

2025 ANNUAL REPORT



THE BARNSTABLE
SINCE 1833

A CAPE COD ORIGINAL

BUILT TO LAST

THE BARNSTABLE'S STORY

The history of **The Barnstable** extends back almost 200 years, to 1833. In that year, a group of forward-thinking Cape Codders pooled their resources and formed *The Barnstable County Mutual Insurance Company*. That simple step marked the start of **The Barnstable's** story.

The Barnstable's founders were clearly committed to their community, with a primary goal of protecting the value of their modest homes from the threat of fire. But they also shared another objective, one that drives **The Barnstable** to this day: providing unquestionably reliable, fair, and sustainable insurance for the Cape Cod area.

And right from **The Barnstable's** first days, preventing losses—**risk-management**—has been its defining strategy. The founders closely managed the risk that the Company assumed, in the early days, for instance, avoiding properties that stored spirits and conducted business.

For its first 100 years, the greatest peril **The Barnstable** faced was the possibility that one conflagration could destroy every home in its portfolio. To mitigate this threat, the Company developed a winning strategy: requiring a 100-foot minimum distance between any two insured homes.

This emphasis on managing risk had other benefits as well. Specifically, it meant that **The Barnstable** did not have to hold much capital to support its business. Instead, it was able

to return its profits to its member policyholders in the form of dividends, and by 1845, it was returning over 100 percent of annual premiums to policyholders.

But then, in 1938, the Great New England Hurricane hit, and this catastrophic storm obliterated scores of homes across the region. Unfortunately for their owners, most of the storm's devastation was not covered by insurance because few homeowners had bought coverage for wind damage.

In that sense, the '38 Hurricane was a true watershed event, dramatically affecting **The Barnstable** and the rest of the insurance industry. In the aftermath of this severe storm, the market demanded wind protection, and so the insurance industry introduced the current homeowner policy.

When **The Barnstable** adopted this new homeowner policy in 1956, the result was a significant increase in risk and an immediate impact relative to fulfilling its mission. With wind protection in the mix, the possibility now was that every home in **The Barnstable's** portfolio could suffer a loss from the same windstorm, a threat to the very existence of the Company.

Because **The Barnstable** needed to retain capital to fund payments in case of a severe windstorm, it could no longer pay policyholder dividends. And because the storm potential exceeded its surplus, **The Barnstable** now had to borrow additional capital in the form of catastrophe reinsurance.

THE BARNSTABLE TODAY

Over the past few years, dealing with high inflation has been an ongoing challenge for **The Barnstable**, as it has been for everyone. To manage its effects, we have been adapting our book of business, helping our policyholders increase their property coverage limits to match current building-replacement costs. Meanwhile, due to rising costs, we have also had to increase the prices we charge for this coverage.

During a brief time period beginning in late 2022, the reinsurance market was especially affected by acute inflation. As a result, the cost of property catastrophe reinsurance—the lifeblood of **The Barnstable's** mission—spiked sharply.

Thanks to our foresight, the three-year-term structure of **The Barnstable's** reinsurance program dampened the effects on these price spikes. Still, from 2022 to 2025 our effective costs rose by 43 percent, necessitating a 20-percent increase in the cost of our homeowner's insurance in 2024 and a 12-percent increase in 2025.

But then some good news arrived in 2025: the reinsurance market entered a softening phase. According to Guy Carpenter's global price index, reinsurance pricing declined by 12 percent in 2025, and further price declines are anticipated when our program renews in July of 2026.

This welcome trend will take the pressure off **The Barnstable**. In fact, we are no longer considering a third across-the-board homeowners insurance price increase in 2026. Instead, we are planning very targeted price increases on policies insuring homes in Bristol and Plymouth Counties and on condominiums in all territories.

Our long-term goal at **The Barnstable** is to strengthen the Company's capital-intensive mission—protecting and investing in our Cape Cod community—by improving the resilience and sustainability of our business. We believe one way to achieve this objective is to find other well-capitalized, well-run mutual insurance companies who share our values

and partner with them. In such an arrangement, these companies can bring their capital and scale to bear at **The Barnstable**, enhancing our impact on the communities where our policyholders choose to live, work, and play.

