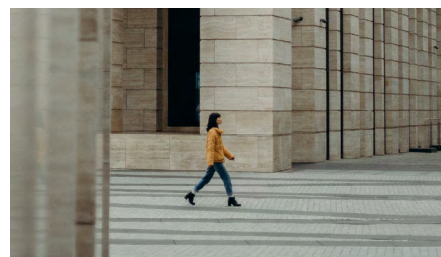
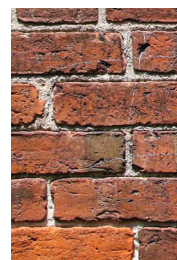


THE  
**ANDOVER**  
COMPANIES®  
• EST 1828 •



# REINVENTING THE BASICS

2022 ANNUAL REPORT

## PRESIDENT'S LETTER



The year 2022 was pivotal for The Andover Companies and the insurance industry. In the latter part of this pandemic period, economic and social inflation and natural catastrophes have created new challenges for the US P&C insurance industry.

In our direct insurance business, inflation created significant headwinds to our overall performance. While our loss frequency was down year-over-year, severity was up significantly. We encountered increased costs for building materials and labor, while supply chain challenges extended repair times. Housing shortages created higher additional living expenses for those insureds displaced from their homes while repair work was completed. Our direct business saw an increase in premiums of 11%, but losses and expenses outpaced premiums by \$25M.

The property catastrophe reinsurance market saw significant hardening (increasing prices) in 2022. Despite the year having many global catastrophes, most notably Hurricane Ian in Florida, we managed a profit of \$15.7M on our assumed reinsurance portfolio. Our net combined ratio was 106.2%.

2022 was a difficult year for the US stock and bond markets. Our total return on our investment portfolio was (3.9%), which outperformed many indices by a significant margin. Due to our income-driven investment strategy, our portfolio returned \$87.6M in income for the year, an increase of \$16.8M over 2021. In what proved a challenging year in the insurance, reinsurance, and investment markets, we produced a pretax operating profit of \$15.8M and are proud that our surplus held relatively steady at \$2.2B.

We continue to invest in Technology, Innovation, Business Intelligence, Loss Control, and Subrogation while challenging ourselves to keep an open mind to process improvements and better digital user experiences for policyholders, agents, and employees. Leveraging second-to-none personal relationships with business partners remains a strong focus. We greatly value the relationships we have with nearly 850 independent agents throughout Massachusetts, New Hampshire, Connecticut, Maine, Rhode Island, New Jersey, New York, and Illinois.

We are proud of our legacy and continue implementing our founders' mission of protecting our neighbors and community with premium products and services. In this report, I am pleased to share the program advancements that significantly impacted our community over the past year and our focus on Reinventing the Basics.

As The Andover Companies approaches its 200th anniversary, we appreciate how far we have come since our founding. We could not be where we are today without the trust of our policyholders and the dedication of our agents, vendors, reinsurance partners, Board of Directors, and employees.

A handwritten signature in black ink that reads "Charles J. DiGrande". The script is fluid and cursive.

**Charles J. DiGrande, CPCU, ARe, AIM**  
President & CEO

## FINANCIALS

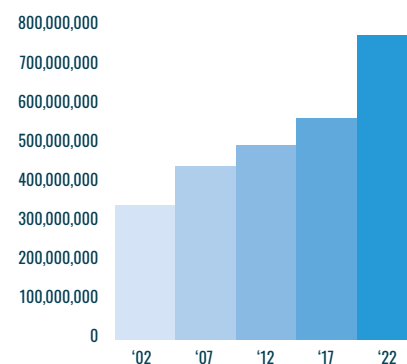
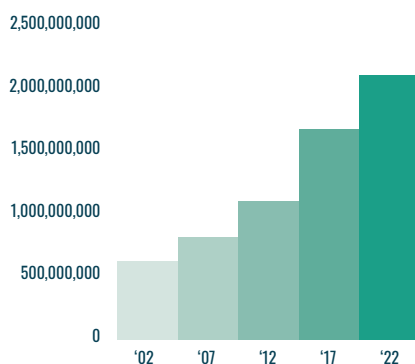
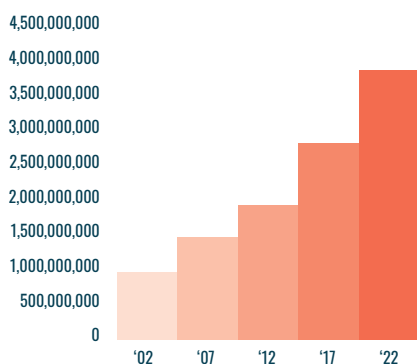
### THE ANDOVER COMPANIES COMBINED RECORD OF GROWTH

