is a moment of truth. Our claims staff—who take care of those customers when they need us most—will consolidate from Stevens Point locations into the new building. Comfortable spaces overlooking the city and its natural surroundings will provide a backdrop for in-depth conversations. Not just between us and our customers, but between our employees, too. It’s one way we take care of the people who take care of our customers.

“Sentry is an exceptional community partner. It’s easy to see their impact on so many of our families and businesses. At Portage County Business Council, our motto is, ‘Where economic vitality meets quality of life.’ Sentry lives and breathes that every day.”

—Todd Kuckkahn, executive director, Portage County Business Council, Stevens Point, WI
A STRENGTHENED BOND
We’re also building a greater presence—both physically and through developing important bonds—beyond our hometown and home state.

We recently expanded longstanding connections with Harley-Davidson®, another iconic brand with Wisconsin roots going back more than a century. A recent endorsement from Harley-Davidson Financial Services strengthened our shared history. Now, nearly a quarter of Harley-Davidson dealerships in the U.S. have Sentry business insurance.

Those customers will also find a new experience. An interactive center that is part high tech, part high touch. Technology giving them multiple ways to look at risks, claims, and related data. Analytics and technology that help support them, offering solutions while building long-term relationships.

Flad Architects and J.H. Findorff & Son, Inc.—our general contractor—are Wisconsin-based companies we’ve worked with before. The former designed our home office in 1977. The latter assisted with the SentryWorld renovation. Many local and regional subcontractors are also involved.

REGIONAL RELATIONSHIPS
We also continued expanding our support of the independent agent market during 2017. New regional offices in Charlotte, North Carolina, and Windsor, Connecticut, help us better connect with independent agents on the east coast.

“We were delighted to join forces with Sentry. Their strength and our knowledge of the local market are a sensational combination, but it’s the relationship and trust between us that makes this partnership really powerful.”
—Matt Desaulnier, president, Gerardi Insurance Services, Inc., Putnam, CT

New construction and renovations help us increase efficiency and responsiveness to customers, foster collaboration between employees, and attract and retain top talent.
A culture of caring

Last fall, during a regular workday, four employees from the Sentry Charlotte office used company-paid Volunteer Time Off hours to help prepare hundreds of meals for people in need. They worked for Friendship Trays, one of 73 organizations supported through the new VTO program in its inaugural year. What happened in Charlotte was repeated in Sentry communities throughout the country. More than 340 employees volunteered more than 1,195 hours for people and organizations in need of assistance.

Sentry employee donations and matching gifts raised nearly $500,000 to help non-profits and organizations to meet the needs of those less fortunate. The matching gifts portion came from Sentry Insurance Foundation, Inc.—the charitable arm of Sentry Insurance—which also provided almost half a million dollars in scholarships to students throughout the country, including students at each of the 17 four-year colleges in the University of Wisconsin system.

“Sentry is the foundation of this community. We’re lucky, this community is lucky, this university is lucky. We’re fortunate that Sentry has chosen to remain here in Stevens Point, because we are a different place because of this company.”

—Bernie Patterson, chancellor, University of Wisconsin–Stevens Point, Stevens Point, WI
Providing Opportunities for Growth and Development

Supporting education and workforce development improves quality of life and encourages success for all—our company, customers, communities, and employees.

Ben Kewaygeshik is an example of such a success. He was in the first group of student-employees in the Sentry Stevens Point IT co-op. In 2017, he became a full-time member of the Sentry Information Technology team, using his skills to support customer relationship programs. Collaborating with his fellow students and future coworkers at the co-op prepared him for a smooth transition into a professional career.

“The time I spent at the IT co-op allowed me to see how team members interact with one another and how supporting our internal customers ultimately gives our external customers a better experience.”

—Ben Kewaygeshik, software developer, Sentry Insurance, Stevens Point, WI
P.J. Jacobs will forever be associated with Sentry Insurance. His vision for the fledgling Hardware Dealers Mutual Fire Insurance Company included moving it to Stevens Point in 1912. His leadership over the course of more than 30 years provided Sentry—and his hometown of Stevens Point—growth and prosperity. Descendants of Jacobs visited us in April. Their tour included lunch at the restaurant named after him, PJ’s – SentryWorld.

Joining a thriving central Wisconsin food scene, Muse at Sentry opened as a new, uniquely elegant option on September 18.

