



LETTER FROM THE PRESIDENT

I would like to take this opportunity to welcome you to Frederick Mutual Insurance Company. Our company has a long and successful history dating back to 1843. Throughout our 160+ years of business we have been committed to excellence as we serve our policyholders. I trust you will experience this quality of service as you interact with us in our 3rd century of operation as a property and casualty insurance carrier.

Frederick Mutual strives to provide our policyholders with “Peace of Mind” as they place their trust in us to provide protection for their insurance needs. We are committed to providing our policyholders and agents with the following “Pillars of Success”:

- ◆ Security in Your Time of Need
- ◆ Unparalleled Customer Service
- ◆ Corporate Integrity
- ◆ Competitive Pricing
- ◆ Ease of Doing Business
- ◆ Superior Financial Strength
- ◆ Sound Products

We have insurance products to meet the needs of our Personal and Commercial clients which are offered through a network of independent agents throughout Maryland and Pennsylvania. Our agents work closely with our staff to provide the “Peace of Mind” required by you, our policyholder, for your property and liability exposures in today’s complex world.

Frederick Mutual has a long history of financial strength. Our company consistently maintains a premium-to-surplus ratio that far exceeds industry standards. Frederick Mutual is rated A- (Excellent) by A.M. Best, the leader in insurance and financial rating. We feel it is our responsibility to grow a financially strong company for our policyholders and agents to ensure we are here in your time of need.

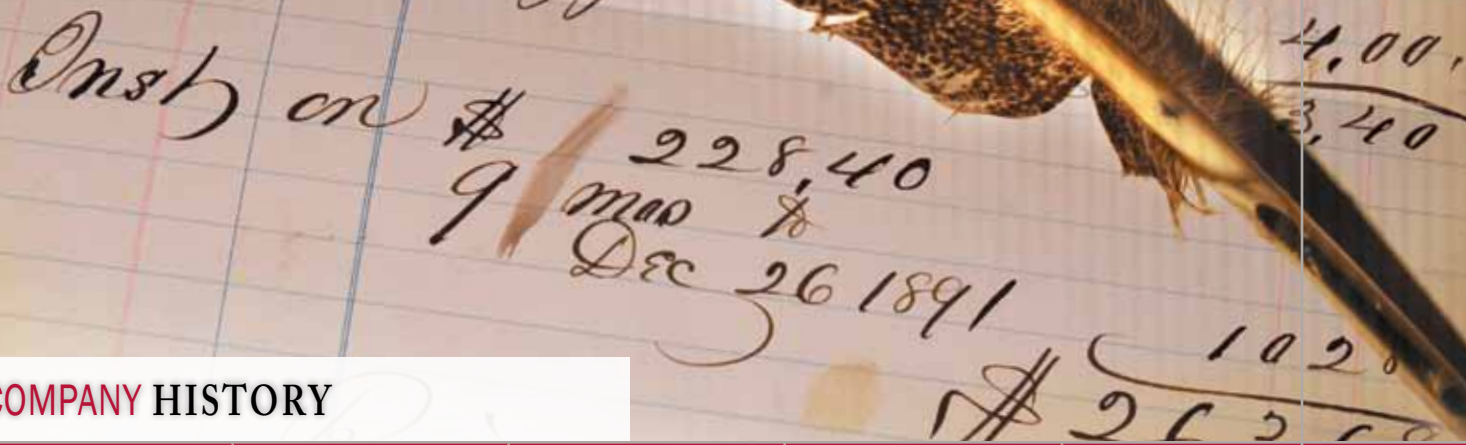
We are utilizing state of the art technology and improved business processes to increase efficiency and provide business continuity which enables ease of doing business, competitive pricing, and enhanced customer service. We continually strive to stay on the cutting edge of technology in order to prosper in the 21st Century.

In addition to your needs, we are also committed to partnering with various organizations to assist those in need throughout the local, national and global communities. As one of Frederick’s oldest businesses, we feel it is our responsibility to be a “neighbor” to those with immediate needs or those less fortunate.

Frederick Mutual strives to be an insurance carrier that our policyholders and agents want to do business with. I trust you will find that we will endeavor to treat you with the utmost respect and professionalism.

Very truly yours,

Kevin R. Filler
Kevin R. Filler, CIC, AU
President and Chief Executive Officer



COMPANY HISTORY

1843	1844-45	1924	1993	PRESENT
Date of Founding	First Policy Issued	New Office	Name Change	Steady Growth
Frederick Mutual Insurance Company is created by an act of the Maryland Legislature	Company received its first claim for fire damage	The Home Office moved to 114 North Market Street	Board of Directors changes name to Frederick Mutual Insurance Company	Continued reliability with over \$25 million dollars in assets and growing

Frederick Mutual Insurance Company was founded in December 1843 by an act of the Maryland General Assembly. The company was originally established to safeguard the interests of Frederick County citizens from loss by fire to their homes, farms and businesses. Originally named the Mutual Insurance Company of Frederick County, the first policy was issued on May 1, 1844 and the first fire loss was on August 5, 1845.