As a first step in this direction, **The Barnstable** identified Quincy Mutual Insurance Company as a worthy partner, and on January 1, 2025, we entered into a three-year Strategic Collaboration Agreement with them. This Agreement is not a merger or pooling of the two companies, and it is non-binding. Its intent is to provide the two businesses with a framework for sharing ideas and exploring opportunities to forge a mutually beneficial, lasting partnership.

As a sign of mutual commitment, Quincy agreed to invest in a ten-year, \$25-million surplus note issued by **The Barnstable**. The terms of this note are separate and apart from the Strategic Collaboration Agreement.

The events of 2025 remind us that **The Barnstable** operates in an environment that is more dynamic and potentially volatile than consistently stable. To succeed in such an environment, a firm has to adapt and innovate to meet the challenges. In this regard, **The Barnstable** always stands ready to act.

FINANCIAL POSITION

The Company's financial position strengthened materially in 2025. Policyholder surplus, driven by a strong stock market and historically low frequency of losses in our book of business primarily due to mild winter weather, experienced growth of 7.4 percent, excluding the proceeds of the Quincy surplus note.

Underlying these strong operating results was the real value that **The Barnstable** delivered to its policyholders who had suffered severe losses in 2025, including three fires, two pipe freezes, and three large water leaks. These substantial losses accounted for nearly three quarters of the Company's total losses incurred for the year.

Relative to the Quincy surplus note, its favorable terms established for the three-year period of the Strategic Collaboration Agreement will enable **The Barnstable** to invest its proceeds conservatively while earning a positive net-interest margin. We expect to pay off or refinance the note by 2028.

In short, throughout 2025 **The Barnstable** maintained sound financial planning and management. As a result, the Company is poised to enhance its impact on the communities it continues to serve and protect.

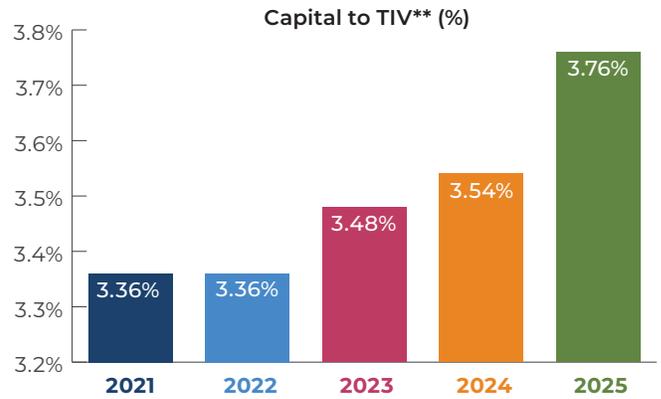
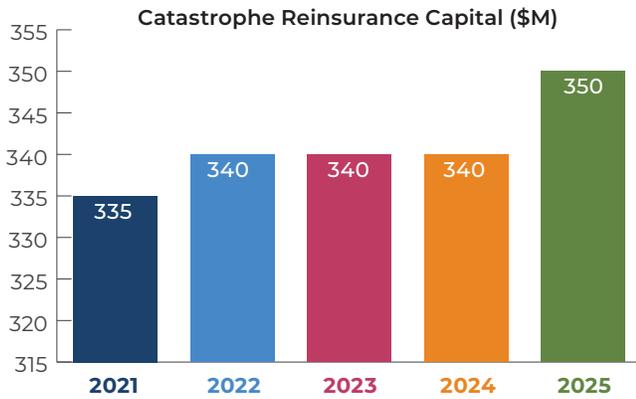
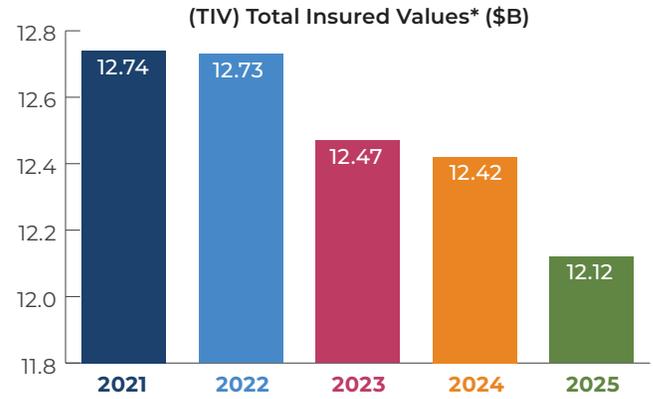
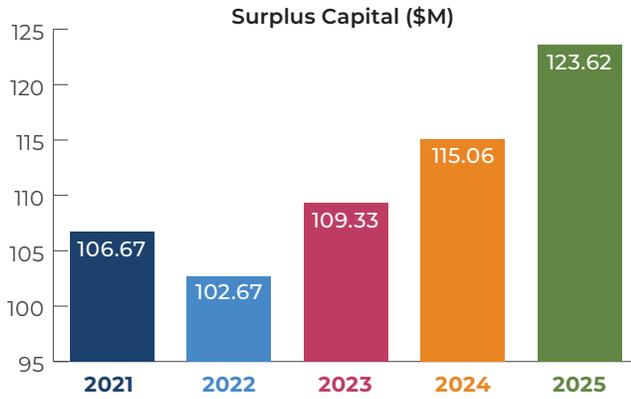
COMBINED BALANCE SHEET