Relationships extend beyond careers at Sentry. Retirees continue to be interested and involved in the company they helped build. Recently, more than 500 Sentry retirees sat down with us to celebrate milestone achievements during our 55th annual Recognition Luncheon. Restaurants like Muse at Sentry and PJ’s – SentryWorld, along with access to a wellness center and recreational activities at SentryWorld, extend our connections to retirees.

“I value the way Sentry listens to retirees and keeps us informed. Sentry is a company that cares—not just for their employees and retirees, but for the community, too. And that’s why we care.”

—Eugene Trzebiatowski, retired, Stevens Point, WI
The ripple effect

Success isn’t just a sound bottom line. We win when our customers do—and when our employees and communities do. For example, when *Forbes* named Sentry one of the top places to work in the nation, we knew it would attract talented employees to our offices around the country—and that they’d also become valued citizens in our communities.

Sentry debuted at 56 on *Forbes* list of America’s best midsize companies—those with fewer than 5,000 employees. In building the list, the magazine surveyed 30,000 employees about more than 30 criteria including corporate climate, transparency, decision making, wages, and career development opportunities. Critical to the rankings was whether an employee was willing to recommend their employer as an exceptional place to work.

“Our goal is to create an atmosphere where every associate can be excited about their work, be challenged, and can grow and learn,” said Jayne Petruska, vice president and chief human resources officer. “Being recognized by *Forbes* shows that our employees are passionate about their work and about Sentry.”

**FORWARD THINKING**

One way we help our customers succeed, is by pushing ourselves to be thought leaders. It helps us be more responsive, understand emerging risks, and innovate solutions. Throughout the year, specialists at Sentry shared facts, information, and opinions in *Business Insurance* magazine and trade publications supporting industries we serve.

More than 90% of Sentry employees regularly participate in United Way fundraising. In 2017, we raised $1.15 million in central Wisconsin and another $305,418 nationwide.
BEING ALL-IN MAKES ALL THE DIFFERENCE:
Raising money for local charitable groups helps create programs that wouldn’t otherwise exist. Volunteers contribute important skills and helping hands. Rewards extend beyond direct assistance to improving the places we call home.

“With Sentry, it’s so much more than writing a check,” said Sue Wilcox, United Way of Portage County executive director. “Sentry and its employees are committed to this community. When we need you, you’re like a big brother or big sister. You’re there for us. When you bring your skills and talents, you create a ripple effect of trust and support in the community. You make this community the best it can be.”

United Way of Portage County honored Sentry employees with the Million Dollar Circle and Corporate Volunteer Engagement awards.

SENTRYWORLD: A GEM FOR CENTRAL WISCONSIN
35 years ago, we built SentryWorld to be a focal point of local activity, a lifestyle center for a regional neighborhood. That goal continues today. Recent honors spread the message that central Wisconsin is a great place to live, work, and play:

- *GOLF Magazine* listed SentryWorld at No. 4 “Best Golf Courses You Can Play in Wisconsin” and No. 78 “Top 100 Courses You Can Play”
- *Golf Digest* ranked SentryWorld at No. 34 in “America’s Greatest Public Golf Courses”
- Golf Course Owners of Wisconsin awarded SentryWorld the 2017 Teaching Center of the Year Award
- Wisconsin PGA gave the Horton Smith Award for golf education to Danny Rainbow, SentryWorld director of golf
Working together on a common goal

At Sentry, our core business units provide industry-specific commercial insurance options and various employee benefits. We're diverse in many ways, but we all share one common goal: Providing peace of mind. We work with our fellow employees, customers, partners, and communities to offer that assurance and confidence to about 1 million customers across the country.

Commercial insurance business units

**NATIONAL ACCOUNTS**
Provides workers’ compensation, auto, general liability, and other insurance solutions to large corporate accounts with complex risks. Sold through independent brokers and agents.

**STANDARD BUSINESS PRODUCTS**
Provides a wide variety of property and casualty, and life and annuity products and services to companies in manufacturing and processing industries, including hard goods, wholesaling, and retailing. Sold exclusively through employee direct writers.

**DEALER OPERATIONS**
Provides property and casualty, and life and annuity products and services to franchise auto, truck, equipment, motorsports, and boat dealers. Sold exclusively through employee direct writers.

**TRANSPORTATION**
Provides trucking insurance, as well as safety services, to long-haul trucking companies. Sold through a select group of industry-specialized independent agents.

