



Heroes Never Stand Alone.



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Heroes Never Stand Alone.

In February of 2022, Russian tanks rolled into Ukraine. Most observers assumed the invasion would be over in days. Yet while we don't yet know how this conflict will end, we do know that a brave, outnumbered team has already defied the odds.

Ukraine's defenders are protecting a homeland they love—and that certainly provides them an advantage. Yet observers have also pointed to the nimbleness of Ukraine's armed forces, and their ability to adapt, as a huge advantage on the battlefield. Their agility is a stark contrast to the centralized command structure of Russian forces.

Setting the Stage for Success.

This is no accident. Ukraine's adaptability is the result of years' of planning, and a coherent strategy. In other words, the heroes on the frontlines are

effective because leadership has empowered them to shine.

There's an important lesson here for all of us: We have to empower our teams to respond to the moment. That's because the dynamics our people are facing are more volatile, complex, and ambiguous than they have been at any moment that I can remember.

Whether it's responding to trauma, working with frequently inadequate staffing caused by the tight labor market, or keeping the doors open during a period of rampant inflation, running an organization—be it an insurance company or a youth-serving nonprofit—can sometimes feel like the title of that hit movie: "Everything, Everywhere, All at Once."

As a founder, I've learned the hard way that I simply can't do it

all. I'm not smart enough, and I'm not close enough to the situation in the moment to know exactly what my people should do. The leaders I speak to at our customer organizations feel that way too. We simply can't dictate the individual plays. Instead, we have to focus on the fundamentals, and then teach our people how to respond, adapt, and continually improve based on the information that they have on the ground.

This year's annual report intentionally reflects this reality.

It Takes a Team.

While my CEO letter has traditionally formed the backbone of these reports, you won't be hearing as much from me in these pages. Instead, you'll be hearing about our year through the eyes of Redwoods' employees. Among others, you'll hear from

a claims professional about the importance of showing up with love. You'll hear from our Chief Underwriting Officer about how a changing climate is impacting his team's work. You'll hear from two consultants about how their past lives as camp professionals continue to influence them today. And you'll hear from people across our teams about how each of them is contributing to our broader, interconnected mission.

Strategy Still Matters.

This isn't just a story of good people doing good work. Instead, it's a case of a talented group who are deeply committed to our strategy. A strategy that remains unchanged from when we started:

We develop authentic customer relationships and gather relevant injury data. We then leverage those relationships and that data to influence operating behaviors. And we do all this in pursuit of creating safe communities for all.

Even though the model is simple, even elegant, the execution is complex. Luckily, we are blessed with a team that is dedicated to that task. Whether they are finding the right customers and working with them on sustainable terms,

making injured people whole, or sharing meaningful data, they are bringing their whole selves to their roles, and adapting to the conditions they see on the ground.

No Success Without Trust.

Crucially, this work is only possible because our people have been consulted. And they have weighed in on our vision. Because unless there is trust from the people who are tasked with execution, even the smartest strategy will inevitably come up short.

That's a lesson we must learn as a nation. During the pandemic, we saw a push to develop vaccines in absolutely record time.

That effort largely succeeded on paper. We were, after all, among the first nations to have vaccines widely available. And yet, because there was a lack of trust in authorities—and in the strategy that they had pursued—the United States lagged behind other developed countries in adoption. And the results were deadly. As I write this, China is experiencing perhaps even more deadly fallout. A mistrust in authorities has led to a breakdown of prevention measures, and a skyrocketing death toll has been the result.

An Exciting New Chapter.

Speaking of trust, I will note that to close out this report you will be hearing from Paige Bagwell—a person I trust implicitly—about how this all fits together. And I would like to take this opportunity to offer a profound note of thanks to Paige, specifically. It is through her friendship, guidance, and wisdom that I myself have come to understand the importance of loosening the reins and empowering our teams to succeed.

And that's why I am also delighted to announce that, as of January 1st, 2023, while I continue in my role as Co-Founder and CEO, Paige is now serving as our President. Through her deep and intuitive sense of servant leadership, I am confident that our teams will be enabled and empowered to live into our shared purpose, support the good work of our customers and brokers, and earn a sustainable profit for Redwoods.

