



**what do
we stand
for?**



Cover **Corey Baker, Associate Underwriter, looks out on our parking lot gathering**
Photograph **Lindsey Warren**

Every year, we report to you, our stakeholders, on trends we are seeing in the world around us, in the movements we serve, in the wider insurance market and in our own business. This year, our reporting to you may be more important than ever.

We believe that we are in a time—as a company, as a society and as movements—where we need disciplined, focused attention on the things that really matter.

It goes without saying, this has been the most difficult and profoundly disorienting year that any of us can remember. The pandemic is not the only reason for that. Whether it was record-setting wildfires, unrest over police brutality or the divisive political environment, there was

a sense across society that we were craving a return to “normal.”

But what exactly does that mean?

Normalcy hasn't been that great for many who were marginalized. And the drivers of instability that became so apparent in 2020—systemic racism, income inequality, climate change—are not going away without a concerted effort to eradicate them. Even with the COVID-19 vaccine, or (thinking even more aspirationally) a rebirth of bipartisanship, we can't simply wish away the underlying forces of social disruption or crisis.

“We came together. Our culture grew stronger and our impact grew deeper. When faced with challenge, like so many of our customers, we pivoted into, not away from, our mission”



Sarah Palestine, Senior Consultant, with Shirley O'Donnell, Director of Technical Underwriting, and Kathi Forte, Claims Director
Photograph Lindsey Warren





Climate-driven wildfires continued to wreak havoc on communities Photograph Malachi Brooks

At Redwoods, we received a tangible lesson in this reality toward the tail end of 2020. Having seen considerable success in recruiting mission-aligned new customers with good safety records, and having seen the vast majority of our customers stick with us even through some challenging rate increases, we were on track to be profitable for the first time in several years.

Unfortunately, circumstances beyond our control meant this was not to be.

With wildfires sweeping the West, and hurricanes hitting the Gulf Coast, we were hit with several catastrophic property claims. One involved a much-loved camp for kids with medical needs, which literally burned to the ground. Wind, floods and hail in other parts of the country also wreaked havoc on property, lives and on Redwoods' income statement too. Of course, the reason we exist is to cover such losses—and our financial losses are nothing compared to the impact that these natural disasters had on our customers. After all, these are all institutions that do essential

work that sustains communities, and we were honored to be in a position to help them recover. Nevertheless, with climatic conditions only likely to get worse, there is a lesson here for all of us.

These issues must be faced. They must be solved. And doing so will require us to accept that dreaming of a “return to normal” is at best an over simplification, if not an outright pipe dream. Ending racism, building an equitable economy and ensuring a sustainable environment will require us to change the way we live and the way we lead.

In fact, when people talk about returning to “normal,” what they may really be craving is a return to competence, discipline, trust, service and decency as guiding principles for our society. Because it is these values that will help us to navigate a future that is as uncertain and as challenging as it always has been. That means we all need to center ourselves and our work on those priorities that can truly move the needle in delivering on our mission.



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Rep. John Lewis visits Black Lives Matter Plaza on June 7, the day before he was hospitalized Photograph Clay Banks

This isn't just a matter of streamlining, right-sizing or, at the policy level, "shrinking" government. In constantly changing times, it's also about being ready—at the drop of a hat—to find new, more robust and resilient ways to care for one another.

At Redwoods, we were driven to reimagine what service looks like:

Returned and reduced premiums

When many of our customers closed their doors, reduced programming and saw revenues drop off a cliff, we recalculated exposures—allowing us to return about \$4M in insurance premiums to our customers.

Those funds were combined with a proactive effort to offer flexible payment terms, helping our customers to weather the immediate financial disruption, so that they could come back strong when their communities needed them most.

Physical distance. Human connection.

As the pandemic shut down travel and forced so many of us to work from home, the world started talking about "social distancing." The term always seemed problematic to us. While there was a very clear, evidence-based need for maintaining physical distance from one another, there was also a very clear human need for more—not less—social contact and human interaction. So even as we proactively shut down our offices and ended all travel, we found new ways to connect. We held

weekly all employee Zoom calls. We sent each other gifts and thank you notes. We held drive-by greetings when our folks faced challenges or celebrations. And—in November—we finally managed to safely gather in the parking lot of our offices to celebrate, pick up savory and sweet pies, listen to music and get our flu shots, too. (Many of the photographs you see in this report come from that day.) Somehow, despite our physical distance, our social distance got smaller. We came together. Our culture grew stronger and our impact grew deeper. When faced with challenge, like so many of our customers, we pivoted into, not away from, our mission.

