

Wisconsin Mutual Insurance Company posted net income before Federal Taxes of \$923,497 in 2008 despite the worst industry wide underwriting results in seven years. The year ended with a combined ratio of 103.5% while surplus fell by \$472,000 as a result of unrealized investment losses from the late year weakness in the financial markets. Even with this reduction, surplus grew by an average rate of return on equity of 15.5% per year over the past 10 years. Wisconsin Mutual's AM Best financial strength rating stayed at an A- with a stable outlook as all our financial ratios remained strong.

Admitted assets went from \$86.9 million in 2007 to \$87.7 million in 2008 and surplus from \$43.1 million to \$42.6 million. Direct written premiums of \$55.5 million (-1.5%) were down again due to the weakened economy sustaining soft market conditions. The Company's combined ratio was still better than the industry average and was primarily impacted by a \$2.2 million increase in Homeowner incurred losses due to winter freeze up/water damage claims and a major hail storm in May. Despite the reduction in surplus the premium to surplus ratio of 121 still indicates the strength of Wisconsin Mutual's financial condition.

Though the total incurred expense ratio (loss expense and other operating expense) of 30.4% was up from last year's 28.7% it continues to be the leader in the state. We anticipate managed premium growth in 2009 will bring this ratio back to the level of previous years. During the tough economic and market conditions of 2008 the strength of this ratio had a positive impact on the Company's operating results.

Admitted assets, surplus and key financial ratios reached or remained at record levels in 2008 despite the underwriting loss, providing Wisconsin Mutual with a basis to return to the profit levels seen in the past few years. With sound underwriting, reinsurance, investment and claims practices along with the significant contributions of our employees and agents, and the efficient use of technology we will reach and surpass these levels in the coming years. Wisconsin Mutual's ability to control costs and provide exceptional policyholder service with competitively priced products keeps us in a solid industry leadership role in Wisconsin, today and tomorrow.

Daniel A. Keyes

President

Our 106th Annual Report

For the Year Ended

www.wiins.com



A Non-Assessable Mutual Company
Organized in 1903

WISCONSIN MUTUAL INSURANCE COMPANY
Statement of Financial Condition **December 31, 2008**

ASSETS

	2008	2007
Bonds (Amortized).....	\$79,831,642	\$79,947,557
Stocks (Market).....	1,450,702	1,182,510
Real Estate & Mortgages on Real Estate.....	1,662,844	1,721,899
Cash, Bank Deposits & Other Invested Assets.....	36,410	(459,607)
Reinsurance Recoverable.....	518,099	570,408
Accrued Interest & Dividends.....	702,416	776,600
Tax Receivable(Including Deferred Tax Asset).....	2,088,163	1,938,405
Premiums Receivable.....	1,336,428	1,189,136
Other Assets.....	<u>72,357</u>	<u>12,902</u>
Total Assets.....	<u>\$87,699,060</u>	<u>\$86,879,810</u>

RESERVES AND LIABILITIES

Reserves for Unpaid Claims.....	\$23,774,098	\$22,918,623
Reserves for Loss Adjusting Expenses.....	4,055,973	4,089,411
Other Accrued Expenses.....	258,832	478,581
Accrued Taxes, Licenses and Fees.....	357,400	322,833
Reserves for Unearned Premiums.....	14,174,762	13,676,584
Ceded Reinsurance Balances Payable.....	673,083	617,601
Advance Premiums.....	690,671	507,626
Commissions Payable & Contingent Commissions....	10,41,295	1,152,084
Other Liabilities.....	<u>77,599</u>	<u>48,695</u>
Total Reserves and Liabilities.....	<u>\$45,103,713</u>	<u>\$43,812,038</u>

SURPLUS TO POLICYHOLDERS

Unassigned Surplus Funds.....	\$42,595,347	\$43,067,772
Total Surplus, Reserves and Liabilities.....	\$87,699,060	\$86,879,810

PREMIUMS, LOSSES, OTHER INCOME

Direct Premiums Written.....	\$55,476,701	\$56,343,845
Losses Incurred.....	37,366,037	34,736,877
Underwriting Gain/(Loss).....	(1,806,772)	1,815,115
Net Investment Income.....	2,393,196	3,471,019
Operating Income Before Federal Taxes.....	923,497	5,618,126
Increase to Surplus (Decrease).....	(472,424)	3,496,735
Combined Ratio.....	96.5%	96.5%