



EXCEED EXPECTATIONS EVERYDAY

3RD QUARTER 2008

PRESIDENT'S CORNER



David L. Corsini, II

Let me take a few minutes to update 2008 as we fast approach the end of the 3rd quarter. The year remains profitable despite three weather related events including wind and hail as well as an uptick in fire losses. Despite the increase in claims received we have added to surplus which in turn has brought the Company to a 1: 1 ratio on premium writings to surplus. Again as stated in the past this feat does not occur without the good solid core book of business as well

as the excellent new business submitted.

The addition of Identity Theft Coverage has been well received with the Company enjoying a 95% retention on new and renewal business. With this being the fastest growing crime both here and abroad, we are pleased to bring this coverage to our policyholders at an affordable premium with very good coverage and service enhancements if a claim is made.

For those agencies that qualified for our Fall Outing at Stonewall Resort, congratulations and we look forward to seeing you on the 21st. The response to this outing has been tremendous. We anticipate another fun filled event.

With a down turn economy we like many of our peer companies have lost policy count. For the year we are showing a decrease in policies inforce of 1.38%. We have stepped up our agency visitations in the hope that you will keep us in mind if the opportunity is presented to place additional business with us.

As always we appreciate the feedback and comments our agency force provides and certainly thank you for your continued support.

LOCATION INFORMATION REQUEST FORM TO BE MAILED TO INSURED'S BEGINNING IN JANUARY

Farmers Mutual Insurance Company will be mailing with each renewal policy a "Location Address Request Form".

In order to better serve our agents and insured's we are enhancing our risk location database to capture additional information on the risk. In the past we have used "Driving Directions" to locate the risk, with the implementation of "911" address changes and the assignment of names to many rural routes we need to update our location database to have the most current information.

We will provide the insured with location description that we currently have on file and we will asking them to confirm this address or to provide us with the current address. We will be maintaining a risk location in addition to the mailing address of the insured. With the risk location we will be incorporating GPS coordinates.

The additional information on the risk location will enable us and our reinsurers to perform risk mapping and to also perform more accurate CAT modeling for loss control purposes.

DID YOU KNOW?

- Farmers Mutual will be hosting "Fall Harvest 2008" September 21-22, 2008 at Stonewall Jackson Resort. 30 agencies qualified for this year's event and almost all of the qualifying agencies are planning on attending. The event will feature a reception, dinner and dancing on Sunday night. Monday's activities will include a Putting Contest, Golf Outing, Boat Cruise and a cook-out luncheon with the awards presentation for the golf outing.
- Farmers Mutual implemented the Identity Recovery Endorsement in July 2008. Currently 97% of the renewal policies are retaining the IDR endorsement and 83% of new business policies are attaching the IDR endorsement to the policy, with a company overall retention rate of 95%.
- Inco.Net version 2.0 is scheduled for release in early February 2009. Farmers Mutual will be hosting a users meeting in February to train the users on the product and go over the many new features and improvements available in the new version.
- Kandy Corley of the claims department has left Farmers Mutual Insurance Company. Kandy's husband Brian changed jobs and the family relocated to Baton Rouge, La. In early August. We wish the best to both Kandy and her husband.

CHURCH CRIME PREVENTION



Perimeter lighting and safety

Poor exterior lighting can increase unwanted or unintended events. This holds true for worship centers. Recently in Texas, a member was heading to her vehicle after an evening service and tripped on a drain in the parking lot. The injury she sustained required surgery. Insufficient lighting was to blame for this accident. In Maryland, a maintenance equipment shed at a worship center was broken into during the night, and someone drove off with the riding mower and other lawn tools. No barriers were in place to restrict access to the property, and there was no security lighting near the shed.

These two claims highlight the need for exterior safety and lighting but for different reasons—discouraging prowlers and maintaining safety for all who come to your facility.

Danger lurks in the dark

Safe movement for those who come to a house of worship is especially important after dark. Proper lighting can produce a more secure and attractive atmosphere. It is imperative to light all areas around the building, paying special attention to the main driving thoroughfare and walking pathways. Lighting needs to be at all doorways, steps and stairwells. A photoelectric cell (dusk-to-dawn switch) that is on permanently during the hours of darkness provides for the appropriate timing for illumination.

Almost half of all robberies occur between 9 p.m. and 3 a.m. Law enforcement officials believe that proper lighting is a strong deterrent for these law-breaking activities. Improved visibility also aids one's ability to identify and give an accurate description of the criminal to authorities.

Seeing your surroundings through the trees

After lighting, safety consultants consider natural surveillance—the ability to observe one's surroundings—to be the next most critical design issue for security. Openness enhances natural surveillance. Shrubbery and other plantings should be kept to a minimum and trimmed to eliminate hiding places. The worship facility should always be well maintained. An unkempt lawn or rubbish scattered about gives the

impression that the area is not secure.

Walking routes should be carefully planned to consider entry/exit pathways. During low traffic periods, restricting access to a main entrance rather than allowing entry through numerous doorways improves the ability to see and be seen by others. Discourage shortcuts over landscaping. Direct walking routes onto designated walkways.

Signage points in the right direction

Careful placement of signs can help familiarize visitors to their surroundings and allow them to move safely about the area. Signage also can assure congregants that their safety is being monitored. Likewise, a notice that they are under surveillance may deter potential perpetrators.

