



EXCEED EXPECTATIONS EVERYDAY

4TH QUARTER 2008

PRESIDENT'S CORNER



David L. Corsini, II

I am pleased to report Farmers is on track for another good year from a profitability standpoint. Despite three early year storms and an uptick in fire related claims the Company is positioned to finish the year with strong underwriting profit and a trade combined in the low 90's. Am Best has reaffirmed our B+ and stable rating for 2008. With continued consistent profitability we had anticipated an

increase however the recent economic downturn has played a role in a more wait and see attitude for the majority of the industry from AM Best. Our reinsurance partners continue to compliment FMIC for our proactive approach to the business which in turn results in favorable pricing for the program.

Our goal of outstanding service to our customers remains a key focal point for our Business Plan for 2009. We will increase our presence in our agency force and with the release of our new version of insco.net we anticipate an increase in new business as well as improved retention percentage as well. Farmer's offers a wide range of insurance products that we believe are competitive from a pricing standpoint as well as offering the service you and your customers require long after the point of sale.

From all of us at Farmers, have a happy and safe holiday. As always we appreciate the opportunity to serve you and your clientele.

THE IMPORTANCE OF UNDERWRITING

An insurance underwriter determines the acceptable amount of risk for any given insurance policy. By reviewing the risk, an insurance underwriter can determine if that risk meets the necessary qualifications for coverage under an insurance policy. By limiting a company's exposure to financial loss, by examining risk on a case-by-case basis, a single underwriter can save a company thousands of dollars a year. There are very few other careers where such massive responsibility is shouldered by so few.

Underwriters must remain unbiased in their decisions and must remain consistent. If underwriters judge too harshly too often the company they represent may get a reputation for being unfair and overly critical of applicants. In this way, an insurance underwriter may cost a company more money than they save.

An insurance underwriter must look for other key factors that could make the risk less profitable to the company. These underwriters must examine: the property location, rental and ownership history to determine if the applicant is responsible, the frequency of claims in the past, and even whether or not the applicant has an aggressive breed dog.

Underwriters must have the ability to make a decision, and defend that decision against those who would disagree. They must be able to rely on their own judgment.

A FEW OF THE LIABILITY EXPOSURES YOUR WORSHIP CENTER COULD FACE



Conditions of your premises.

You cannot prevent all accidents, although you can reduce the likelihood of an accident occurring. The premises should be well maintained, be in compliance with local codes and be made as safe as reasonably possible for members, guests and anyone else who comes to your facility. Consider the following accidents which resulted in legal action against worship centers. Many could have been prevented.

- A young couple was electrocuted when they entered a fountain to cool off. A frayed wire on the fountain pump charged the water.
- One evening, three people slipped on ice that had formed from nearby melting snow. The third person broke her hip.

suffered when she slipped on a cracked and loose step.

- An attendee at an AA meeting was injured from slipping and falling on a wet floor.
- A choir member was injured by a fall down a stairway without handrails.

Activities you sponsor.

Virtually any activity your congregation sponsors, whether at or away from your premises, has potential for accidents and subsequent legal action.

Among the activities that have potential legal action are: skiing (snow and water), tubing, sledding and tobogganing, hiking and climbing, biking, boating, canoeing and swimming, hayrides, horseback riding, three-wheeling, motorcycling and snowmobiling.

Also from softball, football, basketball, skating, mud events, obstacle courses and trampolining. Even food poisoning from dinners.

When religious organizations are found negligent — and therefore liable for damages — it is usually because they failed to take adequate safety precautions or provide proper supervision.

Select your activities carefully — based on the capabilities of the participants. Prepare for them with safety, as well as fun, in mind. Have an adequate number of

qualified supervisors, which is especially important for youth activities. Be sure each supervisor knows his or her responsibilities. Set ground rules and follow them.

Where equipment is involved, be sure the participants (and supervisors) are participants (and supervisors) are adequately trained to use it. And be sure it is regularly inspected and properly maintained.

Consider the following accidents (and thousands of others) which resulted in legal action against worship centers. Many could have been prevented.

- A 15-year-old suffered internal injuries when he crashed his inner tube going over a 25-foot ski jump.
- A young girl injured her arm when she was pushed through a plate glass window at a skating party.
- A 9-year-old was dangling her legs over the side of a haywagon when the tractor driver turned sharply around a building. One leg was crushed between the wagon and the building.
- More than a dozen guests suffered from food poisoning after eating at a dinner.
- A pillow fight at a youth retreat resulted in an eye injury for one young boy.

DID YOU KNOW?

- 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.
- Agency sweeps will be available with the new release in February.
- On-line payments and credit card payments will be available with the new release.
- Our software consultant, Vineet will be on-site in early January and he will be here until mid March. Vineet will be conducting the training session in early February.
- We are fast approaching the end to another profitable year. After eleven months the company's net loss ratio was a little over 37%. Thanks to our agency force for all your hard work and another profitable year.
- Our website will be taking on a new look in the early 1st quarter of 2009. We will be making greater use of flash within the website.