(As of December 31, 2025 and 2024)

	December 2025	December 2024
Assets		
Bonds, Amortized Cost	\$107,289,899	\$77,268,455
Common Stocks, Market Value	18,043,873	15,052,960
Real Estate, Net of Depreciation	2,140,367	2,230,710
Cash & Short Term Investments	22,196,489	18,748,801
Other Invested Assets	23,829,535	24,597,100
Premium Balances	5,950,946	5,370,926
Goodwill	3,764,133	4,570,733
Other Assets	1,492,831	1,388,552
Total Assets	\$184,708,073	\$149,228,237
Liabilities		
Loss Reserves	\$2,604,142	\$2,709,594
Loss Adjustment Expense Reserves	2,254,528	2,064,345
Unearned Premiums	20,373,263	18,927,370
Net Deferred Tax Liability	1,663,371	1,275,897
Notes Payable	3,526,427	4,316,532
Other Expenses	5,667,823	4,877,877
Total Liabilities	\$36,089,554	\$34,171,615
Surplus		
Catastrophe Reserve*	19,643,028	17,678,703
Surplus Note Payable	25,000,000	–
Unassigned Surplus	103,975,491	97,377,919
Total Surplus	148,618,519	115,056,622
Total Liabilities & Surplus	\$184,708,073	\$149,228,237

*Estimated pre-tax cost of a hurricane with a probability of occurrence every 100 years, net of catastrophe reinsurance recoveries.

5 YEAR CAPITAL ADEQUACY



*The maximum coverage limits of all in-force policies, representing Coverages A (dwelling), B (other structures), C (contents) and D (loss of use).
 **Capital, comprised of surplus and catastrophe reinsurance, as a percentage of the total insured values.

DIRECTORS (As of March 1, 2026)

Michael J. Ayer	Rosemary M. McAndrew
David G. Brown	Christine M. Murphy
Gary M. DellaPosta	William W. Saltonstall
John L. DeMello	Robert A. Talerman
Elizabeth A. Foley	

OFFICERS (As of March 1, 2026)

John L. DeMello, *President and Chief Executive Officer*
 Christine M. Murphy, *Executive Vice President and CFO*
 Deborah A. Sutton, *Vice President and Secretary*
 Michael A. McNamara, *Deputy CFO and Treasurer*
 Ryan Sullivan, *Vice President of Technology*

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