#### ASSETS

#### SURPLUS

#### PREMIUMS

2022	\$3,817,514,428	\$2,194,030,154	\$791,570,170
2017	\$2,835,307,929	\$1,683,409,353	\$562,836,626
2012	\$1,823,166,936	\$1,004,723,666	\$479,505,886
2007	\$1,425,760,441	\$811,381,888	\$455,464,592
2002	\$950,115,241	\$521,607,126	\$312,477,666



## TEAM FOCUS

# CORE VALUES

BE A  
CHAMPION

VALUE  
EVERYONE

BE AN  
EXPERT

RISE TO  
THE OCCASION

## 2022 GROWTH HIGHLIGHTS

### ANDOVER HQ

10

INTERNS

27

PROMOTIONS

37

NEW HIRES

### SOCIAL MEDIA

248

SOCIAL POSTS

1,143

NEW FOLLOWERS

124,025

IMPRESSIONS

### VOLUNTEER EFFORTS

104

EMPLOYEE VOLUNTEERS

839

VOLUNTEER HOURS

## EMPLOYEE TRAINING AND DEVELOPMENT TEAM

### EST. 2022

Promoting learning and development within the company was the driving force for establishing our Employee Training and Development Team. Made up of nearly 20 department heads and team leaders, the influential team helps improve employee collaboration and department engagement. The team provides employees with an in-depth review of business alignments, goals, and department strategies for a hands-on experience of the entire business lifecycle through monthly presentations and shared resources. With this new internal team, we are reinventing the basics to provide comprehensive learning and growth opportunities for years to come.

## CORPORATE SOCIAL RESPONSIBILITY

### PROUD TO SUPPORT

**WALK TO END  
ALZHEIMER'S**

**AgeSpan**  
Choices for Life's Journey

**BOYS & GIRLS CLUB  
OF LAWRENCE**

NOTRE DAME  
CRISTO REY  
HIGH SCHOOL  
**ND**  
Educating for Life

**Essex County  
Habitat  
for Humanity**

**NortheastArc**  
Changing lives. Discovering abilities.

**LAZARUS HOUSE MINISTRIES**

**Lawrence  
General  
Hospital**

**FRANCIS  
OUIMET  
SCHOLARSHIP FUND**

**CareDimensions®**  
HOSPICE | PALLIATIVE CARE | SUPPORT SERVICES

**Clean River Project**  
www.cleanriverproject.org

**Massachusetts General Hospital**  
Founding Member, Mass General Brigham  
**Blood Donor Center**

**Insurance Industry  
Charitable Foundation**  
Helping communities and  
enriching lives, together.



“ We are honored that The Andover Companies chose to partner with Care Dimensions in their volunteer efforts to benefit veterans. The Andover team has made a real difference in the lives of neighbors, friends, and families and helped provide them with care, compassion, and dignity. ”

**STEPHANIE PATEL, MD**  
President and CEO, Care Dimensions

## DEPARTMENT INSIGHTS

### LOSS CONTROL TEAM & TRAINING LAB

#### EST. 2022

The creation of The Andover Companies Loss Control Team brings talented and knowledgeable specialists in-house to better serve our policyholders. The experienced team members join us from notable companies and associations, including the Mutual Fire Insurance Association of New England Inc. (MFIA), to provide loss control services to The Andover Companies' book of business.



Shortly after establishing the Loss Control Team in the spring of 2022, we introduced the Loss Control Training Lab to provide a hands-on training experience with real-life props for Andover employees in the Loss Control, Underwriting, and Claims departments.

As we continue to build out the training lab, we look forward to offering risk management classes in the future to our network of independent agents. The educational courses will support professional development and provide the tools necessary to help meet the ever-changing needs of insureds.

### INNOVATION AT ANDOVER

The Andover Companies Innovation Department enables us to uncover new ways of creating value for all our stakeholders. In 2022, Innovation contributed to the company's overall success by strategically researching, designing, and co-creating new experiences with our agents, policyholders, and employees that will accelerate growth and support our overarching goal of being the easiest carrier to do business with.

The Innovation Department continues to solidify the future of Andover with new technology enhancements, exceptional customer experiences, and redesigned workflows to ensure Andover delivers in the moments that matter.



