



EXCEED EXPECTATIONS EVERYDAY

1ST QUARTER 2010

PRESIDENT'S CORNER



David L. Corsini, II

As most are aware, AM Best upgraded the rating for Farmers Mutual to B++, our fifth increase in seven years. We are extremely pleased with their recognition that our company continues to perform with consistent years of profitability. Again we view this accomplishment as a total team effort between company, agent and policyholder. We firmly believe our best years are ahead and will continue to strive for improvement in the rating.

INSURED DIRECT BANK PAY IS COMING SOON!

Farmers Mutual Insurance Company will be introducing our insured direct bank payments and automated withdrawals by the end of March.

With the direct pay ACH payments we will allow the insured to input their bank information and we will make a withdrawal from their account within 1 business day of payment input. The payment will be immediately applied to their policy. If there is an issue with the bank information or the insured does not have sufficient funds then the payment will be reversed.

Farmers Mutual will also offer automated bank withdrawals for premium payments. We will allow the insured to select from four

February has not been kind to most insures in West Virginia and surrounding states. Although we have seen an uptick in weight of ice and snow, water damage and freezing claims, the volume is not near what we anticipated. Our claim staff is working hard to timely contact, inspect and resolve your customer losses.

I do want to recognize two Farmers Mutual employees and congratulate Bill Leonard on his promotion to Assistant Vice President Insurance Operations and Sam Moore on completion of her Accredited Advisor in Insurance (AAI) designation. Please join me in congratulating both on their individual achievements.

With the first quarter two thirds gone, we are working hard to insure continued success and improvement in our financial position. As always we appreciate your loyal and continued support.

different payment options. The payment options will be:

- annual
- semi-annual
- Quarterly
- 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 minimum annual premium to qualify for the 9 payment option will be \$2,000.

The insureds will provide us with their bank account routing information and we will automatically withdraw the funds

PERSONAL LINES PROPERTIES ACQUIRED UNDER A LAND CONTRACT

As a point of clarification, Farmers Mutual is a market for properties being acquired under a land contract. We will protect the seller's interest through the use of an Additional Insured endorsement for the period of the contract. We need to see a copy of the land contract, as a part of our underwriting. Contact your underwriter for additional details or questions.

FORMS REVISIONS

Farmers Mutual is in the process of reviewing our policy forms.

We are currently working on the commercial lines forms and will be addressing the personal lines in the near future.

We are currently working with our forms provider and we are reviewing the forms for their coverage and exclusions.

With the forms revision Farmers Mutual hopes to be able to offer the most current coverage available in today's market that is pertinent to a domestic farm mutual company.

from the insureds bank account. The funds will be withdrawn 5 days prior to the due date of the payment. This will allow for handling of any problems that may arise.

We will notify the insured twice about the date and the amount of the withdrawal. The timing of the notifications will be the same as the normal billing notifications.

- 45 days prior to renewal
- 30 days for installments
- 15 days for final notices

Policy modifications that effect premium could effect the timing and the amount of automated withdrawals.

DID YOU KNOW?

- Over 67% of Farmers Mutual incurred losses and over 79% of reported claims this year have been weather related. Spring is March 21st.
- Accepted new business is up 27% from last year. Farmers Mutual would like to thank you for your support.
- For the last four months the average time to underwrite and release new business applications has less than four days.
- For the last five months personal lines has averaged less than one day to underwrite new business.
- Farmers Mutual received our 5th A.M. Best upgrade in the last seven years. Our current A.M. Best rating is B++.
- Farmers Mutual increased surplus by approximately 11% in 2009. Thank you for your part in enabling us to enjoy our seventh straight year of underwriting income.

MEET

“JOE SIMONS INSURANCE SERVICES INC.”



L to R: Susan Simons, Joe Simons, Linda Simons

Joe Simons started in the insurance business in 1959 working as an underwriter for Fidelity & Casualty Company in Pittsburgh, PA. Joe moved back to Morgantown, West Virginia in 1961 and went to work for his father Jack Simons at Simons Insurance Agency. Jack Simons sold the business to his 3 sons, Don, Bernie and Joe in 1963.

Joe split from his brothers in 1982 and opened his own agency, The Joe Simons Insurance Services, Inc. He brought his daughter Linda into the business and brought his wife Susan out of

retirement and put her to work in the agency.

In 1992 they bought the building that now houses their offices at 412 Holland Ave, Westover, West Virginia. Joe has turned the business over to Linda who is the main selling agent. His wife, Susan now works as the receptionist and billing clerk. Joe at the age of 72 still enjoys coming to work in the agency every day. Joe, Linda and Sue are the only family members still in the insurance business.