Thank you for leading, inspiring, and empowering your teams to do what needs to be done.



Kevin A. Trapani,
Co-Founder and CEO



“I am delighted to announce that, while I continue in my role as Co-Founder and CEO, Paige is now serving as our President. Through her people-centered approach to leadership, I am confident that our teams will be powering forward to achieve even greater things than they have already.”

Our Approach to Underwriting:

Adapting coverage to a changing climate.

“So-called ‘100-year-storms’ now happen all the time.”

If there is one thing that keeps Chief Underwriting Officer Queron Smith up at night, it’s the weather. And, more specifically, the way that weather patterns have been disrupted as our climate continues to change. While the insurance industry has always worried about storms in Florida, and wildfires out West, there’s a growing recognition that we now have 50 states at risk of severe weather events. After all, when a hurricane hits New Orleans, and we see devastation in New York, New Jersey, and Pennsylvania, it’s clear that the old models of insurance are going to have to change.

That’s why Queron has been working closely with his team to explore what a sustainable approach to property insurance might look like. Among the areas being looked at are:

- Data-driven customer rate selection, informed by real-world exposure to potential severe weather
- Making sure customers are insured adequately, especially in light of the hyperinflation we have seen in construction costs

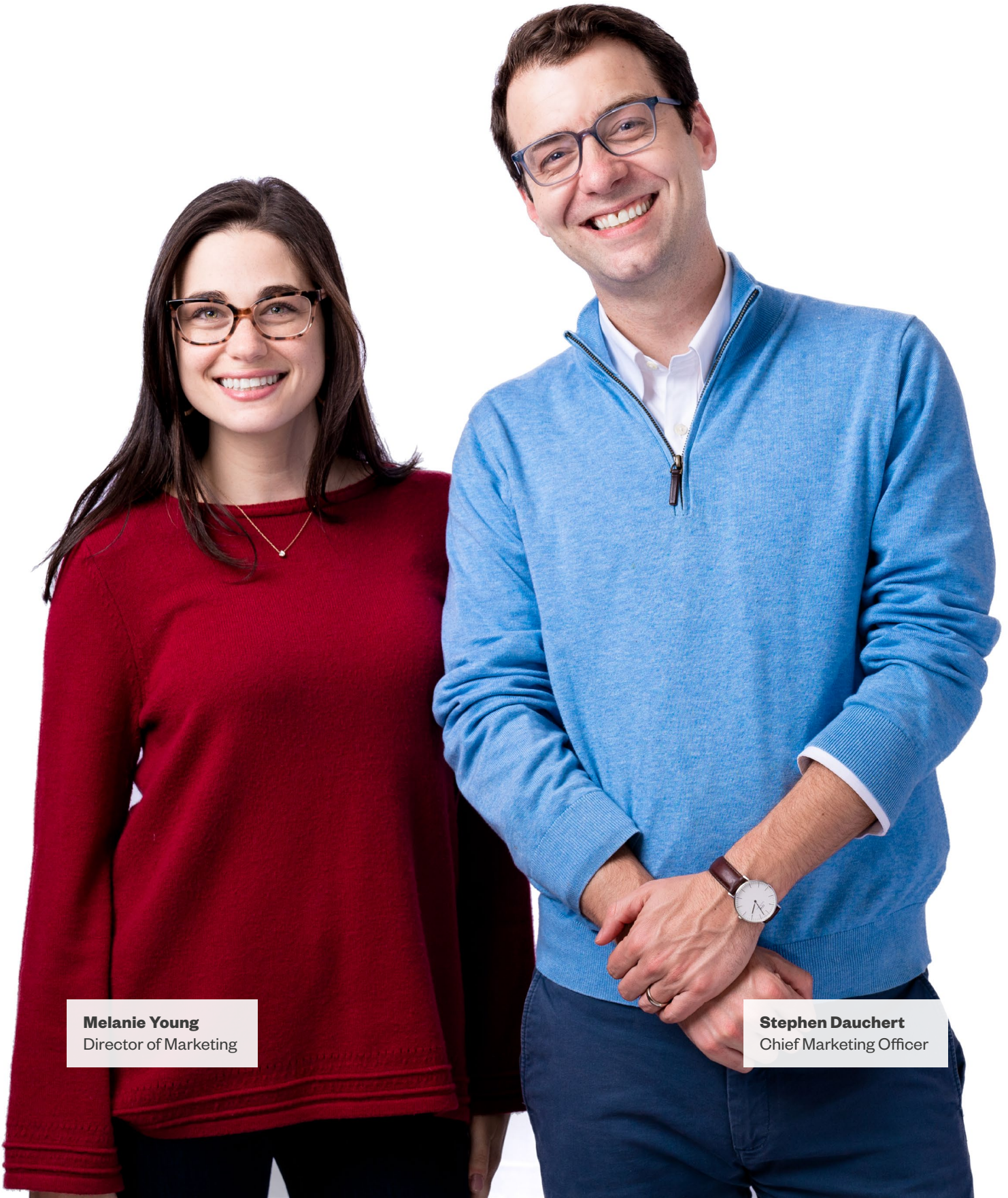
Queron was also instrumental in orchestrating the return of Robert (Robb) McIntyre. A property specialist who had previously worked at Redwoods, Robb has returned to help innovate our approach to property underwriting:

“I am so excited to have Robb back on our team. He is doing some really foundational work to make sure we can responsibly and sustainably offer risk capital to our customers in a way that will make them whole after a severe event. But also that we do that

in a way that is respectful of our entire portfolio of our customers—meaning we are not overexposed in one region, at the expense of another one. I am looking forward to rolling out some of those innovations in the months and years to come.”



Queron Smith
Chief Underwriting Officer



Melanie Young
Director of Marketing

Stephen Dauchert
Chief Marketing Officer

Our Approach to Online Learning:

A new model prioritizing content & access.

“We’re seeing the training needs of our customers change. Our approach to training has to change too.”

Redwoods’ model has always been based on investigating the ways that people, especially children, get harmed. We then share what we learn to create safe communities for all. The majority of our safety resources—articles, webinars, white papers, etc.—have always been available to anyone, regardless of whether they were a customer. Until now, however, our online trainings have been the exception. Our Chief Marketing Officer, Stephen Dauchert, explains why:

“When we launched our online learning platform, it allowed organizations to implement training programs, and track their staff participation—but it came at a significant cost per training. We were able to shoulder that cost for customers, but there was no way for us to do so more broadly.”

As online training has become more commonplace, however, organizations have a much wider choice of Learning Management Systems (LMS) available to them. That means that large organizations that need sophisticated reporting and tracking features will often select their own LMS to best suit their needs. Meanwhile, new platforms have emerged that radically reduced the cost of hosting online trainings.

That’s why Stephen, working alongside Marketing Director Melanie Young and her team, have shifted the focus of The Redwoods Institute. Among the changes to come are:

- Launching a new, open-access LMS, which all organizations and all individuals can use, regardless of whether they are a customer

- Sharing Redwoods’ training files with any organization in need of training, so they can host our trainings on their LMS, regardless of their insurance relationship with us
- Redirecting resources from maintaining our own complex LMS to investing in new and updated trainings

Melanie explains that the goal is to make our learnings as widely available as possible:

“We are an organization that has deep and important knowledge of how to keep children safe, so why would we try to keep that knowledge for customers only? Our new model will allow us to share that as widely as possible, creating safer communities well beyond the organizations we actively insure.”

Our Approach to Data:

How accuracy & objectivity help drive impact.

“Data can help us either validate or refute the stories we tell ourselves.”

Data has always helped Redwoods develop relevant, accurate responses to the threats our customers face. According to Chief Analytics Officer Holly Ivel, the importance of data will only increase in the years to come:

“Redwoods exists to have a positive impact. We have both a moral and a business imperative to hold ourselves accountable for generating the kind of change we say we are generating.”

Along with her team, Holly has been working across the whole of Redwoods’ operations to ensure we

have a robust, disciplined approach to accurately collecting data, and then developing informed action steps based on what we learn.