**REGIONAL**
Offers commercial property and casualty insurance sold to a variety of industries in specific geographic areas, through select independent agencies supported by regional field offices.

**HORTICA®**
Specializes in property and casualty products, as well as loss control and safety services, for greenhouse growers, nurseries, garden centers, and retail and wholesale florists. Sold through employee direct writers and independent agents who understand the needs and risks of horticultural businesses.

**LIFE & ANNUITIES**
Provides 401(k) and life insurance to Sentry Dealer Operations and Standard Business Products customers.

**DAIRYLAND AUTO®**
Provides specialty personal lines sold largely through independent agency specialists.

**DAIRYLAND CYCLE®**
Provides specialty personal lines distributed via multiple channels.

**SENTRYWORLD®**
Includes a world-class 18-hole golf course, pro shop, banquet facilities, restaurants, and sports complex adjacent to our home office.
Business results continued to show growth in 2017

The results for fiscal year 2017 showed continued premium growth while further enhancing our already strong capital position. Disciplined underwriting standards helped our bottom line withstand the impact of weather-related catastrophes that hit the nation in 2017. Diversification of our business units also helped us achieve strong profitability in a challenging insurance environment.

For the 26th consecutive year, A.M. Best rated us A+ (Superior), making us one of the financially strongest mutual insurance companies in the United States. Less than 15% of U.S. based insurance companies earn that rating—even fewer achieved an A+ or higher for more than a quarter century.

Basis of financial statements
The following consolidated financial statements of Sentry Insurance a Mutual Company (SIAMCO), its subsidiaries, and affiliates were prepared in conformity with statutory accounting practices, prescribed or permitted by the insurance departments of the states in which SIAMCO and its consolidated insurance subsidiaries and affiliates are domiciled.

These charts show comparative financial highlights from the past 20 years.

Todd Schroeder  
CFO, Treasurer, and Vice President – Life & Annuities
Financial highlights (unaudited)

**ASSETS—DECEMBER 31**
(millions)

- **2017**: $17,302.4
- **2012**: $12,197.3
- **2007**: $10,540.6
- **2002**: $6,945.2
- **1997**: $5,647.7

**PREMIUMS EARNED—YEARS ENDED DECEMBER 31**
(millions)

- **2017**: $2,762.5
- **2012**: $2,063.0
- **2007**: $2,204.2
- **2002**: $1,580.9
- **1997**: $1,200.0

**POLICYHOLDERS’ SURPLUS—DECEMBER 31**
(millions)

- **2017**: $5,173.9
- **2012**: $3,649.7
- **2007**: $3,027.6
- **2002**: $1,976.7
- **1997**: $1,511.3

**INCOME BEFORE NET REALIZED GAINS (LOSSES) AND INCOME TAXES—YEARS ENDED DECEMBER 31**
(millions)

- **2017**: $335.7
- **2012**: $198.4
- **2007**: $318.4
- **2002**: $130.6
- **1997**: $142.5
## Consolidated Statutory Balance Sheets (UNAUDITED)

