



Wisconsin Mutual Insurance Company reached the \$100 million mark in 2010 as assets totaled \$107,456,881. Due to a very active and extended storm year along with one significant homeowner's liability claim, the Company posted its first net loss before

Federal Income Taxes in 25 years. The \$2.1 million loss offset by tax credits of \$700,000 and changes in non-admitted assets and unrealized capital gains of \$751,000 resulted in a reduction in surplus of \$661,000 (1.3%). The year ended with a combined ratio of 112.3% causing the average rate of return over the past 10 years to fall from 16.0% to 15.5%.

Wisconsin Mutual's AM Best financial strength rating stayed at A- with a stable outlook as all our financial ratios remained strong.

The Company's surplus of \$49.6 million and net written premiums of \$59.4 million generated a premium to surplus ratio of 119.8. The combined ratio for all property lines accounted for more than \$7.5 million in underwriting losses while the Automobile lines remained strong at a combined ratio of 97.7% and produced an underwriting gain of \$800,000.

Direct written premiums rose 8.6% to \$64.4 million as all lines of business saw improvement. The Company's expense ratio (loss expense and other operating expense) improved to 32.0% from the previous year's 33.6% and continues to be the industry leader. Managed premium growth along with expense efficiencies while merging Waukesha Mutual (January 1, 2011) into the business will keep this ratio strong in 2011.

Despite the negative underwriting results, admitted assets, surplus and key financial ratios along with agency contingent commissions remained strong in 2010. The contributions of our dedicated employees and agents along with continued reserve strength, adequate reinsurance coverage, conservative investments, efficient use of technology, and consistent claims practices will allow Wisconsin Mutual to prosper in the coming years. The Company's ability to control costs and provide exceptional policyholder service with competitively priced products keeps us a leader in the Wisconsin market today and into the future.

Daniel A. Keyes

President

Our 108th 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, 2010**

ASSETS

| | 2010 | 2009 |
|---------------------------------------------------|----------------------|---------------------|
| Bonds (Amortized)..... | \$91,535,615 | \$84,917,010 |
| Stocks (Market)..... | 783,393 | 746,153 |
| Real Estate & Mortgages on Real Estate..... | 1,614,369 | 1,676,696 |
| Cash, Bank Deposits & Other Invested Assets..... | 2,424,619 | 4,543,551 |
| Reinsurance Recoverable..... | 407,327 | 467,803 |
| Accrued Interest & Dividends..... | 704,003 | 686,003 |
| Tax Receivable(Including Deferred Tax Asset)..... | 4,160,044 | 1,995,162 |
| Premiums Receivable..... | 5,809,152 | 2,859,228 |
| Other Assets..... | <u>18,359</u> | <u>49,461</u> |
| Total Assets..... | <u>\$107,456,881</u> | <u>\$97,941,067</u> |

RESERVES AND LIABILITIES

| | | |
|-------------------------------------------------|---------------------|---------------------|
| Reserves for Unpaid Claims..... | \$28,821,661 | \$21,467,620 |
| Reserves for Loss Adjusting Expenses..... | 4,611,640 | 4,604,529 |
| Other Accrued Expenses..... | 268,233 | 535,058 |
| Accrued Taxes, Licenses and Fees..... | 394,405 | 625,273 |
| Reserves for Unearned Premiums..... | 19,930,315 | 16,626,559 |
| Ceded Reinsurance Balances Payable..... | 815,000 | 1,022,709 |
| Advance Premiums..... | 829,456 | 874,869 |
| Commissions Payable & Contingent Commissions... | 2,138,472 | 1,862,025 |
| Other Liabilities..... | <u>58,767</u> | <u>72,471</u> |
| Total Reserves and Liabilities..... | <u>\$57,867,949</u> | <u>\$47,691,113</u> |

SURPLUS TO POLICYHOLDERS

| | | |
|----------------------------------------------|----------------------|---------------------|
| Unassigned Surplus Funds..... | \$49,588,932 | \$50,249,956 |
| Total Surplus, Reserves and Liabilities..... | <u>\$107,456,881</u> | <u>\$97,941,069</u> |

PREMIUMS, LOSSES, OTHER INCOME

| | | |
|--------------------------------------------|--------------|--------------|
| Direct Premiums Written..... | \$64,433,607 | \$59,350,051 |
| Losses Incurred..... | 45,010,888 | 31,560,626 |
| Underwriting Gain/(Loss)..... | (6,884,948) | 3,545,208 |
| Net Investment Income..... | 4,360,295 | 3,890,352 |
| Operating Income Before Federal Taxes..... | (2,111,971) | 7,784,787 |
| Increase to Surplus (Decrease)..... | (661,021) | 6,289,464 |
| Combined Ratio..... | 112.3% | 93.3% |