Areas of focus in 2022 have included:

- Using data to prioritize our on-site visits, based on the critical attributes of our customers
- Developing a shared understanding of how data is used across the company
- Building out our capabilities for accurately calculating risk in areas including property and aquatics

According to Business Analyst Anjali Katara, the real trick lies not just in computing numbers, but in developing a sophisticated understanding of the questions we are seeking to address:

“One of the things Holly has emphasized to us as a team is that, while data is often seen as a technical discipline, our role really lies in being creative thought partners. Obviously, part of that is in making sure our numbers are accurate. But part of it is also really making sure we are asking the right questions in the first place.”



Anjali Katara
Business Analyst

Holly Ivel
Chief Analytics Officer



Dominique Galloway
Senior Claims Specialist

Our Approach to Claims:

Empathy as central to helping communities recover.

“You can’t help someone heal until you’ve listened to what they need.”

When a YMCA in the Midwest was hit by a tornado in the spring of 2022, it looked like a bomb had gone off. Windows were smashed, and walls were destroyed. But perhaps most striking was the pickup truck—which had literally been lifted up into the air and hurled into the Y’s lobby.

When Senior Claims Specialist Dominique Galloway arrived on site at the Y, she set about doing what she could to help them heal:

“When you show up in a community after an incident like that, it’s not the time to start talking about policies or coverage. It’s a time to help people put their feelings

back together, to show up as a human, and to let folks know that you are listening to their needs.”

According to Dominique, it’s often the small details that make the difference. For example, the claims team was able to work with the Y’s CFO to set up a reimbursement process that suited their preferences.

Of course, how we reimburse a customer is a minor detail in an incident of this magnitude. But Dominique explains that it’s just one part of shaping the overall experience, and doing so in a way that keeps the customer at the heart of the process:

“I’m not going to say that helping customers in a crisis is my favorite part of the job, because I would rather the crisis had never happened. But I am a helper. And I am honored to be able to stand alongside the team at the Y to help them rebuild when their community needs them the most.”

Customer Stories

Camp Susan Curtis: Responding, Not Reacting

When we described the theme of our report to Terri Mulks—Camp Director at Camp Susan Curtis—she immediately got it:

“Our campers face economic hardship, so their needs are ever-changing. We have to equip our staff to respond to the situations they see on the ground.”

That’s meant a back-to-basics approach in the past few years, with campers showing up without bedding, toothbrushes, or even sneakers:

“We do a lot of training here. And the first half is all about the needs of the campers we serve. We teach staff to understand the difference between reacting, and responding. Because if you react to a challenge that a camper brings you, you can easily turn them off from building a meaningful relationship.”

This focus has influenced hiring policies too, with 40% of staff being former campers. It also shapes the way the staff roles are structured: The Leadership Team is responsible for supervising cabin staff and the day-to-day running of camp. That allows cabin staff to focus their efforts on supervising campers.

Boys & Girls Clubs of North Central Georgia: Building Buy-in for Safety

As Director of Safety & Compliance for Boys & Girls Clubs of North Central Georgia, Brad Parr is responsible for safety across five separate Clubs. Luckily, he has some powerful allies in his work:

“Having an active safety committee, with our CEO’s backing, is invaluable. Whether it’s transportation safety or mandated reporting—there’s a trust there that our recommendations are based on the real-world challenges our Clubs face.”

While COVID commanded the majority of the committee’s time for a while, Brad reports that they have now been able to broaden their horizons. Recent work has included advocating for ballistics film on windows, as well as working to meet BGCA’s camera recommendations. Brad points to the inclusive nature of the committee as being key to its success so far:

“Some of the stuff we propose is not exactly cheap, but because we have a representative on the committee from each individual Club, they are able to speak directly to the benefits for their staff, their leadership, and their Club youth.”

Our New Hybrid Model:

Adapting our footprint to our new ways of working.

“I’m excited to see what this new model will allow us to achieve.”