[Learn More](#) ▶

**120\***  
RESEARCH  
SESSIONS

**15,159\***  
INSIGHTS  
GENERATED

**747**  
DESIGNS  
CREATED

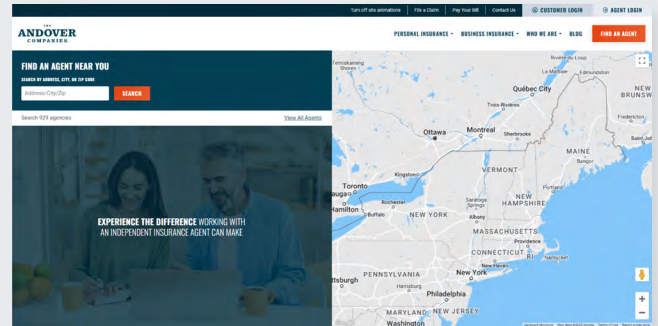
**73**  
EMPLOYEES  
INVOLVED

\*These insights were from the research sessions with agents, policyholders, and employees

# ANDOVERCOMPANIES.COM

## DESIGNED WITH AGENTS IN MIND

The Andover Companies' newly redesigned website includes agent-focused features to help our network of agency partners in today's competitive digital landscape. With the new website, online users experience an improved user journey with comprehensive resources, seamless navigation, and our new robust agency locator tool.



The agency locator tool helps agencies expand their digital footprint by enhancing their positioning on the search engine results page with customizable agency pages. The unique agency pages allow online users to instantly learn more about the agency, including products offered, office locations, and contact information. With a personalized touch of team photos and logo identification, we help boost confidence in potential customers while supporting new business for our agency partners. We are excited to share this new modern experience to help drive traffic to our agents' websites. Visit our website today at [andovercompanies.com](https://andovercompanies.com) to see for yourself!

“Clyde Paul Agency is proud to be partnered with Andover for over 40 years. Andover has the financial strength and long-term stability of an established carrier while providing modern tools for agents in the ever-evolving insurance industry. Andover's new customizable agency page helps increase our SEO and gives clients another way to work with my agency. I am thankful to partner with a carrier that truly values our relationship and supports my agency through technology and marketing investments.”

**LISA HARRINGTON HAMM, CIC**  
President, Clyde Paul Insurance Agency



## MYANDOVER INSURED PORTAL

Andover is improving the insured customer experience as we continue to roll out our new insured portal, myAndover, to more of our valued Andover policyholders. Thanks to our latest technology enhancements, policyholders looking to pay their bills, access information, file a claim, and download resources will have a seamless user journey. We proudly serve our policyholders and look forward to helping them with their insurance needs with quality service and trusted programs for another 200 years.

**69,000+**

**REGISTERED  
USERS**

**\$100M+**

**BILLING  
TRANSACTIONS**

## AGENT SUPPORT

### ANDOVER FOOTPRINT



CONNECTICUT



ILLINOIS



MASSACHUSETTS



MAINE



NEW HAMPSHIRE



NEW JERSEY



NEW YORK



RHODE ISLAND

## INDUSTRY ENGAGEMENT



## THE INSURANCE LIBRARY WEBINAR SERIES

The Andover Companies is proud to be part of The Insurance Library's webinar sponsorship program. The highly anticipated monthly webinar series enables employees and independent agency partners to earn CE credits and learn more about emerging trends and risks to help deepen their insurance expertise. For the second consecutive year, The Andover Companies is the best-performing sponsor with the highest number of seats. Thank you to our agents and employees for leveraging the opportunity to expand their insurance knowledge, concluding another successful year in partnership with The Insurance Library.



**The Insurance Library**  
Research • Education • Engagement

**1,068** SPONSORED SEATS

## COMMITTED TO OUR AGENTS' SUCCESS

The Andover Companies is proud to partner with our network of independent agents across the Northeast to help provide quality insurance protection to conscientious property owners.

We continually foster deep connections with our agents and provide unparalleled assistance to help improve business offerings and mitigate risk. Our long-standing commitment to our agency partners instills trust and highlights the importance of our consistent and reliable service that agents can depend on.



“ I am proud that Sterling Insurance Agency has thrived over the decades as a leading independent insurance agency. Our valued Andover partnership helps fuel our success with its premium insurance products, personalized marketing field reps, underwriting expertise, and excellent claims service. ”

**RICK MOONEY**

*President, Sterling Insurance Agency, Inc.*

# OFFICERS & BOARD OF DIRECTORS

## 2022 OFFICERS

**Charles J. DiGrande, CPCU, ARe, AIM**

President and Chief Executive Officer

**Paul R. Nadeau, CPCU, ARe**

Executive Vice President—Underwriting and  
Business Intelligence

**Stephen E. Randall**

Senior Vice President—Claims and Innovation

**Amy L. DiPerna, CPA**

Vice President and Treasurer—Accounting

**Kevin J. Ouellette**

Vice President, Secretary, and General  
Counsel—HR and Administration

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Vice President—Field/Marketing

