



## A Message from our President.

**Security. Vision. Strength** frames the commitment of Preferred Mutual Insurance Company. Our message is very different from the stories that have led the news in recent months. Ours is a great story, consistent with our focus on long-term profitability and stability so that we may continue to be the *Insurer of Choice* for our customers and agents.

Both the national economy and financial services industry have experienced great turmoil. Several industry “giants” have been affected by these developments, dampening the confidence of investors and policyholders alike and causing most everyone to question the companies they choose to rely upon for their insurance services and protection.

I am pleased to report that Preferred Mutual’s operating results throughout 2008 were stellar and our financial strength is solid - despite the turmoil in the U.S. capital markets. Our reported Net Income for the year ended December 31, 2008 was \$13.8 million. Policyholders Surplus ended at \$136.1 million – an increase of 2.3% over the prior year.

**“Ours is a great story, consistent with our focus for long-term profitability and stability...”**

We are confident our core operating strategies, in combination with our conservative investment approach, will continue to earn the trust of our Policyholders, while providing the capital for Preferred Mutual to meet all of its financial responsibilities in the months and years ahead. On behalf of our employees, let me assure you that your reliance upon us is truly appreciated and will always be respected.

Sincerely,

Christopher P. Taft, CIC, CPA  
President and Chief Executive Officer