IT Director Aleem Khan has been with Redwoods since before Redwoods officially existed. (Long story.) His 35 years of working with the team and programs that eventually became Redwoods has put him in a unique place to observe our shift to a hybrid model. So it’s fitting that he played a critical role in our move at the end of 2022 to a new, smaller, agile office space at Venture X in Research Triangle Park:

“Physical office space is still really important for our teams, but for different reasons than it once was. When you can do most of your tasks from home, the office isn’t a place to park your desk. It’s somewhere to collaborate and connect with your co-workers. We’re really focused on setting up our systems, both remote and in the office, to make the best use of each space, while also making frequent transitions between the two spaces as seamless as possible.”

Alongside right-sizing our footprint for our new, hybrid model, the move to Venture X has brought several significant advantages including:

- Reducing the administrative burden of our physical office space
- Cutting office-related energy consumption and carbon emissions by approximately 90%
- Lowering our rental expenses

As an added bonus, our staff are now walking distance from delicious restaurants at Boxyard RTP.



Aleem Khan
IT Director



Alisha Alston-Williams
Operations Manager

Julia Alston
Underwriting Assistant

Our Approach to Culture:

Why investing in our people means they're truly invested in us.

“We’ve been through many changes. But our mission has stayed dead on.”

In 2022, Redwoods honored seven staff members who have served 20 or more years with the company. Perhaps nobody represents this longevity and loyalty better than mother-daughter duo Julia Alston and Alisha Alston Williams. When asked what keeps the two of them with us so long, Julia does not hesitate:

“Service. And community. I didn’t grow up with much money. Until I came to Redwoods, I didn’t think I had much to give. But this culture of service, community, and mission really changed me. It was kind of hard to believe it was real at first...”

According to Alisha, that culture of service also extends to how Redwoods invests in our teams:

“Redwoods has always invested in me. They said I could do the job, even before I knew I could, and they challenged me to do the job well. I came out of my comfort zone, and it has made me a better employee, and better person. Kevin always closes our meetings by saying ‘thanks’ for allowing him to walk this journey with us. Whatever that journey is, I want to be here walking it with my co-workers.”

Our Approach to Consulting:

How hiring from our movements helps us deliver on mission.

“It’s easy to say that campers should always be supervised. It’s harder to figure out how to make sure it happens.”

Both Meredith Stewart and Katie Johnson are camp people through and through. They’ve worked as camp counselors, camp directors, and Katie has even worked at the American Camp Association too. And according to Katie, it’s this in-depth knowledge of how camps work, and what challenges they face, that is key to successful safety consulting.

From the challenge of supervision on a 24-hour schedule, to the difficulty of balancing a camp budget, there are some things that deeply impact safety, but can be hard for an outside technical consultant to grasp. Meredith says that this real-world, direct experience was particularly valuable in 2022:

“With so many organizations still working to recover from the disruption of the pandemic, it really was a year when we had to work with all of our customers to rethink, revisit, and adapt a lot of assumptions about how to deliver on safety. So I was glad to be on a team that had a deep bench of applied knowledge within all of the movements we serve.”



Meredith Stewart
Consultant



Katie Johnson
Senior Consultant

YMCA of Metropolitan Detroit: From Addressing Behavior to Managing “Big Feelings”

Helene Weir, President & CEO of the YMCA of Metropolitan Detroit, is clear that something changed during the pandemic:

“We were seeing all sorts of behavioral issues, far beyond simple ‘acting out.’ These were not within the capacity of regular staff to manage. So as a senior leadership team, we had to figure out how to support our staff.”

Inspired by work at the YMCA of Greater Monmouth County in New Jersey, Helene began exploring the creation of a dedicated staff position to address these concerns. Not long after, Lauren Savage was hired as the Y’s first Regional Behavior and Mental Health Director.

Lauren was instrumental in hiring a team of Behavioral Intervention Specialists for the camp season, who work specifically to address potential behavioral issues before they escalate:

“These are intentionally non-ratio staff who will often start their day doing a quick check with program staff, reviewing and refreshing their behavioral management techniques. They’ll then move on to do a quick check with groups of kids, before moving on to do more rotational, one-to-one work with kids who may need more specialist attention.”

