

BACK TO THE BASICS

1ST QUARTER 2004

YEAR END POSITIVE RESULTS CARRYOVER TO 1ST QUARTER

AGENCY MEETING IS ANNOUNCED:

- Farmers Mutual Insurance Company will be hosting an important agents meeting Tuesday April 6, 2004 at the Bridgeport, WV Holiday Inn. The purpose of this meeting is to introduce the agencies to our new underwriting rules as we prepare to re-enter the market for writing new business. A representative from your agency must attend this meeting in order for your agency to write business with us once we begin writing new business.

NEW COMPANY LOGO INTRODUCED:

- Farmers Mutual Insurance Company is proud to introduce it's new company logo. The logo is featured at the top of this newsletter. The company had approximately eighteen logo's submitted for review and then the employee's voted upon the logo that they liked best and the above noted logo was selected. This logo was designed by Gary Auvil and he did a great job in coming up with a modern corporate image for the company.

Farmers Mutual Insurance Company experienced very positive results for the year ended December 2003. The Company had its first net underwriting profit since 1988.

Farmers Mutual had net income of \$524,767 in 2003 and the company's surplus increased from

a low of \$323,978 as of March 31, 2003 to \$1,719,286 at year end.

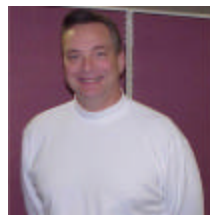
Our net written premium to surplus ratio improved from 6.41:1 for the previous year end to 2.96:1 for 2003.

Farmers Mutual is continuing to experience favorable results in the 1st quarter of 2004. Our net loss

ratio is approximately 53% with LAE and underwriting expenses of approximately 40%, this translates to a 7% underwriting profit for the 1st quarter of 2004.

Farmers Mutual net written premium to surplus ratio had decreased to approximately 2.6:1 for the 1st quarter.

FARMERS MUTUAL WELCOMES NEW PRESIDENT AND NEW DIRECTOR OF CLAIMS



David L. Corsini, II

Farmers Mutual Insurance Company is proud to announce the appointment of David L. Corsini, II as President and CEO of Farmers Mutual Insurance Company. David became President in August of 2003.

David attended Washington Irving High School in Clarksburg, WV and graduated from Fairmont State College.

David is still relatively a newly wed having married his wife Robin in September of 2002. They are the parents of three children Matt, Anna and Michael.

David enjoys playing golf and coaching youth sports, especially Jerry West basketball and AAU basketball.

David began his insurance career with Celina Insurance Company

working in the Clarksburg branch for years. David started out in the claims department and advanced to Claims Manager and then to District Director.

David then went to West Virginia National Insurance Company as Sr. Vice President and Claims Manager and helped with the formation of the new auto insurance company.

Since David's arrival at Farmers Mutual he has been very busy working on our backlog of litigated claims and other administrative duties in getting the company in sound working order.



Ted E. Richards

Ted E. Richards was hired in December of 2003 to become the Director of Claims for Farmers Mutual Insurance Company.

Ted attended Harrisville High School in Harrisville, WV and

graduated from Glenville State College.

Ted wins the longest commute award for Farmers Mutual as he continues to live in Harrisville and drives to Fairmont each day. Ted has one daughter Stacey who is currently attending Washington and Lee University and will be graduating in May with a degree in law.

Ted also enjoying playing golf.

Ted came to Farmers Mutual from West Virginia Insurance Company where he had worked for twenty-two years and had advanced to Vice President and Director of Claims for the company.

Since coming to Farmers Mutual Ted has worked very hard on reducing our loss adjustment expense and reducing the number of claims assigned to outside adjusters. Ted has implemented various other changes that has improved the claims service of Farmers Mutual.

FARMERS MUTUAL INSURANCE COMPANY PROMOTES TWO EMPLOYEES

In February of 2004 Farmers Mutual Insurance Company announced promotions for two of its employees.



Carolyn S. Meadows
President of Underwriting.

Carolyn is originally from Wayne, WV and moved to Fairmont in 1982.

Carolyn attended Wayne High School and graduated from Fairmont State College.

Carolyn is married to Art Meadows and they have six children and eight grandchildren.

Carolyn and Art enjoy playing golf and watching their grandchildren participate in various sports and activities.

Carolyn began working for Farmers Mutual Insurance Company in March of 1986 as a Personal Lines Underwriter. She also operated her own agency for approximately five years.

Carolyn was promoted to the position on Vice President of Personal Lines Underwriting in September 1992.

Recently Carolyn has been very busy working with the service personnel and developing job responsibilities and procedures manuals for their area.

Carolyn has also been revising the new personal lines underwriting rules.



Ronald L. Jones

Farmers Mutual.

Ron attended Monongah High School in Monongah, WV and graduated from Fairmont State College.

Ron and his wife Becky, who teaches 8th grade science at Lumberport Middle School, are the proud and tired parents of three teenagers, Erik, Kylie and Cory.

Ron and Becky have been active in various youth sports organizations as coaches and officers over the past eight years.

Ronald L. Jones was appointed Executive Vice President of

Ron is a Certified Public Accountant and spent twelve years working for public accounting firms before coming to work as Controller of Farmers Mutual in October of 1989.

Ron was promoted to Director of Finance and Information in August of 1995 and then promoted to Vice President of Finance and Information in January 1998.

Ron has been busy preparing year end reports and compiling various other statistical information for the company.

In the near future Ron will be assisting in the upgrade of Farmers Mutual website as we strive to provide more information for agents and have additional company information available on the site.

A NEW PERSPECTIVE ON AN OLD WAY OF THINKING

Farmers Mutual is going to go "Back To The Basics" and adopt the corporate philosophy that made them a strong company for so many years.

The company realizes that we can not be everything to everyone. The company has developed new underwriting rules, notice we did not call them guidelines, we used the word rules to emphasize not only to our agents but our employees that we expect the rules to be followed. Our intentions are not to grant any exceptions

The new underwriting rules were developed with emphasis on going back to the basics for the company to insure the good, well maintained lower value property.

In personal lines the company does not want to compete with the national and regional carriers for the higher value property.

Farmers Mutual as we go forward will make every effort to control growth, if we have growth we want it to only be two to three percent per year.

Instead of excessive growth one of our goals is serve our existing market with the best products and service possible we want to identify our customer base and provide products that meet that customer base. We can not be all things to all people.

Through strong underwriting and controlled expenditures our long range goal is manage Farmers Mutual to become a very financial stable ***farm mutual***.

As we move forward, the management of our agency force is crucial to the continuing recovery process of the Company and its long term success. Over the years, this area was often neglected. Profitability must begin with the implementation and follow through of a program designed to monitor agency progress. Farmers Mutual must take a proactive approach that identifies potential problem areas within the agency force, recommends corrective measures and follows the problems until rectified.



"It was a terrible holiday, everything was so perfect we couldn't claim anything off our insurance."

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