The name of Barbara Fritchie, one of Frederick's most publicized citizens, appears in the Company's records as a policyholder. The Company continued to write policies and add insurance coverages during the Civil War. It was noted in the Company's proceedings book that no business was conducted during significant events; such as the battles of Antietam and Gettysburg and the assassination of President Lincoln.

The original Home Office was located at 44 North Market Street and moved to 114 North Market Street in 1924. The Board of Directors changed the name of the company to Frederick Mutual Insurance Company in 1993. The Company purchased land on

Thomas Johnson Drive in Frederick and completed construction on the present Home Office in 1994. An addition, the Nicodemus Wing, was added in 2006.

Throughout the years, Frederick Mutual has primarily offered Personal Lines products such as Homeowners and Dwelling Fire policies. In 1994, the company began offering Commercial Lines products for small businesses and contractors and in 1998, added Commercial Automobile as a line of business. Today, the company has a product mix of 50% Personal Lines products and 50% Commercial Lines products. Frederick Mutual presently writes policies in Maryland and Pennsylvania.

Frederick Mutual has a long history of providing sound products, competitive pricing, excellent client service, ease of doing business, and financial security for its policyholders through a network of independent agents. The company has utilized information technology to become more efficient and productive in our underwriting, marketing and business continuity functions. We look forward to serving our policyholders into our 3rd century of operations.



COMMERCIAL INSURANCE

Frederick Mutual Insurance Company understands that your business is your livelihood and your future. We also know that for practical protection against loss, you want insurance coverage that is tailored to your individual needs. We offer a wide range of commercial insurance products suitable for sole proprietors and small to medium-sized businesses.



BUSINESSOWNERS

The Businessowners Policy provides property and liability coverage for a wide array of businesses including retail stores, apartment buildings, offices, churches, warehouses and light manufacturing. This program offers many options that enable the insured to customize coverage to fit his or her individual needs.



ARTISAN CONTRACTORS

The Artisan Contractor Program is geared toward the small to medium-sized contractor's general liability and property needs. It is designed to insure a broad range of contracting risks including but not limited to carpenters, electricians, plumbers, landscapers, flooring installers and janitorial services. The program is flexible and can be designed to meet the needs of the individual contractor.



COMMERCIAL AUTO : MD | PA

The Commercial Auto Program provides the liability and physical damage protection necessary to protect a single vehicle or an entire fleet. The perfect complement to our other product lines, the program is competitive and beneficial to our policyholders and agents.



COMMERCIAL UMBRELLA : MD | PA

The Commercial Umbrella Liability Coverage enables firms to increase their coverage for larger potential liability losses. This coverage is available over the Businessowners and Artisan Contractors Programs. We offer limits of \$1,000,000 or \$2,000,000.



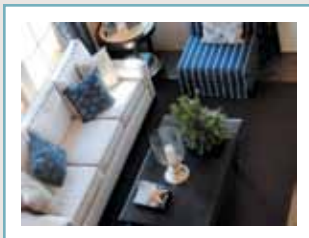
PERSONAL INSURANCE

Frederick Mutual Insurance Company offers a wide range of Personal insurance products including Homeowners, Renters, Condominium Owners, Personal Umbrella, and Dwelling Fire policies. Each of these policies can be tailored to fit your own individual needs. Since 1843, Frederick Mutual has been providing essential property protection for your real estate investments.



HOMEOWNERS : MD | PA

Frederick Mutual offers **Homeowners and Condominium Owners Insurance** for owner-occupied dwellings located in Maryland and Pennsylvania. Many different optional endorsements are available so that you can customize your own individual policy to suit your needs. Let Frederick Mutual provide you with the right policy to give you better peace of mind today.



RENTERS : MD | PA

Frederick Mutual offers coverage to protect your personal property from loss by fire, lightning, windstorm, theft, and other named perils, as well as, provide you with the additional security of personal liability coverage.



DWELLING FIRE

Frederick Mutual offers Dwelling Fire coverage for 1-4 family dwellings owned by individuals and held for rental to others. Various coverage forms and options are available to suit your individual needs.



PERSONAL UMBRELLA

Frederick Mutual can provide additional liability coverage over the limits afforded by your underlying policies through a Personal Umbrella policy. This additional liability would be excess over that contained within your Homeowners, Dwelling Fire, Automobile, Watercraft or Recreational Vehicle policy. Limits of \$1,000,000 and \$2,000,000 are available.