Over the summer, the Y’s Behavioral Intervention Specialists worked intensively with seventeen children, many of whom might previously have been excluded from programming. Yet of those seventeen, thirteen were able to successfully remain at camp.

Like many other youth-serving organizations hiring for similar roles—Derek Heim of the Boys & Girls Clubs of Metro South for example—Lauren places great emphasis on the importance of destigmatizing this work. That means integrating support into regular programming, it means normalizing the idea of seeking help, and it means a focus on helping kids to navigate ‘big feelings,’ as opposed to simply ‘correcting’ problematic behavior.

The Y is now looking to identify funding to expand this work beyond their summer camps, and is in the process of hiring a second Regional Behavior and Mental Health Director toward the end of this summer.

Our Approach to Staffing:

Why doing the right thing is also just smart.

“The balance of power has shifted toward workers. There’s nothing wrong with that.”

According to Jennifer Keys, Director of HR, the tight labor market brings challenges for hiring and retaining employees. Workers simply have more options open to them. She describes this as a necessary correction for the economy as a whole:

“As a B Corp that believes in fair working conditions, we’re actually delighted to see workers gain more power. But it does mean that employers, whether that’s Redwoods or the organizations we insure, have to be really intentional about investing in our people.”

Working with colleagues at Crum & Forster, the Redwoods HR team has been developing systems to increase pay transparency, and to make sure salaries match market rates. Jennifer is also working with managers to ensure a proactive process of checking in with employees.

“I see a lot of our customers doing very similar work. Not only is it now essential for keeping a quality workforce, but it’s also really critical for ensuring safety. That’s why I know our consultants and our learning team have also been working on a lot of employment resources, because investing in employees is one of the best things you can do for the success of your mission.”



Jennifer Keys
Director of HR

Embracing the Lessons.

“No plan survives first contact with the enemy.”

If there is one thing we learned on the world stage in 2022, it's that centralized, authoritarian systems are poorly equipped for the complexities of our modern world. Such systems might, in theory, have advantages in terms of swift decision-making and the ability to impose a vision. But they are rigid and brittle in the face of disruption.

That's true of Russia's invasion. It's true of China's Zero COVID

policies. And it's also true when businesses put too much stock in the voice or opinions of an all-powerful CEO or C-Suite too. Surrounding yourself with “yes persons,” and only hiring order-takers is not a recipe for success.

**Same Model.
Different Execution.**

We certainly know a thing or two here at Redwoods about circumstances changing on the ground. For the past several years,

we have been working to adapt the way we execute our model to the changing times we are in.

For example, our Data, Underwriting, Consulting, and Marketing teams have been working closely together to make sure we are reaching precisely the right customers—customers who have the leadership, the culture, and the resources to make meaningful progress toward safe communities for all.



Paige Bagwell
President and COO

Expecting the Unexpected.

And yet even as we see these results showing up positively in our work, we must be ready to adapt further as new circumstances arise. In Spring of 2022, for example, a storm swept across the United States. As a result of that storm, Redwoods received a \$30M claim—the single largest claim we have ever received in our history. And let’s be honest, when you’ve got annual revenues of \$50M, then a \$30M claim is bound to show up in your results. In fact, we went from a breakeven year to being significantly unprofitable, based largely on one catastrophic event.

That storm was nobody’s fault. Our customers had done everything right to prepare for extreme weather. And yet, both they and we were hit hard by the humbling force of Mother Nature.

This is the world we live in. We can put everything in place based on the data we currently have available. We can and we must make contingencies and build in resilience. And yet, we will still be taught by something new.

The beauty lies in how we learn to decipher those lessons.

Empowering our Teams to Innovate.

And that’s where the tactical autonomy of our teams becomes a superpower. As you’ve seen in the pages of this report, we are blessed with a team that believes wholeheartedly in our mission, and in the strategy that has been defined for achieving it. And that belief translates into action—with each employee using their critical thinking, creativity, rigor, and determination to adapt their efforts as new challenges and opportunities arise.