A new way to visit

That deeper focus on mission had implications for how we showed up for our customers. Whether it was flying to be with a customer when a tragedy occurs, visiting on-site to support safety efforts or attending movement gatherings so we could connect with our customers' mission, none of that was possible once the pandemic hit. So we adapted. We held 50+ webinars and online events, several with more than 500 attendees. Our consultants conducted countless virtual site visits, aquatic audits, conference calls and consulting engagements. And we even entered the strange world of online tradeshow—finding new and sometimes interesting ways to still connect in spirit, even when we couldn't be together in person.

As we look toward 2021, we are optimistic about what we see. With Redwoods' portfolio of customers getting to the rate levels we need to make an adequate—but not excessive—profit, we are starting to see the benefits of our selection and pricing discipline, as well as the strategic de-risking of our model. There has been a period of shared pain, to be sure, but we are turning the corner on the large price increases that have been necessary in recent times. And our entire team is laser focused on working with our customers to improve their safety practices and help them build communities that are safe for all. In doing so, we are ensuring that every customer we work with can receive adequate and appropriate coverage at a price that is affordable and, just as importantly, sustainable for the long-term.

Similarly, while the movements we serve are hurting, we are seeing incredible work being done to make organizations more resilient as they emerge from this crisis.

Sometimes that means making tough choices—as organizations merge or restructure in the face of fiscal challenges—but time and again we see leaders making those choices based on a clear-eyed vision of what their community needs.

And finally, we are optimistic that 2021 offers an opportunity to rise above the partisan squabbles, disinformation and divisiveness that has been holding our country—and our world—back.

Whether it's the many businesses and organizations that are finally taking steps to address systemic racism in real, meaningful ways, or the growing consensus—among business leaders as well as the general electorate—that we must change the course of our economy toward a truly just, sustainable model, we believe there is evidence of a profound shift in public mood. And that shift offers the opportunity to return to the fundamentals—and core communal values—that truly matter.

We are not going back to an old normal. Indeed we are not even



Photograph Logan Weave

creating a “new” normal. Things are and always have been in flux. But by focusing on the values and the characteristics that bind us as a company, as movements, as Americans and as human beings, we prepare ourselves for the challenges that inevitably confront us. It is this grounding in our shared inner strength and resilience that will help us navigate whatever comes next, and to come back better, stronger and more resilient than ever before. Thank you for who you are, for what you do every day and for calling us to be better every year.

Kevin A. Trapani

Kevin A. Trapani
Co-Founder, President & CEO
The Redwoods Group



Bringing camp to campers (and their families)

PINE TREE CAMP

What can we adapt?

BOYS & GIRLS CLUBS
OF BROWARD COUNTY

When COVID-19 shut down normal operations, the Boys & Girls Clubs of Broward County quickly shifted its focus to look at both which programs could be adapted for virtual or modified programming, and also which programs were most critical to their community. As a result, they adapted their snack and meal program to become a grab and go concept—operating out of all 11 locations. Additionally, they placed a strong emphasis on youth development—creating virtual college tours and other professional development programs for teens who might be missing out on a crucial year of their education.

Pine Tree Camp—a camp in Maine serving individuals with disabilities—created ‘camp in a box,’ sending campers regular packages with fun activities and resources for recreating at least some of the usual camp experience at home. As they gained a better understanding of how the virus spreads, the camp also opened up its facilities to family adventure days—allowing parents and siblings to experience what campers had been so enthusiastically talking about for years. According to Camp Director Dawn Willard-Robinson, these family days may become a permanent fixture. After all, while camp is often presented as an opportunity for ‘respite’ for caretakers, it may be just as important for families to spend time together—just in new and engaging environments.

A swift pivot to emergency childcare

VALLEY OF THE SUN YMCA

Around March 12th, 2020, schools in the Phoenix area of Arizona began closing down due to COVID. Staff at Valley of the Sun YMCA quickly realized that there would be huge demand for emergency childcare—so they adapted their Spring Break camp programming to focus on that need. According to Jenna Cooper, the Y's Emergency Response Coordinator, the immediate impact was a plummet in daily attendance—from around 1,200 to somewhere closer to 150—as stay-at-home orders kept a majority of participants home. This allowed the Y some bandwidth to “build the airplane as they flew,” implementing advanced hygiene and social distancing measures, modular and isolated ‘pods’ of children, as well as isolation rooms in case anyone fell ill. They were also able to retrain staff from other parts of programming to focus exclusively on childcare.



