

MARYSVILLE MUTUAL INSURANCE COMPANY

2003 *ANNUAL REPORT*

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STATEMENT OF INCOME AND SURPLUS

December 31, 2003 and 2002

	2003		2002	
Premiums Written	\$14,725,847		\$13,587,532	
Premiums Earned	\$11,171,966	100.0	\$ 9,560,820	100.0
Losses Incurred	5,236,476	46.9	6,471,510	67.7
Direct Adjusting Exp.	<u>674,697</u>	6.0	<u>944,350</u>	9.9
Gross underwriting income	5,260,793	47.1	2,144,960	22.4
Other underwriting expenses	<u>3,780,943</u>	33.8	<u>3,377,142</u>	35.3
Net underwriting gain (loss)	<u>1,479,850</u>	13.2	<u>(1,232,182)</u>	(12.9)
Other income (expenses)				
Investment Income	308,850	2.8	429,480	4.5
Policy issuing fee	28,125	0.3	248,640	2.6
Direct bill service fee income	104,176	0.9	115,482	1.2
Miscellaneous	<u>(642)</u>		<u>60,198</u>	0.6
Total Other Income (expense)	<u>440,509</u>	3.9	<u>853,800</u>	8.9
Income before provision for Income Tax	<u>1,920,359</u>	17.2	<u>(378,382)</u>	(4.0)
Provision for Income Taxes	<u>640,985</u>	5.7	<u>(128,652)</u>	(1.3)
Net Income	<u>\$1,279,374</u>	11.5	<u>\$ (249,730)</u>	(2.6)

POLICYHOLDERS' SURPLUS

Policyholders' surplus beginning of year	\$ 4,656,449		\$ 5,743,934	
Prior Period Adjustment	0		269,904	2.8
Net Income	1,279,374		(249,730)	
Change in non-admitted assets	325,914		(133,663)	
Change in market value-stocks	<u>688,398</u>		<u>(434,186)</u>	
Policyholders' surplus end of period	<u>\$ 6,950,135</u>		<u>\$ 4,656,449</u>	

ADMITTED ASSETS, LIABILITIES AND SURPLUS

December 31, 2003 and 2002

ADMITTED ASSETS	2003	2002
Investments		
Bonds	\$ 9,983,215	\$ 6,270,838
Stocks-market value	2,488,770	1,839,872
Home office bldg, net	<u>50,784</u>	<u>52,064</u>
Total Investments	<u>\$12,522,769</u>	<u>\$ 8,162,774</u>
Cash and Short Term Inv.	<u>1,503,091</u>	<u>2,957,314</u>
Other Assets		
Agents Balance	282,304	274,125
Direct Bill Balance	1,626,038	1,521,280
Reinsurance Recoverable	42,464	120,434
Prepaid Reinsurance Prem.	574,833	4,606
Accrued Interest & Dividends	96,256	51,466
Fixed assets, net	22,004	29,721
Deferred income tax	325,459	0
Other assets	<u>114,977</u>	<u>75,834</u>
Total Other Assets	<u>3,084,335</u>	<u>2,077,466</u>
Total Assets	17,110,195	13,197,554
Less: Non-Admitted Assets	<u>(18,907)</u>	<u>(19,362)</u>
TOTAL ADMITTED ASSETS	<u>\$17,091,288</u>	<u>\$13,178,192</u>
LIABILITIES AND POLICYHOLDERS' SURPLUS		
Liabilities		
Unearned Premiums	\$ 7,462,453	\$ 6,828,089
Unpaid Claims	1,460,748	1,191,367
Unpaid Adjusting Expense	63,673	63,684
Reinsurance Premium Payable	(115,214)	157,480
Other accrued liabilities	1,269,493	281,122
Total Liabilities	10,141,153	8,521,742
Policyholders' Surplus	<u>6,950,135</u>	<u>4,656,450</u>
TOTAL LIABILITIES AND POLICYHOLDERS' SURPLUS	<u>\$17,091,288</u>	<u>\$13,178,192</u>



EXECUTIVE OFFICERS

Eugene Houtz	Chairman, CEO
Harold Dorssom	President, COO
Trent Moser	Asst. General Manager
Susan Craig	Claims Manager
Lori Scheibe	Corporate Secretary
Opal Tobin	Info. Systems Manager

BOARD OF DIRECTORS

Eugene Houtz, Chairman	Marysville
Donald McDow, Vice Chairman	Lawrence
Donald Kramer, Treasurer	Marysville
Ila Fritzler	Ness City
Terry Jelinek	Munden
Robert Malir, Jr.	Wilson
L. R. McKibben	Hutchinson
Scott Stuckey	Junction City
Melvin Roepke	Topeka