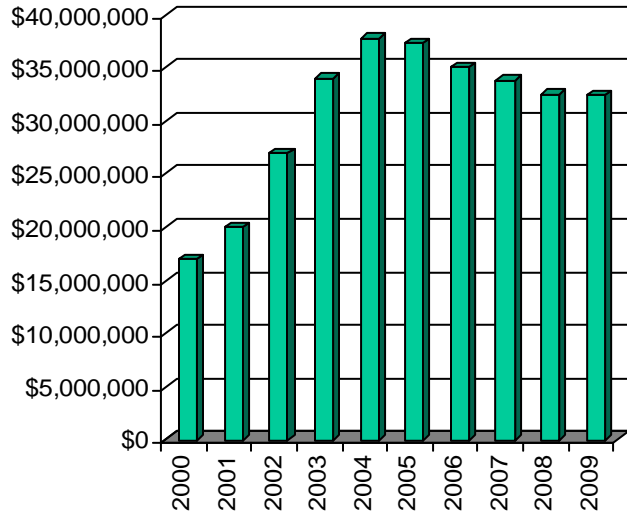
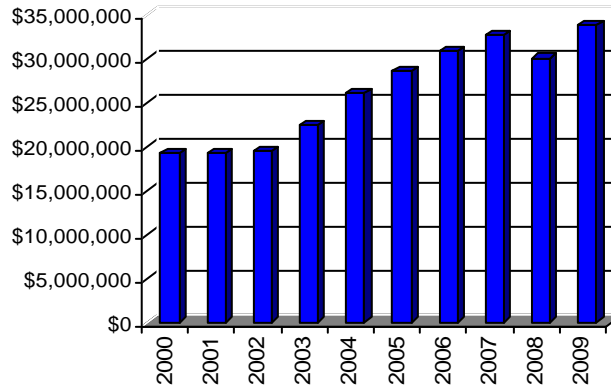


GMIC GROSS WRITTEN PREMIUM



GMIC SURPLUS



BEST'S POLICY HOLDERS RATING

A

(EXCELLENT)

SIZE V

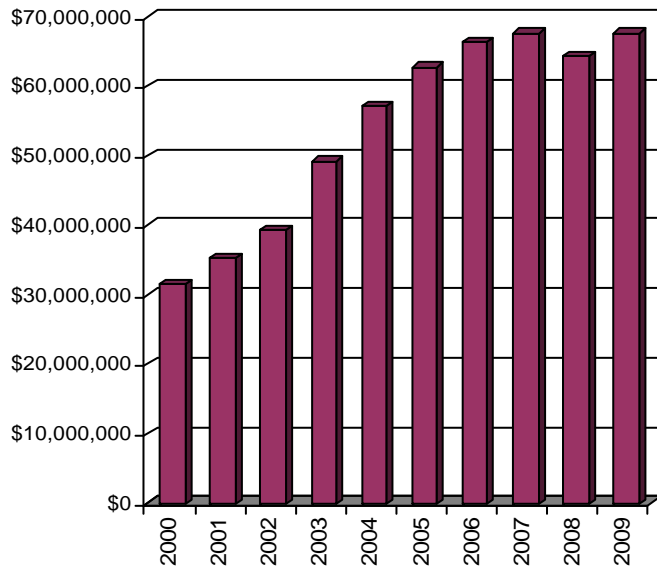
OFFICERS

Richard R. Smith President-Treasurer
 Teresa S. Charewicz Corporate Secretary
 Arthur L. Hintz Vice-President
 Leslie G. Ibach Vice-President/Controller
 Donald W. Sturm Vice-President
 Ronald R. Vermillion Vice-President
 James R. Weninger Vice-President

DIRECTORS

Richard R. Smith Chairman of the Board
 President-Treasurer
 Gene O. Arnold Director
 Rolland W. Bast Director
 Patrick K. Byrnes Director
 Dean E. Gunderson Director
 Jay L. Johnson Director
 Joel W. Kirsch Director
 William H. Wetterau Director
 Mel A. Wifler Director

GMIC ASSETS



156th ANNUAL REPORT

GERMANTOWN MUTUAL INSURANCE COMPANY

W209 N11845 Insurance Place
 P O Box 1020
 Germantown, Wisconsin
 53022-8220
 Phone: (262) 251-6680
www.gmic.com

A NON-ASSESSABLE MUTUAL COMPANY

KEEPING THE PUBLIC TRUST
 SINCE 1854

1854 — 2010

This year was a much more “normal” year for your insurance company. Our premiums stayed the same as last year. In addition, our combined ratio was a very good 96.9%. This, combined with a reasonable return to normalcy with our investments, allowed us to increase surplus by \$3,821,000 or 12.7%.

We now have \$1.04 in surplus for every dollar of premium written—certainly one of the strongest in our industry. Even with this lack of leverage during the year, we sold almost any questionable security on our books. Many of these were AAA rated.

We continue to keep a fortress mentality to our balance sheet, even if it means lower returns in the short run.

For 2010 we see slight rate adjustments but nothing significant. As long as the politicians don't change the game and the weather cooperates, it should be a good year.

Again, thanks to all our insureds, agents and employees for making the Company better and stronger.

Thanks,




Germantown Mutual Insurance Company



FINANCIAL STATEMENT - December 31, 2009

| | 2009 | 2008 | 2007 |
|---|-------------------|-------------------|-------------------|
| ASSETS | | | |
| Cash | 2,654,474 | 2,193,650 | 2,052,269 |
| U. S. Government Bonds | 20,276,397 | 16,038,743 | 12,487,572 |
| Other Bonds | 27,368,148 | 30,565,466 | 35,275,260 |
| Stocks | 6,605,068 | 5,495,623 | 8,182,438 |
| Real Estate | 2,755,898 | 2,841,982 | 2,324,318 |
| Premiums Receivable | 5,429,717 | 5,231,882 | 4,884,458 |
| Recoverable from Reinsurers | 313,435 | 80,511 | 364,179 |
| Other Assets | 2,239,238 | 1,985,373 | 2,041,115 |
| Total | 67,642,375 | 64,433,230 | 67,611,609 |
| LIABILITIES | | | |
| Reserve for Unearned Premiums | 14,187,271 | 14,104,824 | 14,598,186 |
| Reserve for Losses & Adjustment Expense | 14,936,025 | 15,756,889 | 16,544,415 |
| Other Liabilities | 4,518,590 | 4,392,298 | 3,688,537 |
| SURPLUS to POLICYHOLDERS* | 34,000,489 | 30,179,219 | 32,780,471 |
| Total Liabilities and Surplus | 67,642,375 | 64,433,230 | 67,611,609 |
| | | | |
| Total Gross Premiums Written | 32,451,152 | 32,511,952 | 33,823,586 |
| Losses Incurred | 15,340,331 | 17,979,237 | 17,755,090 |
| Underwriting Gain or (Loss) | 961,400 | (427,412) | 140,353 |
| Net Investment Gain or (Loss) | 848,772 | 1,866,317 | 2,193,370 |
| Increase or (Decrease) to Surplus | 3,821,270 | (2,601,252) | 1,853,536 |

* Includes \$437,500 Non Assessable Guaranty Fund