

PARTNERS MUTUAL
INSURANCE COMPANY

OFFERS

Automobile Insurance

Homeowners

Inland Marine

Commercial Packages

Specialty Coverages

Businessowners

Contractors Businessowners

Workers Compensation

Umbrella Liability



Company Officers

Richard C. Ewert, CPCU, CIC
President & CEO

John H. Klug
Treasurer

Mark H. Ewert, CPCU, CIC
Executive Vice President

Kenneth D. Shea, AIC
Vice President—Claims

Gregory E. Bergner, CPCU, CIC, ARe, ARM
Secretary & Vice President—Underwriting

Directors

Richard C. Ewert, CPCU, CIC

Michael N. Herro

Mark H. Ewert, CPCU, CIC

Marc A. Laurent

Dean K. Harder

Reuben W. Peterson

Paul R. Haut

Mark F. Roethle

Charles R. Ewert, CPCU
Chairman

Department Heads

John A. Boswell II
Information Systems

Michael J. Ottman, CIC
Marketing

Mark H. Ewert, CPCU, CIC
Administrative Services

Craig A. Pohl
Accounting

Douglas W. Moudry, AIC
Claims

Brian G. Martin
Underwriting

Marketing Managers

C. Robert Oxley
Iowa

Thomas Yanz
Michigan

Donald J. Hady, CIC
Wisconsin



Where Better Service Matters

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Form 8009 02/09

78th
ANNUAL STATEMENT
2008



Partners is Your PAL

During 2008, Partners Mutual Insurance increased its premium writings 4.8%. The inforce policy count increased 3.4%. Soft commercial lines pricing resulted in a reduced number of commercial lines policies and a 3.6% reduction in commercial premium. Personal lines premiums now make up 77.3% of total premiums written. When the year finished, we lost money selling insurance with a statutory combined loss and expense ratio of 105.8%. The sub-prime mortgage crisis, the frozen credit markets, and huge declines in the equity markets did not significantly affect the company's investment portfolio. However, there was not enough investment income to completely offset the underwriting loss, resulting in a net operating loss of \$461,031.

There were many claim opportunities to prove our motto, "... where better service matters". By the time January 2008 began, winter was in full swing. The snow started falling on December 1, 2007 and continued almost weekly producing a record-breaking snowfall season in Madison, Wisconsin, including big snow storms on both Ash Wednesday and Good Friday. The resulting winter weather related property losses like ice damming, weight of ice and snow, water damage, and freezing, resulted in \$918,752 of losses.

If the winter weather was not enough, the late spring atmospheric disturbance beginning June 7 and continuing until Lake Delton near Wisconsin Dells washed into the Wisconsin River resulted in \$756,336 of weather related losses.

Larger than the weather-related losses were the severe fires. The number of fires recorded in 2008 was down 21% from 2007 but the pure losses paid increased 96%.

The economic recession and record high gasoline prices of over \$4.50 per gallon reduced the number of miles people drove resulting in fewer and less severe automobile losses for the year.

Between fires and storms, our focus was on improving service to our agents. The culmination of many months of development and testing was the introduction of Partners Agency Link (PAL) – Personal Lines. PAL is a package of secure internet-based self-service tools for agents. PAL – Personal Lines gives Partners Mutual's agents the ability to quote Personal Automobile and Homeowners policies, complete the application, attach supporting documentation, make an electronic down

payment, and submit all of this for issue digitally over the world-wide-web. All of this was introduced in the company's first of many webinars. On the horizon is more PAL functionality with policy changes being the next introduction.

We weathered the storms and fires of 2008 making good on our promises to our insureds. We were able to navigate through the financial crises minimizing loss to our investment portfolio. And, with the introduction of PAL - Personal Lines to agents it is clear to see, Partners Mutual Insurance is the company, "... where better service matters".

Sincerely,



Richard C. Ewert
PRESIDENT



BALANCE SHEET

December 31, 2008

Admitted Assets

| | |
|---------------------------------------|----------------------------|
| US Government Bonds | 9,637,007 |
| All Other Bonds | 22,493,268 |
| Stocks | 2,816,102 |
| Cash and Short Term Investments | (86,364) |
| Premiums Receivable | 4,503,381 |
| Accrued Investment Income | 326,312 |
| Federal Income Tax Current & Deferred | 670,454 |
| Other Assets | 568,228 |
| Total Admitted Assets | <u>\$40,928,388</u> |

Liabilities and Policyholders Surplus

| | |
|--|----------------------------|
| Loss Reserves | \$10,335,959 |
| Loss Expense Reserves | 2,106,444 |
| Unearned Premium Reserves | 10,918,735 |
| Accrued Expenses | 1,370,250 |
| Other Liabilities | <u>2,687,070</u> |
| Total Liabilities | 27,418,458 |
| Policyholder's Surplus | 13,509,930 |
| Total Liabilities & Policyholders Surplus | <u>\$40,928,388</u> |

INCOME STATEMENT

2008

| | |
|-------------------------------------|---------------------------|
| Premiums Earned | \$29,956,711 |
| Losses Incurred | 18,009,494 |
| Loss Adjustment Expenses Incurred | 3,102,990 |
| Underwriting Expenses Incurred | <u>10,591,305</u> |
| Net Underwriting Gain / (Loss) | (1,747,078) |
| Plus: Net Investment & Other Income | 1,293,821 |
| Less: Dividends To Policyholders | 197,914 |
| Less: Federal Income Taxes Incurred | (190,140) |
| Net Income (Loss) | <u>(\$461,031)</u> |