In addition to the good work described throughout this report, for example, we have put forth goals that allow us to grow our business, and make strategic decisions on staffing and expenses. As part of that effort,

we have reduced our expense ratio from 38.7% to 31.5%—an 18% reduction—over a 5-year period.

These goals are not easy, but they have not and will never include laying off an employee. We will continue to stand firm on this principle for our business.

Such efforts are incredible. And they are a powerful driver of our journey toward consistently making an adequate and sustainable profit. Here’s to all of the talented and dedicated people who make this important work possible.



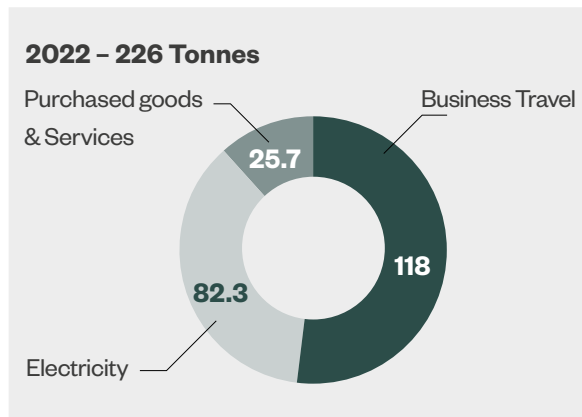
Paige W. Bagwell,
President and COO

	2022*	2021*
Net Premium Earned	44,031	40,590
Loss & Loss Adjustment Expenses	39,401	17,449
Commission & Taxes	3,331	3,281
Expenses	10,529	10,631
Contribution Margin (Profit)	(9,230)	9,221

**Calendar year reporting*

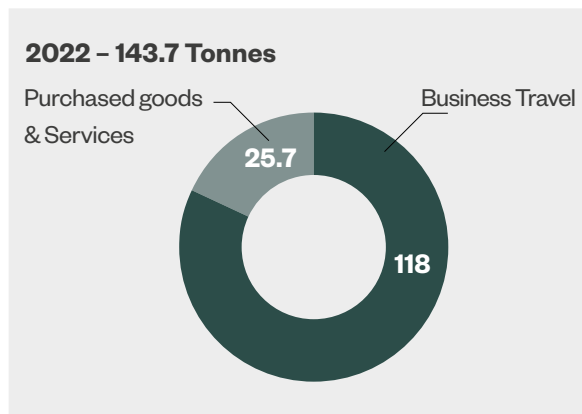
Starting Our Journey to Net Zero Emissions

We will be releasing our social audit later this year. For now, we wanted to highlight our progress toward achieving net zero emissions by 2030. Below is a snapshot of our absolute emissions for 2022:



Mitigated Emissions Data for 2022

In 2021, we began purchasing Renewable Energy Certificates to cover office energy consumption. Including those credits, our emissions profile looks more like this:



So Where Do We Go from Here?

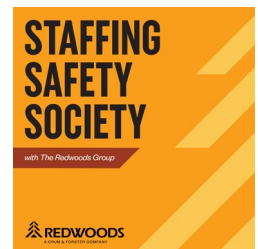
There are a few key takeaways we can highlight:

- **Our physical footprint matters:**
We are anticipating a dramatic (90%) decrease in office-related electricity consumption in 2023, thanks to our move to offices with a far-smaller physical footprint.
- **Scope 2 emissions are essentially zero:**
Between our move to much smaller offices, and our decision to purchase Renewable Energy Certificates, we will have essentially reduced the direct emissions from our operations (so-called Scope 2 emissions) to zero.
- **Business travel (scope 3 emissions) will be challenging:**
We cannot stop traveling if it compromises our ability to keep youth safe. We will, however, be seeking to make sure our travel is as efficient and effective as possible. We do purchase carbon offsets for flight-related emissions. But because the use of offsets is contested, we are not currently including those in our reported emissions reductions.

We will be releasing the full social audit, including more detailed emissions reporting, later this year.

Stay Connected

If you like what you've read, and would like more practical insights on the intersect between mission and execution, please subscribe to *Staffing, Safety, Society*, available wherever you get your podcasts.



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