Circumstances change but service continues

LEVIN JCC

Every December, the Levin JCC in Durham, NC holds a Mitzvah Day—a day of events, faith-based service and social action. This year, the pandemic complicated things, but the organization was determined that it would not derail them. So they shifted plans and adapted their activities to focus on remote volunteering and on outdoor activities. These included picking 27 full bags of litter from a local greenway, painting 5 rainbow Pride crosswalks and planting 43 trees in underserved neighborhoods. The organization also coordinated at-home volunteers to make 342 hygiene kits that will be distributed to men staying in local shelters.



Queron Smith, Senior Underwriting Director, and Dan Norber, Chief Data Officer, share a moment. Photograph Lindsey Warren

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In past years, this audit has been completed in the first quarter by a third party. Because we are shifting our audit timeline to better align with our planning efforts, this year's audit was completed internally—but it was based on the most recent third-party assessment provided by the B Corp recertification process. See below for details.

In the Fall of 2020, Redwoods completed our B Corp recertification process—a rigorous third-party assessment which we are required to undertake every three years. This process covers a broad range of criteria including corporate governance, as well as our impact on workers, community, the environment and our customers. As a result of that recertification, we achieved a total score of 104.3—which represents a 7.4 point improvement on our previous recertification score of 96.9, achieved in 2017. (The average score for businesses completing the B Impact Assessment is 80.)

The details of how we scored are included in the next column above:

Category	2020	2017
Governance	16.3	17.9
Workers	34.3	28.3
Community	15.2	21.1
Environment	8.1	3.8
Customers	30.1	25.8
Total	104.3	96.9

[out of a max 200]

And while the COVID pandemic meant adapting some of our efforts and shifting some of our focus, the company as a whole—led by the B Corp Employee Engagement Group—continued to make progress on many of the recommendations laid out in our 2019 social audit. This progress focused on two key areas of priority—climate & environment, and equity and anti-racism. These two areas will continue to be our focus throughout 2021.

Equity & anti-racism highlights from 2020

Leadership conversations with Black employees

Recognizing that our society too often centers white experience, and white voices, we worked with James White of the YMCA of the Triangle to develop a series of facilitated listening sessions between all

our Black employees, and both Kevin Trapani (Co-Founder and CEO) and Paige Bagwell (COO).

New staff trainings

In response to the murder of George Floyd, Redwoods funded trainings for our employees on the subjects of anti-racism, equity and inclusion, and implicit bias. These trainings included the Whiteness at Work webinar series run by the Adaway Group, and the Raleigh Chamber's Diversity Equity and Inclusion training. We also required senior team and Director-level employees to take implicit bias trainings, which will be extended to all employees in 2021. Additionally, we allowed time spent reading or learning about anti-racism work to count towards the 40 hours of community service that every employee is required to complete.

Equity audit

We undertook a careful equity audit that looked at the following in regards to pay: race, gender, job duties, experience, education and longevity with Redwoods. We completed adjustments to compensation where necessary to ensure equity.

Climate and the environment highlights from 2020

Taking climate action

We joined with 500+ other companies as part of the B Corp Climate Collective, to raise our voices for ambitious climate action both at the business and societal level.

Rethinking travel

2020 travel emissions were drastically cut due to the pandemic. While it would be wrong to claim credit as a company for these cuts, we did take steps to actively learn from the experience—benchmarking the pre-pandemic commutes of our employees, for example, and making plans for improved telecommuting opportunities. Similarly, we pioneered virtual visits with prospects and are exploring if any of these changes can be carried over or adapted to a post-COVID world.

Workplace electric vehicle charging

In early 2020, we worked with our landlord to install workplace electric vehicle charging that is available at no cost to our employees—potentially providing a powerful incentive to adopt greener transport options.

Financial performance

	2020	2019
Gross Premiums Written	47,398	42,232
Net Premiums Earned	39,460	42,442
Losses & LAE	38,772	37,122
Commission/Taxes	3,166	3,567
Expenses	9,398	10,419
Contribution Margin	(11,876)	(8,666)

Throughout 2020, Redwoods made good progress toward profitability—as evidenced by both an increase in Gross Premiums Written and a significant reduction in Expenses. Undoubtedly, temporary COVID-related travel cancellations and a reduced frequency of claims played their part. However, it is also important to recognize the steady efforts of our employees to de-risk our book and to work with our

customers to prevent losses and reach pricing that is both adequate and sustainable. Nevertheless, we ended the year with a Combined Ratio of 133%—36 points of which were due to two severe and difficult to predict shock property losses. Despite this result, we are confident that our core business is sound and we are in a good position to achieve long-term profitability, beginning in 2021.



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