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isconsin Mutual Insurance Company posted net income before Federal Taxes of \$5.6 million while adding \$3.5 million to surplus in 2007. It was the sixth consecutive year of underwriting profits as the year ended with a combined ratio of 96.5% and the 17th year in a row of surplus growth with an average of 16.2% return on equity per year. As a result of this performance Wisconsin Mutual saw its AM Best financial strength rating rise in June to an A- with a stable outlook. AM Best stated "The rating reflects Wisconsin Mutuals strong capitalization, positive trend in operating income and established market presence in Wisconsin."

Admitted assets rose 5.4% to \$86.9 million and surplus went over \$40 million for the first time finishing the year at \$43.8 million. While direct written premiums of \$56.3 million (-2.0%) fell again due to soft market conditions, incurred losses were up 16.2% as automobile liability losses rose to a more normal level versus 2006's exceptional year and the other lines (BOP, Farm and Dwelling Fire primarily) experienced above average losses due to fires, water damage and freeze ups. The resulting total combined ratio, though above last years record, was still one of the best in the state and near budget.

The total incurred expense ratio (loss expense and other operating expense) of 28.7% improved slightly from last year's 28.9% and continues to be the leader in the state. Wisconsin Mutual has consistently generated adequate reserves in the past 7 years and with one and two year development redundancies of 3.7% and 8.6% respectively 2007 was no exception..

Admitted assets, surplus and key financial ratios again reached record levels in 2007 while Company income, employee profit sharing and agency contingent commissions remained strong. Wisconsin Mutual is looking for managed growth in 2008 as it retains and improves its financial strength and reserve redundancies, with sound underwriting, reinsurance, investment and claims practices. As in the past we look to our employees' and agents' significant contributions along with the efficient use of technology to reach these goals, provide competitively priced products and exceptional policyholder service, and remain an industry leader in Wisconsin well into the future.

Daniel A. Keyes

President

Our 105th Annual Report

**For the Year Ended
December 31, 2007**



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A Non-Assessable Mutual Company
Organized in 1903

WISCONSIN MUTUAL INSURANCE COMPANY
Statement of Financial Condition **December 31, 2007**

ASSETS

	2007	2006
Bonds (Amortized).....	\$79,947,557	\$75,796,704
Stocks (Market).....	1,182,510	1,421,673
Real Estate & Mortgages on Real Estate.....	1,721,899	1,780,955
Cash, Bank Deposits & Other Invested Assets.....	(459,607)	(457,063)
Reinsurance Recoverable.....	570,408	461,570
Accrued Interest & Dividends.....	776,600	717,626
Tax Receivable(Including Deferred Tax Asset).....	1,938,405	1,574,262
Premiums Receivable.....	1,189,136	1,052,194
Other Assets.....	<u>12,902</u>	<u>52,371</u>
Total Assets.....	<u>\$86,879,810</u>	<u>\$82,400,292</u>

RESERVES AND LIABILITIES

Reserves for Unpaid Claims.....	\$22,918,623	\$22,082,657
Reserves for Loss Adjusting Expenses.....	4,089,411	3,936,078
Other Accrued Expenses.....	478,581	527,439
Accrued Taxes, Licenses and Fees.....	322,833	530,126
Reserves for Unearned Premiums.....	13,676,584	13,456,421
Ceded Reinsurance Balances Payable.....	617,601	265,939
Advance Premiums.....	507,626	545,358
Commissions Payable & Contingent Commissions...	1,152,084	1,430,566
Other Liabilities.....	<u>48,695</u>	<u>54,672</u>
Total Reserves and Liabilities.....	<u>\$43,812,038</u>	<u>\$42,829,256</u>

SURPLUS TO POLICYHOLDERS

Unassigned Surplus Funds.....	\$43,067,772	\$39,571,036
Total Surplus, Reserves and Liabilities.....	\$86,879,810	\$82,400,292

PREMIUMS, LOSSES, OTHER INCOME

Direct Premiums Written.....	\$56,343,845	\$57,514,442
Losses Incurred.....	34,736,877	29,881,494
Underwriting Gain/(Loss).....	1,812,115	7,153,430
Net Investment Income.....	3,471,019	2,503,302
Operating Income Before Federal Taxes.....	5,618,126	9,795,110
Increase to Surplus (Decrease).....	3,496,735	7,137,973
Combined Ratio.....	96.5%	86.3%