

Frederick Mutual Insurance Company

165th Annual Financial Statement

December 31, 2008

ASSETS

	<u>2008</u>	<u>2007</u>
Cash and Short-Term Investments	\$1,399,277	\$2,336,271
Bonds	24,825,121	24,237,482
Stocks	9,410,758	14,589,676
Real Estate and Mortgage Loans	3,142,489	3,225,842
Interest and Dividends Accrued	340,926	311,791
Premiums Receivable	3,031,336	3,175,426
Other Assets	2,626,366	1,593,804
Total Assets	<u>\$44,776,273</u>	<u>\$49,470,292</u>

LIABILITIES

Reserve for Losses and Loss Expense	\$7,794,412	\$7,675,155
Unearned Premiums	10,127,449	10,675,434
Other Liabilities	1,627,793	2,109,758
Total Liabilities	<u>\$19,549,654</u>	<u>\$20,460,347</u>

POLICYHOLDERS' SURPLUS

Policyholders' Surplus	25,226,619	29,009,945
Total Liabilities and Surplus	<u>\$44,776,273</u>	<u>\$49,470,292</u>

RESULTS FROM OPERATIONS

	<u>2008</u>	<u>2007</u>
Premiums Earned	\$17,774,948	\$18,149,805
Losses Incurred	7,992,651	7,530,439
Loss Adjustment Expenses	1,552,125	1,415,574
Underwriting Expenses	7,436,977	7,261,199
Underwriting Gain (Loss)	<u>\$793,195</u>	<u>\$1,942,593</u>
Net Investment Income	\$1,061,203	\$834,807
Net Realized Capital Gains (Losses)	(1,836,188)	1,852,562
Net Investment Gain (Loss)	<u>(\$774,985)</u>	<u>\$2,687,369</u>
Other Income	98,543	85,495
Federal Income Tax Incurred	396,560	728,059
Net Income	<u>(\$279,807)</u>	<u>\$3,987,398</u>

The A.M. Best Company, the leading insurance authority in the United States, has rated our company A- (Excellent).

MANAGING OFFICERS

KEVIN R. FILLER, President
MICHAEL D. EVANS, Chief Underwriting Officer
DOUGLAS J. FISHER, Secretary & Treasurer
ERIC K. HUZZY, Vice President - Claims
DAVID M. PITZER, Vice President - Information Systems

DIRECTORS

GREGORY H. POWELL, Chairman of the Board
WILLIS K. BRIDDELL JAMES H. CLAPP CATHARINE FAIRLEY
CORNELIUS R. FAY, III KEVIN R. FILLER BERNARD L. GOUIN
EARL M. MACKINTOSH, III DAVID I. WIEGAND