

BACK TO THE BASICS

3RD QUARTER 2006

TID BITS FROM FARMERS MUTUAL:

- "Road Warrior Wednesday" continues at Farmers Mutual as the marketing department, the underwriters and the company president visit the agency force to bring the company to the agents. We are available to agents to assist them with any problems, questions or other form of assistance that they may require. The underwriters are also available for any training that may be desired by the agency personnel.
- Are you using "Google" and the internet as a marketing tool? Most of you do not need to be told about the amount of information that is available on the internet, but are using the internet to find new market leads. Just recently we were able to obtain mailing information on more than 300 churches in West Virginia just by doing a search in "Google".
- Farmers Mutual will be hosting our semi-annual "Agents Advisory Council" meeting in the fall. If you have any questions or issues please contact your advisory council representative so that your concerns can be addressed.



David L. Corsini, II

I'm pleased to report we are on track for another good year from a profitability prospective. Despite some early losses due to fire, we have maintained a trade combined of less than 100%. Our earlier efforts to withdrawal from areas prone to weather related occurrences have made a considerable impact on our bottom line. Without the significant concentration of business in any one area of the state, we can endure weather issues with little

impact to the company.


August new business submissions were up considerably over the past several months. We hope this is attributable to our agency force becoming more comfortable with our new Agency Support System. We are nearly set to begin testing of Phase II which as mentioned in our previous newsletter will allow your agency the ability to view and print policy documents. We view this as a significant service enhancement that is based on the latest technology available. Our release date to our agency force is scheduled for mid to late October.

I would like to recognize our 2005 recipients of the "FMIC 250 Club", those of which maintained a minimum of \$250,000 in written premium as well as a loss ratio less than 50% for the year. Each agency received a plaque for outstanding achievement in the areas mentioned above. Congratulations to the following agencies:

- Betterway Insurance Agency
- Saville Insurance Agency
- Johnson Insurance Agency
- United Security Insurance Agency
- Mid-Atlantic Insurance Agency
- J. L. Massie Insurance Agency
- Webb Insurance Agency
- May Insurance Agency

We appreciate your business and please continue to communicate any questions, comments or concerns you have.

Dave Corsini
President/CEO



RISE IN LAWSUITS AGAINST CREDIT BUREAUS MAY THREATEN

CREDIT-BASED INSURANCE SCORING

Aware of the rising number of lawsuits brought by consumers who claim their credit scores are being harmed by major credit bureaus, insurance industry advocates are keeping watch for fear that the trend might harm the case for credit-based insurance scoring.

At issue is an apparent trend in the number of lawsuits being filed against Equifax, Experian and TransUnion by consumers who say errors in their credit reports are producing low credit scores. According to the National Law Journal, such lawsuits have become prevalent in California, Louisiana, Michigan, Mississippi, New Mexico, South Carolina and Virginia.

That's a concern for insurers, whose use of credit-based insurance scoring in the underwriting process is under continuous threat by state legislatures that often consider bills to ban the practice.

"Could this have an impact and could it have a negative impact? Yes," said Don Griffin, vice president of personal lines for the Property Casualty Insurers Association of America. "But the hope

would be that the ability to use credit scoring would still exist following these suits."

The flurry of legal activity may serve to improve the process by which the bureaus collect and provide credit information. Griffin said while the process already is "fairly good" with some isolated problems, better credit information would provide insurers with more accurate risk profiles of policyholders.

"Anything to make the system more accurate is better for the industry and to the consumers, who, in most cases, would benefit from the information," Griffin said. "When you have a more accurate result (in credit information), the premiums you're charging people are more accurate."

The presence of consumers' lawsuits against credit bureaus might be unlikely to aid passage of bills seeking to ban credit-based insurance scoring because of a consumer-protection-rich model law developed by the National Conference of Insurance Legislators. Since its adoption in 2002, the model law, which combines

consumer protections with industry-friendly provisions, has been enacted by more than two dozen states.

Candace Thorson, deputy executive director for NCOIL, said that during hearings on the model law, the subject of credit bureaus' accuracy was discussed at length, including testimony by principals of the bureaus.

"We found that by an overwhelming percentage, (information provided by the credit bureaus) is accurate," Thorson said.

Not so, says consumer advocate Birny Birnbaum of the Center for Economic Justice, adding that the new trend in lawsuits may spell the demise of credit-based insurance scoring.