<table>
<thead>
<tr>
<th>Assets</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash and investments</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bonds</td>
<td>$9,204.3</td>
<td>$8,798.8</td>
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<tr>
<td>Common stocks</td>
<td>1,332.2</td>
<td>1,170.4</td>
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<tr>
<td>Company occupied properties</td>
<td>90.0</td>
<td>44.3</td>
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<td>Policy loans</td>
<td>11.5</td>
<td>12.6</td>
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<tr>
<td>Cash and short-term investments</td>
<td>49.3</td>
<td>21.7</td>
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<tr>
<td>Partnerships</td>
<td>1,209.7</td>
<td>1,150.5</td>
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<tr>
<td>Other</td>
<td>22.8</td>
<td>13.8</td>
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<tr>
<td><strong>Total cash and investments</strong></td>
<td>11,919.8</td>
<td>11,212.1</td>
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<tr>
<td><strong>Receivables</strong></td>
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<td></td>
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<tr>
<td>Insurance premiums and reinsurance</td>
<td>860.7</td>
<td>797.0</td>
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<tr>
<td>Interest and dividends</td>
<td>104.0</td>
<td>102.1</td>
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<tr>
<td>Federal income tax recoverable</td>
<td>2.3</td>
<td>16.9</td>
</tr>
<tr>
<td>Other</td>
<td>1.7</td>
<td>2.3</td>
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<tr>
<td>EDP equipment and operating software</td>
<td>12.4</td>
<td>10.9</td>
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<tr>
<td>Other assets</td>
<td>55.0</td>
<td>65.5</td>
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<tr>
<td>Net deferred tax asset</td>
<td>62.6</td>
<td>143.2</td>
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<td>Separate account assets</td>
<td>4,283.9</td>
<td>3,436.8</td>
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<tr>
<td><strong>Total assets</strong></td>
<td>$17,302.4</td>
<td>$15,786.8</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liabilities</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Property and casualty losses and loss expenses</strong></td>
<td>$3,196.6</td>
<td>$3,073.7</td>
</tr>
<tr>
<td><strong>Life and other future policy benefits</strong></td>
<td>2,485.8</td>
<td>2,462.2</td>
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<tr>
<td><strong>Accident and health unpaid claims and claim expenses</strong></td>
<td>97.7</td>
<td>95.5</td>
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<tr>
<td><strong>Unearned premiums</strong></td>
<td>997.5</td>
<td>960.7</td>
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<tr>
<td><strong>Other policyholder funds</strong></td>
<td>10.4</td>
<td>12.8</td>
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<tr>
<td><strong>Accounts payable and accrued expenses</strong></td>
<td>888.9</td>
<td>777.1</td>
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<tr>
<td><strong>Other liabilities</strong></td>
<td>169.6</td>
<td>217.5</td>
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<tr>
<td><strong>Separate account liabilities</strong></td>
<td>4,282.0</td>
<td>3,435.5</td>
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<tr>
<td><strong>Total liabilities</strong></td>
<td>12,128.5</td>
<td>11,035.0</td>
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</table>

<table>
<thead>
<tr>
<th>Policyholders' Surplus</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Unassigned surplus</strong></td>
<td>5,173.9</td>
<td>4,751.8</td>
</tr>
<tr>
<td><strong>Total policyholders' surplus</strong></td>
<td>5,173.9</td>
<td>4,751.8</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Total liabilities and policyholders' surplus</strong></th>
<th>$17,302.4</th>
<th>$15,786.8</th>
</tr>
</thead>
</table>
Consolidated Statutory Statements of Operations and Changes in Policyholders’ Surplus *(UNAUDITED)*

<table>
<thead>
<tr>
<th>Years Ended December 31</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>( Millions )</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Premiums earned</td>
<td>$2,762.5</td>
<td>$2,593.8</td>
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<tr>
<td>Net investment income</td>
<td>535.0</td>
<td>473.1</td>
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<tr>
<td><strong>Total revenues</strong></td>
<td>3,297.5</td>
<td>3,066.9</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Insurance claims and policyholders’ benefits</td>
<td>2,308.7</td>
<td>2,151.7</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>653.1</td>
<td>616.6</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td>2,961.8</td>
<td>2,768.3</td>
</tr>
<tr>
<td>Income before net realized gains (losses)</td>
<td>335.7</td>
<td>298.6</td>
</tr>
<tr>
<td>Net realized gains (losses), net of tax</td>
<td>18.3</td>
<td>(13.9)</td>
</tr>
<tr>
<td><strong>Income from operations before income tax</strong></td>
<td>354.0</td>
<td>284.7</td>
</tr>
<tr>
<td>Income tax expenses</td>
<td>65.5</td>
<td>63.0</td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td>288.5</td>
<td>221.7</td>
</tr>
<tr>
<td><strong>Policyholders’ Surplus</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance January 1</td>
<td>4,751.8</td>
<td>4,440.5</td>
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<tr>
<td>Net income</td>
<td>288.5</td>
<td>221.7</td>
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<tr>
<td>Change in net unrealized capital gains and losses</td>
<td>210.8</td>
<td>68.0</td>
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<tr>
<td>Change in nonadmitted assets</td>
<td>7.7</td>
<td>12.6</td>
</tr>
<tr>
<td>Change in deferred income tax</td>
<td>(104.8)</td>
<td>2.9</td>
</tr>
<tr>
<td>Postretirement benefit plans and other surplus changes</td>
<td>19.9</td>
<td>6.1</td>
</tr>
<tr>
<td><strong>Change in policyholders’ surplus</strong></td>
<td>422.1</td>
<td>311.3</td>
</tr>
<tr>
<td><strong>Balance December 31</strong></td>
<td>$5,173.9</td>
<td>$4,751.8</td>
</tr>
</tbody>
</table>
Board of directors

Peter G. McPartland  
Chairman of the Board,  
President, and Chief  
Executive Officer  
Sentry Insurance a Mutual  
Company

Graham W. Atkinson  
Retired Chief Marketing  
and Customer Experience  
Officer  
Walgreen Co.

