

BACK TO THE BASICS

2ND QUARTER 2006

WHAT'S HAPPENED AT FARMERS MUTUAL INSURANCE COMPANY SINCE OUR LAST NEWSLETTER:

- Farmers Mutual celebrated its 100th year in business with an open house for business associates and family in August of 2005. The celebration was well attended and the company was commended on the amazing recovery that we have made since March of 2003.
- Farmers Mutual converted over to the new INSCO.Net policy processing system during June 2005. We realize that there has been some problems and issues during this process. We regret all the hardships that have been caused by this conversion. We believe that as the system matures and we continue development of the system both the company and agencies will profit from the system's capabilities.
- Farmers Mutual A.M. Best rating was upgraded from a C+ to a B- in June of 2005.
- Farmers Mutual had their tri-annual insurance department audit that concluded on January 6th 2006. There were no financial adjustments as a result of the audit.
- Farmers Mutual paid contingency bonus to 55 of the 60 agencies that we had licensed for the year ended December 31, 2005.
- Farmers Mutual surplus increased by \$566,159 or 19.7% for the year ended December 31, 2005.



David L. Corsini, II

I'm sure most have received the announcement concerning the release of our new **"Agency Support Center"**. We are extremely proud of the accomplishments achieved since our conversion began last June. I hope your agency will take the time to review and utilize this tool as you service both new and existing customers. The agency management feature allows over 60 reports that I believe you will find useful in the daily

FARMERS MUTUAL ADOPTS NEW MISSION STATEMENT



Exceed
Expectations
Everyday



Farmers Mutual Insurance Company introduced a new mission statement and company philosophy to our employees and it was to **"Exceed Expectations Everyday"**. Our goal and objective is to do more than what is expected in every job or function that we perform.

PRESIDENT'S CORNER

operations of your agency. Let me stress, this is only the beginning phase of a project that will allow Farmers Mutual and its agency force the opportunity to take advantage of the latest technology available.

By the end of 2006 we anticipate releasing phase II which would allow your agency the ability to view and print all policy documents you are currently receiving via mail. Obviously in a service based environment faster and better are crucial to maintaining a solid core book of business with desired profitability.

We know this process has been difficult and comes at a cost in lost business. We regret the loss of a single account and hope that you will agree that

the wait and work that has gone into building this system in some small way helps overcome those issues. We will be stepping up our agency visitations to help assist in the anticipated learning curve as we all get acquainted with the agency support center. If you haven't done so recently take a few minutes and visit our website at <http://www.farmersmutual.com>. As always feel free to contact us if questions or comments arise. Enjoy your summer!

Dave Corsini



President/CEO

FARMERS MUTUAL INTRODUCES "ROAD WARRIOR WEDNESDAY"

Farmers Mutual will be placing a major emphasis on agency relationships in 2006. Starting in the 2nd quarter of 2006 we will be trying to establish a regular presence in the agency's office.

We will be implementing a program for our underwriters called **"Road Warrior Wednesday"**.

The program will be structured so that a different underwriter is making an agency visit during the week.

Each underwriter will have their Wednesday during the month that they will visit agencies.

By having a determined day it will enable our underwriters to set their schedule and to plan their agency visits so that can be as efficient and effective as possible.

Not only will the underwriters be available to answer your questions but also to provide training in using the **"Agency Support Center"**.

So expect a Farmers Mutual underwriter to be contacting you in the near future for an agency visit.



MEET

"SMALLWOOD AND SMALL INSURANCE AGENCY"



then Jack in December of 1988. At that time the 'boys' were given the reins of the agency and a new Corporation was formed Martinsburg's Smallwood and Small Insurance, Inc. d/b/a/ Smallwood and Small Insurance.

Today, Smallwood and Small Insurance in addition to the three agency principals has one commercial lines service agent, four personal lines service agents, one full-time corporate bookkeeper, two

receptionist, two outside property inspectors and five outside sub-producers. We are currently located at Rt.11 North at Meadowlane in Martinsburg, WV. We currently have plans to construct a new office complex and move our office to a new location sometime in 2006. We have enjoyed a very potent market environment as we are located in one of the fastest growing areas of the country. Our concentrated marketing territory is the three counties of the Eastern Panhandle. However, we are licensed and write business in our neighboring states of Maryland, Pennsylvania and Virginia.

Even though we are in a progressively growing area which is now part of The Washington, D.C. – Baltimore, MD Metroplex, we are still considered country with rural housing and farms. And this is exactly why we have enjoyed and continue to enjoy a good relationship/partnership with Farmers Mutual Insurance Company.

The first producer on board was Fred Kerns who worked part time with Jack Small since March of 1981. Thomas C. Miller came on board in December of 1981, followed by R. Scott Miller in 1983. The 'boys' as they were known worked with Jim and Jack until Jim retired in July of 1987 and



"Hello, I'd like to apply for some property insurance."

FARMERS MUTUAL INTRODUCES NEW WEBSITE

Farmers Mutual Insurance Company

Home | About Us | Contact Us | Commercial Lines | Government | Health Services | Services and Products | Privacy



Farmers Mutual Insurance Company had the initial release of their agency support center available to their agencies on June 26th 2006. The "Agency Support Center" currently has the following items available:

My Inscro Net

- Quick Rate - A rate calculation system (does not save information and no printing from this option).
- New Quote - Creates, stores and prints quote information.
- Modify Quote - Modification of stored quote information.
- Billing Inquiry - Display of selective policy term billing and payment activity.
- Claim Inquiry - Display of claim transaction activity.
- Commission Inquiry - Display of commission paid on specific policies and policy terms.

Reports

- Company Summary - Currently has over 60 display reports available.
- Agency Information Center - Employee directory, underwriting manuals and guidelines and company holidays.

This is the initial release of the system and we have various enhancements planned over the next twelve months. By the end of the 3rd quarter of this year we should have "Document Viewing" available. This option will provide viewing and printing of all documents currently being mailed to the agents (policy declarations, bills, cancellation notices and reinstatement notices). We plan on making two years of information available.

FARMERS MUTUAL INSURANCE COMPANY

20 Moran Circle
 Fairmont, WV 26554
 Phone: 1-800-654-0147
 Fax: 304-366-5456
 Website: www.farmersmutual.com