SAMANTHA MOORE RECEIVES ACCREDITED ADVISOR IN INSURANCE DESIGNATION (AAI)

Samantha Moore successfully completed the final part of the three part series of examinations to receive the Insurance Institute of America's Accredited Advisor in Insurance designation. (AAI) The Program requires a working understanding of all Personal and Commercial lines of business, Life insurance, Surety, as well as Insurance Agency Operations and Sales Management.

Through the successful completion of the AAI program, Samantha has obtained a well-

rounded foundation and working knowledge of the principles of basic and advanced coverage techniques, the legal environment of insurance, marketing and sales, risk management and financial planning.

We congratulate and recognize Samantha's hard work and the dedication needed to obtain the AAI designation. The knowledge she has gained will benefit not only Farmers Mutual but the agencies which represent us.

It's so much easier to suggest solutions when you don't know too much about the problem. - Malcolm Forbes



PROTECT YOUR BUSINESS AGAINST FRAUD

Fraud in the workplace isn't limited to huge corporations such as Enron and WorldCom. In fact, small businesses are all-too-easy targets for occupational fraud.

And the damages are greater for small businesses, where the average loss from employee theft is \$127,500, vs. \$97,000 for large companies.

Any business that tends to place a lot of financial control with one person with little or no oversight and little or no separation of financial duties is going to be significantly more susceptible to internal fraud.

So who perpetrates such crimes? All too often, it's an individual so trusted that he or she has a high level of access to the funds and financial dealings. The FBI describes the profile of an embezzler as a bright person who has been on the job five to six years, provides above-average performance and is highly motivated, valued and trusted.

The underwriters of accountants' professional liability insurance attributes the increasing number of embezzlement claims in recent months to the tough economy and rising unemployment.

Prevention is key

Although it's impossible to create an environment that's entirely risk-free, you can minimize the potential for fraud through planning and diligent execution of good business practices that remove temptation and opportunity for fraudulent activities. Let's review the basic steps every business should take to safeguard assets.

Personnel

- Check the references of potential employees very carefully. When in doubt, conduct a credit check and criminal background check.
- Develop a policy that establishes high standards for conduct and clearly outlines duties. Make sure that the appropriate people have read the policy, understand it and sign off on it. Keep one copy for your files and give a copy to employees for their files.
- Establish exacting personnel and volunteer procedures for access to and management of business assets.

Risk assessment

- Risk assessment is a first step toward developing a sound plan that will address the needs and systems specific to your business.
- On a regular basis, conduct an audit of existing financial systems and practices to identify weak areas that could invite deception.
- Track the flow of assets in and out of your business to determine control points.
- Analyze financial data in your books and records to make sure that all transactions reconcile. It's best to use a computer program to track finances. These programs allow records to easily be reviewed and tracked.
- If you don't have the resources to assess risk and develop a preventative program, hire an accountant with experience in workplace theft or a fraud investigator. Fraud studies published by the Journal of Accountancy show that up to 80 percent of fraud cases can be detected simply by asking the right questions — the questions a professional will ask.

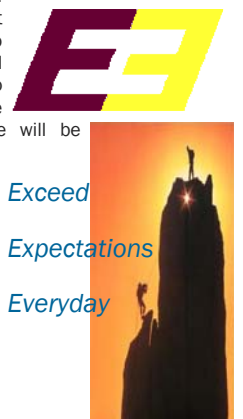
Loss prevention program

Your loss prevention program comprises primarily the development of safeguards and processes to strengthen weaknesses in your system. The key is to keep bookkeeping processes as simple as possible to help reduce error and confusion.

- Your loss prevention program should be compatible with your business financial goals and plans.
- Limit the number of bank accounts your business maintains and the number of people who are authorized to sign checks. Two signatures should be required for checks over a predetermined amount such as \$1,000.
- Transfer of large sums of money into or out of different accounts should not be permitted without written consent of two persons.
- Checks should be pre-numbered but not pre-signed or "signed" with a signature stamp. Blank checks or partially completed checks invite confusion and mishandling.
- The original corresponding invoice and a receipt should be provided for each cash withdrawal. Create a standardized form to document any cash handling.
- Checks and cash should be deposited promptly — daily when possible.
- Checks should be stamped "For Deposit Only" to discourage tampering.
- Establish division between people who collect funds, keep books, write checks and manage the bank accounts.
- Bank statements and accounting records should be balanced on a monthly basis.
- Maintain records on assets, equipment and supplies.

Should you suspect fraud is being perpetrated, don't try to handle it yourself.

Call an accountant with fraud experience, a fraud examiner or a lawyer. It can be a delicate process; you may not want to tip off the person under suspicion early in the investigation. You need an expert who knows how to investigate fraud and how to preserve evidence, if there will be legal action. Plus, you don't want to violate the legal rights of the person being investigated.



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