"The issue of credit bureau data quality has been a major concern for consumers for a long time," he said. "As more information comes out about credit scoring, the paper-thin support (for credit scoring) will shred, and the lawsuits are part of the weight."

(By Eleanor Barrett, senior associate editor, BestWeek: eleanor.barrett@ambest.com)

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**MEET
"SAVILLE INSURANCE AGENCY"**



Gary Saville

Gary's father, Ralph P. Saville, was an insurance agent in Hampshire County for many years. He started the business by selling real estate and property & casualty insurance, in his later years as his health deteriorated he encouraged Gary to get his insurance license and take over the family business.

Deciding to follow his father's advice, Gary gave up his job at General Electric and opened a small agency in Romney, only writing insurance for one company. Over the past years, Gary has increased his business and now offers various line of insurances to the people of Hampshire County and surrounding areas.

In November of last year Gary's wife began to work with him in

the office. Gary and Iva have always wanted to run their agency together and were finally able to make this happen last year.

Gary has been married to his wife Iva for 24 years. They have two children, Katy, who is 18 and a freshman at WVU, and Kyle, 14, who is a freshman at Hampshire High School.

Gary is an active member of the Augusta Volunteer

Fire Company, where he has served as treasurer for the past 16 years. He is a member of Ebenezer United Methodist Church. In his spare time he enjoys restoring and showing old cars and trucks. He loves to spend time with his family. He recently took his daughter to a Tom Petty concert and his son to Baltimore to watch the Orioles play baseball.

On August 11, 2006 the whole family spent a wonderful time together whitewater rafting on the New River Gorge.

Gary dedicates his business to the memory of his father and gives thanks to God for the many other blessings in his life.

**FARMERS MUTUAL INTRODUCES
DOCUMENT VIEWER**

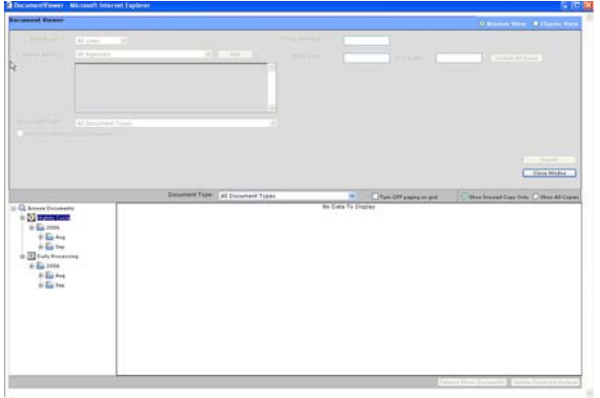
Farmers Mutual Insurance Company is excited to announce the October release of "Document Viewer". The "Document Viewer" is a feature of the Agency Support Center, it will be located beneath "My Inscos.Net" menu option and it will enable the viewing and printing of the following documents:

- Policy Renewal Offers
- Renewal Billings
- Installment Billings
- Final Reminder Notices
- Policy Cancellations
- Policy Reinstatements
- Modified Policy Declarations
- Policy Quotes
- Policy Number
- Specific Line of Business
- Specific Document Type
- Date Range

The documents will be available to the agency force after the documents are review and release by Farmers Mutual.

The "Document Viewer" offers two different views a "Browse View" and a "Classic View".

The screen defaults to "Browse View". When in browse view a selection tree will display on the left hand side of the screen. The tree has two primary nodes "Nightly Cycle" and "Daily Processing". Under each of the primary nodes are sub nodes by year, month and day. Clicking on any level will display the "Selected Document Type" from the drop-down list.



When "Classic View" is selected you will be able to search the document archives based upon criteria that you supply such as:

There are several screen features that are common to both the "Browse View" and the "Classic View".

The grid results display is designed so that it utilizes an "Outlook" characteristic that will allow grouping of items by dragging a column heading to the top of the grid. Multiple column heading can be dragged to the top to create sub-groupings.

The grid is set-up by default to use paging that enables quicker result response when returning the requested information. The screen offers a checkbox that when checked will turn off the paging feature. It is best to turn off paging when utilizing column sorting.

The screen is set by default to only display the insured copy when multiple copies exist, by selecting "Show All Copies" option this will allow the screen to display all copies to the results grid.



Your house was blown off by a big bad wolf hey?! It looks very much like an insurance scam to me!...



Exceed
Expectations
Everyday



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