

2008 Year In Review

SOCIETY[®]
INSURANCE
Uncommon Insurance[®]



Facing the
challenges.





The year 2008 will go down as a challenging one for our industry. To be sure, Society Insurance was buffeted by the forces raging through both the insurance environment and the larger economy. Yet year-end results show that Society was able to successfully grow premium, gain policyholders and service customers profitably.

In a highly competitive arena, lacking in upward pricing movement and plagued by economic slowdown, Society bucked industry trends by increasing written premium 6.7 percent to \$126,153,691. The combined ratio was a profitable 97.6 percent, after allowance for workers compensation dividends—despite severe winter weather, excessive rainstorms and flooding, an elevated incidence of fires and ever-increasing medical costs. Unfortunately, only \$3,137,878 of net income could be recorded due to charges caused by other-than-temporary reductions in values on some investment securities. Similarly, changes in asset values negatively impacted surplus, resulting in a decrease of \$4,131,603 to a total of \$86,713,893. These unfavorable changes in invested asset values stem directly from the extraordinary problems experienced by the financial markets during 2008. Still Society maintains a financially sound \$1 of surplus for each \$1.35 of net premium written.

Society's growth and underwriting profitability are attributable to a focus on value for policyholders and agents. During 2008 the evolution of this focus ripened into the "Society Insurance Value Proposition," a formalized statement of the value Society provides beyond competitive pricing. Exceptional expertise in target niche business classes, outstanding packages of coverage, relationships with trade associations of target businesses, customer-based risk control, uncommon claims handling and an accessible and responsive corporate culture are all elements of the value proposition. The embracement of the value philosophy by employees throughout the company, and its reception in the marketplace, drove Society's performance.

These economically perilous times will continue to present enormous challenges—and probably more than a few surprises. Society will face what comes with a fundamentally sound operational base, highly performing employees and the finest agents.

James P. Thomas
President & CEO



Senior Officers

James P. Thomas, CPCU
President & CEO

Rick W. Parks, CPCU
Senior Vice President & COO

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Vice President
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Vice President
Property and Casualty Claims

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Michael L. Wagner, JD

**SOCIETY[®]
INSURANCE**
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Making the
right moves.

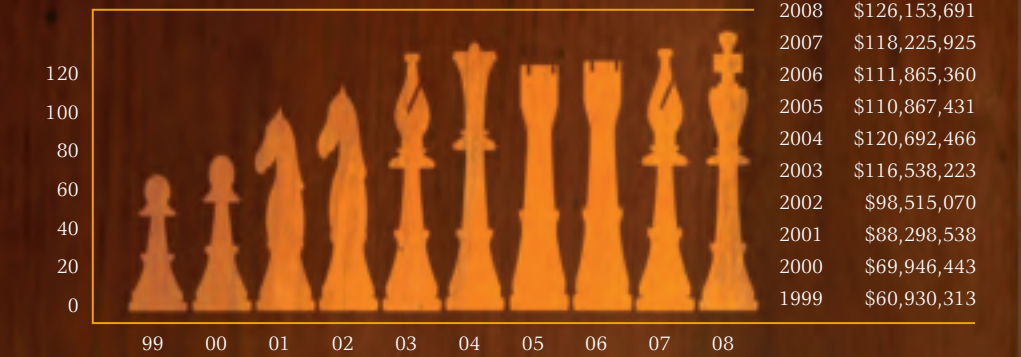


Statement Of Financial Condition

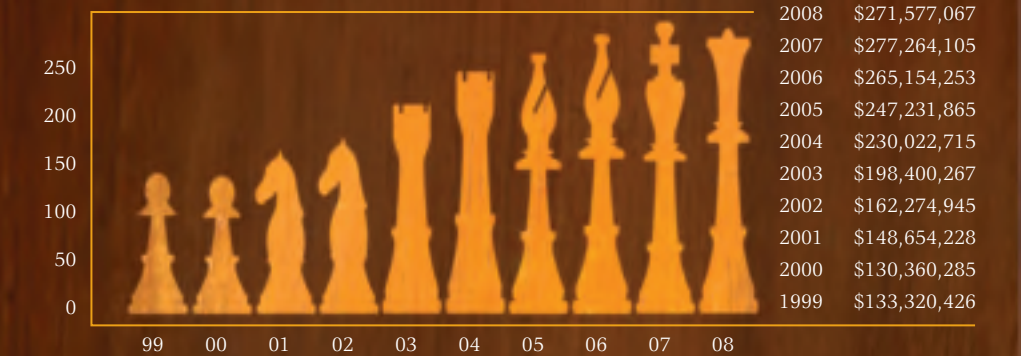
Assets	2008	2007
Bonds, Amortized Value	\$ 189,515,704	\$ 187,924,568
Stock, Market Value	\$ 12,794,476	\$ 21,243,094
Real Estate, Cost Less Depreciation	\$ 3,048,980	\$ 3,216,202
Cash and Cash Equivalents	\$ 6,041,524	\$ 7,694,429
Premiums Receivable	\$ 47,602,271	\$ 45,423,333
Reinsurance Recoverable on Loss Payments	\$ 2,558,539	\$ 2,012,543
Accrued Interest and Dividends	\$ 2,072,235	\$ 2,009,591
Other Assets	\$ 7,943,338	\$ 7,740,344
Total Assets	\$ 271,577,067	\$ 277,264,105

Liabilities	2008	2007
Unpaid Losses and Expenses	\$ 110,580,013	\$ 114,325,149
Agents' Contingent Commissions	\$ 2,720,069	\$ 3,522,226
Unearned Premiums	\$ 59,118,835	\$ 56,010,883
Ceded Reinsurance Payable	\$ 5,870,283	\$ 6,711,503
Dividends Declared and Unpaid	\$ 4,655,251	\$ 4,378,341
Other Liabilities	\$ 1,918,723	\$ 1,470,507
Total Liabilities	\$ 184,863,174	\$ 186,418,609
Policyholders' Surplus	\$ 86,713,893	\$ 90,845,496
Total Liabilities and Surplus	\$ 271,577,067	\$ 277,264,105

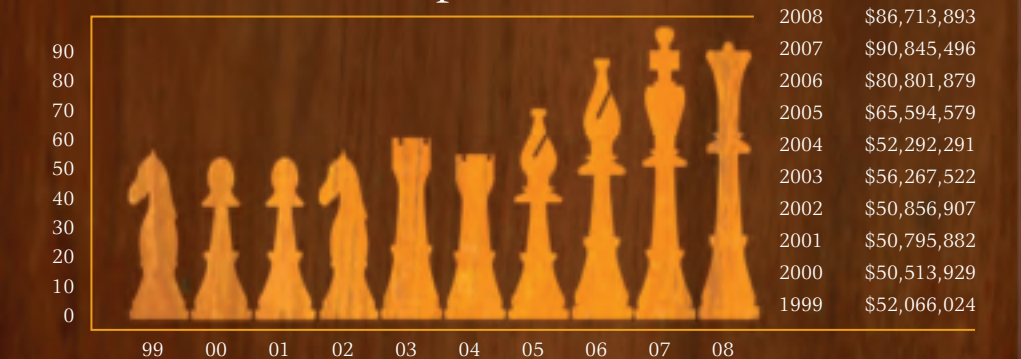
Direct Written Premiums



Total Assets



Policyholders' Surplus



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