Cornelis A. Boonman  
Retired President  
Ball Seed Company

David R. Casper  
President and Chief  
Executive Officer  
BMO Harris Bank

William D. Harvey  
Retired Chairman,  
President, and Chief  
Executive Officer  
Alliant Energy

Judith A. Lemke  
Retired Executive Vice  
President and Chief  
Information Officer  
Schneider National, Inc.

Stephanie Pace Marshall  
President Emerita  
Illinois Mathematics and  
Science Academy

James D. Pearson  
Retired President  
Aurora Metal Division,  
L.L.C.

Peter J. Pestillo  
Retired Chairman of the Board  
Visteon Corporation

Jean H. Regan  
President, Chief Executive  
Officer, and Chairman of the Board  
TranzAct Technologies, Inc.

Shirley A. Weis  
President  
Weis Associates, LLC
Sentry officers

Peter G. McPartland  
Chairman of the Board  
President and Chief Executive Officer

Peter G. Anhalt  
Senior Vice President  
Personal Lines

Michele M. Dufresne  
Vice President  
Chief Claims Officer

James W. Frank  
Vice President  
Information Technology

John J. Hyland  
Vice President  
Standard Business Products and Dealer Operations

Kip J. Kobussen  
Vice President  
General Counsel and Corporate Secretary

Dennis J. Levesque  
Vice President  
Regional

James E. McDonald  
Vice President  
Chief Investment Officer

Scott A. Miller  
Vice President  
National Accounts and Transportation

Sean R. Nimm  
Vice President  
Analytics

Jayne K. Petruska  
Vice President  
Chief Human Resources Officer

Elisha E. Robinson  
Vice President  
Strategic and Financial Planning

Todd M. Schroeder  
Chief Financial Officer, Treasurer, and Vice President – Life & Annuities

Stephanie L. Smith  
Vice President  
Marketing and Brand Management

James D. Stitzlein  
Senior Vice President  
Chief Information Officer

Michael J. Williams  
Vice President  
Chief Actuary and Risk Officer

Gregory N. Armstrong  
Assistant Vice President  
Personal Lines Claims

Linda Pells Calnan  
Assistant Vice President  
Alternative Investments

Jeffrey R. Cole  
Assistant Vice President  
National Accounts Products and Pricing

Michael W. Dietry  
Assistant Vice President  
Personal Lines Products and Agency Sales

Timothy P. Kelly  
Assistant Vice President  
Commercial Lines Claims

Stephen P. Marsden  
Assistant Vice President  
Personal Lines Products and Pricing

Christopher C. Meadows  
Assistant Vice President  
Equity Investments

Nicholas W. Saeger  
Assistant Vice President  
Transportation Products and Pricing

Michael R. Schimke  
Assistant Vice President  
Corporate Underwriting and Products

Michael T. Teng  
Assistant Vice President  
Regional Products and Pricing

Michael J. Toth  
Assistant Vice President  
Commercial Lines Pricing

Adam P. Williams  
Assistant Vice President  
Chief Security Officer – Corporate Security

Robert J. Yeiser  
Assistant Vice President  
Personal Lines Customer and Brand Development
Sentry Insurance
Group of Companies

- Sentry Insurance a Mutual Company
- Dairyland County Mutual Insurance Company of Texas
- Dairyland Insurance Company
- Florists’ Insurance Company
- Florists’ Insurance Service, Inc.
- Florists’ Mutual Insurance Company
- Middlesex Insurance Company
- Parker Centennial Assurance Company
- Parker Services, L.L.C.
- Parker Stevens Agency, L.L.C.
- Patriot General Insurance Company
- Peak Property and Casualty Insurance Corporation
- Point Insurance Agency, LLC
- Sentry Casualty Company
- Sentry Equity Services, Inc.
- Sentry Life Insurance Company
- Sentry Life Insurance Company of New York
- Sentry Lloyds of Texas
- Sentry Select Insurance Company
- Viking Insurance Company of Wisconsin