MEET "JOHNSON INSURANCE AGENCY"



Seating L:R Jackie Roberts, Ambra Casto, Joyce Johnson
Standing L:R Mark Johnson, Brian Johnson, Conn Johnson

The Johnson Insurance Agency was founded in 1976 out of the home of Conn and Joyce Johnson. The Agency has been proud to serve the Insurance needs of the citizens of Jackson County area for several years! Johnson Insurance took the next step as an agency in 1980, when they received a Farmers Mutual contract.

The Johnson household served a dual purpose as the home/office until 1990 when the agency moved into its own commercial building. The partnership with Farmers Mutual has allowed Johnson Insurance to become one of the largest locally owned independent agencies in the county.

The Johnson Insurance agency has been blessed to have outstanding employees for several years. Senior CSR Jackie Roberts has been a loyal and valued employee to the agency for 12 years. We are also pleased to have Ambra Casto rejoin our agency after a 4 year absence.

After 32 years of direction, Conn and Joyce Johnson are poised to see the next generation fill that roll. Mark Johnson a graduate of West Virginia University has been with the agency since 1993. Brian Johnson a graduate of The University of Kentucky has been employed with the agency since 1998.

Looking back as an agency, you see how far we have progressed since 1976 we have to thank our customers for their loyalty to our agency! We must also recognize our outstanding line up of companies, headlined by Farmers Mutual.

As we go forward as an agency we hope to continue our relationship with Farmers Mutual for another 28 years and beyond! It is companies like Farmers Mutual and our outstanding base of customers that has allowed Johnson Insurance to be successful for the last 32 years. And for that the Johnson family is very grateful!



"Hello, Network? Let me talk to my Desktop."

INSURED INFORMATION CENTER

Farmers Mutual will be introducing our "Insured Information Center" in the early part of the 1st quarter of 2009. The center will be providing the following features for our insured's:

- On-Line Credit Card Payments. The credit card payment will be processed thru a third party vendor secure site. The maximum payment amount will be \$1,000.

- Set-Up for automatic bank withdrawals for premium payment. We will allow the insured to select four different payment options. The payment options will be annual, semi-annual, quarterly, or 9 payments to be deducted during the first nine months of the policy term. To select the 9 payment option we will be setting minimum policy premium requirements. The insured's will provide us with their bank account routing information and we will automatically withdraw the funds from the insured's bank account. We will send out two notices to the insured for annual, semi-annual and quarterly options. The notices would be sent out at the same time we are processing billing notices. The funds would be deducted 5 days before the due date of the billing. We would provide one notice on the 9 payment option and this would be processed with our final notice billings.

- Insured Policy Payment History Review. We will have payment history available for the last 36 months for the insured to view.

- View Last 24 Months Information Mailed to the insured.

- File A Claim. We will be providing an input screen for the insured to provide claim notice. The insured would provide several fields of information regarding the claim. An e-mail will then be processed to the claim department and other designated individuals.

- Request Changes For the Insured's Policy. The insured will be able to request changes to their policy on-line. The insured will be able to input a variable description to the change request form. An e-mail will be sent to the appropriate underwriter notifying of the change request and the underwriter will notify the agent of the change request.

- File Risk Location Verification Form. The insured will be able to review the current location description associated with their policy and verify that the location description is correct. If the information is not correct then the insured will be able to provide the correct location information. We will then be able to review the provided information and process accordingly.

To access this information they will need to input three pieces of information:

- Their policy number
- Their zip code listed on policy declaration or billing notice
- The seven digit agency code number listed on policy declaration or billing notice

FARMERS MUTUAL "COMMITTED TO OUR AGENCIES"

Farmers Mutual Insurance Company is committed to being the easiest company our agents do business with. We have a simple approach to achieving this goal, and that is summed up in our mission statement: Exceed expectations every day. Whether it is quick turnaround from the underwriting department on applications, prompt, accurate claim service, or outstanding technical support, Farmers Mutual strives constantly to go above and beyond normal services.

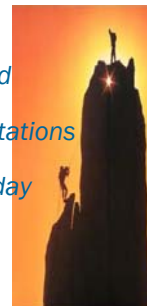
Feedback is a terrific way to gauge performance, and Farmers Mutual sincerely wants feedback from our agency force and policy holders. We have begun inserting customer satisfaction surveys with all claim checks, and to date, the feedback has been 100% positive. We encourage our agents to use the suggestion box on our web site. We have already received several suggestions and have been able to implement most of them. A commitment to being the easiest company our agents deal with starts with listening to their needs, concerns and ideas.

Personal contact with our underwriting staff is another way we are working toward our goal. Getting to know your underwriter and knowing they are accessible to you is a surefire way to build a better business relationship. Our claims and marketing representatives are also available to answer questions or give assistance. One of the benefits to dealing with a company our size is the access you have to our personnel. Did you know that a staff of just nine people runs the entire company? Pick up the phone and call us with questions, or send email. We're always glad to help.

Exceeding expectations every day is a commitment Farmers Mutual is proud to make. It is our pleasure to provide the quality of service and products that have placed us at the forefront of the farm mutual industry in West Virginia. We look forward to hearing from you.



Exceed
Expectations
Everyday



FARMERS MUTUAL INSURANCE COMPANY

40 Moran Circle
White Hall, WV 26554

Phone: 1-800-654-0147

Fax: 304-366-5456

Website: www.farmersmutual.com