Fence out intruders

Security screens or fences can be provided in areas of low activity yet still maintain openness and natural surveillance. Fencing or caging is essential to protect ground-level air conditioning units and deter theft.

Likewise, limiting vehicular access to a minimum number of entrance/exit locations is beneficial. Fencing, grilles, gates and other barriers provide control of traffic flow and help deter casual trespassing by controlling access to entrances during unattended hours.

MEET

"JONES INSURANCE AGENCY"



Bob Jones and Katie Doig-Pritt

Jones Insurance Agency is located in Elkins on the five-lane just South of the downtown area. The agency began writing business in June of 2003 and at the time was renting office space about one mile from our new location. In April, 2007 we purchased the building and property that now serves as our current office.

The Jones Insurance Agency is a multiline agency providing personal, commercial, health, life, and various other lines of insurance to the people of Randolph and surrounding counties.

Bob began his insurance career as an agent for New York Life in 1994 and in 1998 entered the property & casualty field. He has been married to his wife, Cathy, for twelve years. She is also a business owner operating her own beauty shop for the last twenty eight years. They reside in Tucker County on a 165 acre farm. Both enjoy the outdoors and are avid golfers. Cathy has a daughter, Tarra, who is a graduate of WV Wesleyan

College. She resides in Weston with her husband, Steve, and son, Austin. Both Cathy and Bob are officers of Elks Lodge 1135 of Elkins. The volunteer work they provide to the lodge benefits local youth and veterans.

Katie Doig-Pritt joined the agency in 2006 and shortly thereafter became licensed as a property & casualty agent. Her primary focus in the agency is personal lines coverage. She graduated from Davis & Elkins College in 2005, and was recently married to her husband, Jeff. Jeff has been employed as a coal miner since 2002. They both reside in Beverly with Jeff's daughter, Dominique.

The agency is located in an area of West Virginia that mutually benefits Farmer's Mutual's appetite for business and our ability to write those coverages. The staff at Farmer's has been a pleasure to work with and we look forward to a long and profitable relationship.



"I was referring to May, 2030, when I promised a May 30 product launch."

INSCO.NET VERSION 2.0

Farmers Mutual Insurance Company is currently in the process of upgrading their policy processing and insurance management system - Insko.Net. We have been working on the system upgrade since the first quarter of this year and we are anticipating an early February 2009 release date. The major objectives of the new version are: A much improved user interface, a more robust system, and improvement in user response time.

The new version will have a fresh new look and feel, different from the current version. We will be taking advantage of many new technologies that have become available since our initial release in 2005. One such new technology is called "Ajax" - which will eliminate most of the screen flashes that currently occur due to frequent system post backs to the server. With "Ajax" only a small portion of the data is returned to the server hence the screen refresh will be almost unnoticeable. The new version will also incorporate frequent saving of information thus eliminating the need for data re-entry due to system errors.

We are making every attempt to make the system more user friendly and the data entry flow more logical. We will be introducing several new features with this version. One such feature will be risk location mapping and online photos of risks. Some of our screens like the "Location / Risk" screen are being revised for ease of use and maintenance. The revised system will be using a "Window Tab" design similar to Internet Explorer 7.0. The "Window Tab" design will easily allow the user to navigate the system.

In addition to screen design Farmers Mutual will also be working on revising and enhancing our databases to improve system performance and ease of maintenance. We also will be working on many of the reports currently available on system to improve system processing and report compilation time.

We appreciate the feedback that we have received over the past few years and we are making every effort to accommodate and incorporate your suggestions into the revised system.

Farmers Mutual plans on hosting a system user training and introduction meeting in early February at the home office for our agency users. We hope that each agency will be able to send at least one representative to this meeting. It will be a one meeting with lunch being provided by Farmers Mutual. More information about the meeting will be available toward the end of the 4th quarter.

MEET

SALVATORE "SAM" CASTELLANA

DIRECTOR OF CLAIMS & AGENCY RELATIONS

Sam comes to Farmers Mutual Insurance Company with a strong property background. Prior to Farmers Mutual Insurance Company, Sam worked for



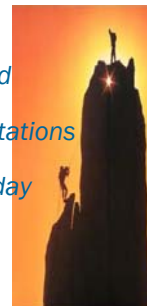
Allstate Insurance Company, Celina Group Insurance Company and Nationwide Insurance. Sam also has a law enforcement background and spent 12 years with Clarksburg City Police Department. Sam is a 1980 Graduate of the West Virginia State Police Academy. Sam is a Trustee with the Mountaineer Lodge #78 Fraternal Order of Police Lodge where he has been an active member since 1979.

Prior to Farmers Mutual, Sam spent nine years with Nationwide Insurance Company where he served as a Property Claim Representative, Large Loss Representative, Large Loss Reinspection Team Manager Northern United States and a Quality Assurance Representative. Sam also was part of the Nationwide and Allstate Catastrophe Teams and has handled property losses on many Hurricanes including Hurricane Andrew, Charley, Frances, Ivan, Jeanne and Hurricane Katrina.

Sam is married to the former Rosemary Oliverio. They have two children. Michele who is a graduate of Fairmont State University and employed with St. Mary's Grade School as a teacher's aide and Sam who attends Fairmont State University and works for Audio Visual Concepts in Clarksburg, West Virginia. Sam enjoys spending time with his family, working out and playing golf.



Exceed
Expectations
Everyday



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