**Kevin A. McNamara**

Vice President—Information Technology

**Ian M. Edwards, CPCU, ARe**

Regional Vice President—Field/Marketing

**Stephen J. Zazzaro, CPCU**

Regional Vice President—Field/Marketing

**Joseph M. Cataldo, Jr., CPCU**

Assistant Vice President—Claims

**John F. Cole, CPCU, CIC, ARe**

Assistant Vice President—Underwriting

**Timothy L. Sherrill, CPCU, ARe, AIM**

Assistant Vice President—Underwriting

**Shawn M. Tisbert, CPCU, AIS, AU, AIAF, ARC,  
AINS, API, AIC, ARe**

Assistant Vice President and

Assistant Treasurer—Accounting

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Secretary—Claims

**David T. Wilson, CPCU, AIC**

Secretary—Claims

**Jennifer L. Cannata, CPCU, ARe, AIC**

Assistant Secretary—Claims

**Catherine A. MacGilvray, SHRM-SCP, PHR, CEBS**

Assistant Secretary—HR and Administration

**Craig M. Doyle, CPCU**

Assistant Secretary—Underwriting Product  
Development

**G. Quinn Landers, JD**

Assistant Secretary—Claims

**John S. Louison**

Assistant Secretary—Claims

## 2022 BOARD OF DIRECTORS

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Retired Senior Vice President  
Fidelity Investments  
Merrimack, Cambridge, Bay State

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Retired Chairman and Chief Executive Officer  
The Andover Companies  
Merrimack, Cambridge, Bay State

**David F. Dietz**

Retired Partner  
Goodwin Procter LLP  
Merrimack, Cambridge, Bay State

**Charles J. DiGrande, CPCU, ARe, AIM**

President and Chief Executive Officer  
The Andover Companies  
Merrimack, Cambridge, Bay State

**Amy L. DiPerna, CPA**

Vice President and Treasurer  
The Andover Companies  
Bay State

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Chief Financial Officer  
Harvard University  
Merrimack, Cambridge, Bay State

**Paul J. Jacques**

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CVS/Omnicare  
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TD Garden  
Merrimack, Cambridge, Bay State

**Justin H. Libbey, CPCU, ARe**

Vice President  
The Andover Companies  
Bay State

**Kevin A. McNamara**

Vice President  
The Andover Companies  
Bay State

**Paul R. Nadeau, CPCU, ARe**

Executive Vice President  
The Andover Companies  
Merrimack, Cambridge, Bay State

**Kevin J. Ouellette**

Vice President, Secretary, and General Counsel  
The Andover Companies  
Bay State

**Stephen E. Randall**

Senior Vice President  
The Andover Companies  
Bay State

**Gov. Thomas J. Ridge**

Chairman  
Ridge Global, LLC  
Merrimack, Cambridge, Bay State

**David A. Splaine**

President  
Spinnaker Associates  
Merrimack, Cambridge, Bay State

*The Andover Companies consists  
of Merrimack Mutual Fire Insurance  
Company, Cambridge Mutual Fire  
Insurance Company, and Bay State  
Insurance Company.*

# FIELD REPRESENTATIVES

## NEW ENGLAND TERRITORY

**Maine, Massachusetts, New Hampshire, and Rhode Island**

**Ian M. Edwards, CPCU, ARe**

Regional Vice President

**Joseph R. Corcoran III, CPCU, AU**

District Manager  
Southeastern Massachusetts  
and Rhode Island

**Peter Dube**

District Manager  
Maine

**Dan M. Valeri, CPCU, CIC**

District Manager  
New Hampshire

**Emma G. Lewis, CPCU, ARe**

Executive Special Agent  
North Shore Massachusetts

**Daniel M. Barone, CPCU, ARe**

Executive Special Agent  
Eastern Massachusetts

**Karli D. Loiselle**

Special Agent  
Central and Western Massachusetts

## CENTRAL TERRITORY

**Connecticut, Illinois, New Jersey, and New York**

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Regional Vice President

**Fred Brambila, CIC**

District Manager  
Illinois

**Scott A. Brekne, CPCU, CIC**

District Manager  
Metro New York and Long Island

**Scott D. Durham**

District Manager  
Southern New Jersey

**Robert E. Knightly, CPCU, CIC**

District Manager  
Upstate New York and Westchester County

**Christopher G. Perrini, CPCU, AU**

District Manager  
Connecticut

**Ryan G. Cass**

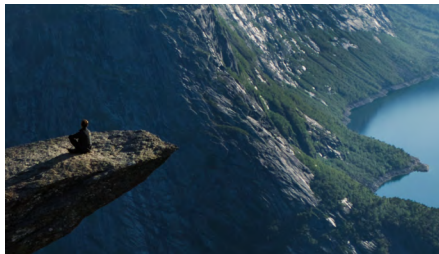
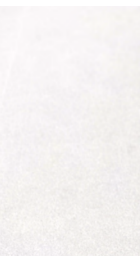
Executive Special Agent  
Northern New Jersey

## BUSINESS DEVELOPMENT

**Daniel Findley, CPCU, ARe, MS**

Director of Strategy and Business Development

# 2022 ANNUAL REPORT



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