

from the Manager

2006: A Very Good Year for Humboldt Mutual and Its Owner Policyholders!

We are very happy to report record financial results for fiscal year ending December 31, 2006. Our net underwriting gain was \$242,716, investment income \$177,889, loss reserves carried forward to 2007 were \$80,570. Net income before tax was \$454,840. Policyholder Surplus increased 34.7% from \$1,906,597 to \$2,568,075. This was the largest dollar amount of surplus Humboldt Mutual has ever experienced. However, when measured against risks in force to determine company capacity to write new business, we were still a little short of our \$7.47 high in 1990. Humboldt Mutual ended the year 2006 with surplus at \$6.13 per \$1,000 Risks-In-Force. 16 County Mutuals' in Area I (Area I includes Humboldt Mutual and all of Northwest Iowa) averaged \$6.75/\$1,000. The State average for all-92 County Mutual Companies in Iowa was \$8.69. Although our surplus remained a little under the averages mentioned above, we are making good progress. Our

staff continues to work hard to make our company one of the best in the state.

Again because of the favorable financial results in 2006, our Board of Directors elected to continue rates the same in 2007. This was the second year since 2003 that we were able to hold rates at their present level without requiring an increase.

Food for thought: Humboldt Mutual Insurance Association ranks 19th in the state for Risks-In-Force, 19th for Premium volume, 42nd for surplus and has ranked in the top ten for claims paid 6 out of the last 12 years (Humboldt Mutual paid \$11,199,312 insured losses to member policyholders during this period). There are 92 County Mutual Insurance Companies in the State of Iowa.

Complete 2006 financial report can be found on last page of newsletter. In addition, excerpts from the January Annual Policyholder Meeting Minutes have also been included for your review.

In addition to the above, we are also very happy to report, Humboldt Mutual Insurance Association celebrated its 120th year of service to member policyholders in 2006! Our Association held an Open House and Appreciation Barbeque on Friday, July 21, 2006. Invitation post-cards were sent to all Humboldt Mutual Policyholders. Over 400 guests attended the celebration. We



Maurice Abens
Secretary-
Manager

value and appreciate your continued patronage and look forward to many more years' service to member policyholders.

If you have questions or would like additional information concerning any items discussed in this Newsletter, please feel free to contact us.

Editor's Note: (This is our 16th Newsletter since 1994 (we published biannually in 1994-1995 and annually thereafter).

Mutually Yours,

A handwritten signature in cursive script, appearing to read "Maurice".

Maurice R. Abens
Secretary/Manager
Humboldt Mutual Insurance
Association

Bob explains ...

What's in a Valuation?

Property valuation for insurance purposes and how these valuations are used with different types of policies are often misunderstood. We have all heard the terms Replacement Cost, Actual Cash Value (ACV,) and Market Value but what do they mean, how are each determined and when are each used?

Replacement Cost is determined using a guide that takes in to account the specific features of each house, quality of construction materials used and any specialty items in the house to determine a cost estimate if the house had to be rebuilt. This figure is known as the replacement cost value of the house.

Actual Cash Value is determined by calculating the replacement cost of the home, deducting for depreciation. For insurance purposes, depreciation generally will be 2% per year to a maximum of 50%. For example, a house built in 1987 that has a replacement cost of \$150,000 would have an Actual Cash Value of \$90,000. A house built in 1967 with the same replacement cost would have an Actual Cash Value of \$75,000 because the depreciation was capped at 50%. If there have been improvements made to the home, such as a \$15,000 kitchen remodel, the improvements are then added back in to the depreciated figure to determine the Actual Cash Value. In the example above, the improvements would increase the ACV amount to \$105,000 and

\$90,000 respectively.

Many people confuse Actual Cash Value with Market Value. Market Value is the selling price for a house and fluctuates with the real estate market in the area. The Actual Cash Value of the home in the example above would remain the same whether the house was located in Humboldt, Des Moines or a lakefront property in Okoboji, however, the Market Value would vary considerably depending on which location the house was in.

Insurance policies use Replacement Cost and Actual Cash Value to determine coverage limits. The valuation used depends largely on the basis of loss settlement within the policy. An Insured

Bob Abens
Underwriting
and
Accounting,
Assistant
Secretary/
Treasurer



who purchases a policy with loss settlement based on replacement must insure the property covered at a limit consistent with the replacement cost valuation. Actual Cash Value can be used when depreciation will be taken at loss. Market Value is not used to determine loss settlement but can come into play when the ACV or Replacement Values of a particular home are considerably higher than the market value causing an increase in moral hazard. Talk with your agent to determine which method of valuation will work best for you.

Amy says ...

Premium Payments

I would like to remind our policyholders that timely premium payments are essential for your protection. We are required by law to send out bills 30 days before their due date, and if payment is not made by that date policy coverage is suspended until premium is paid. Any losses may be denied if premium is not current. I am sure everyone wants to be protected from costly losses!

Amy Westberg
Policy
Processing/
Billing and
Assistant
Bookkeeper



Larry on MSAs



Larry Curran
Treasurer

Are Medical Savings Accounts a good deal?

There has been much interest in MSAs as an alternative approach to providing health care since new health care reform legislation was passed.

Medical Savings Accounts are savings accounts created for the purpose of paying your health insurance deductible and medical expenses not covered by insurance.

MSAs appear to be well suited to small business owners or self-employed people who are in good health and typically not high utilizers of health insurance. They are available to not only the self-employed, but also to employer groups with 50 or fewer employees.

Advantages:

- Self-employed contributions to an MSA are 100% deductible, just like an IRA. Contributions by an employer are deductible, just like health plan premiums.
- Your existing health insurance plan may qualify without having to change insurance companies.
- Many insurance companies or banks can be an MSA trustee or custodian. Check with your local bank to see if they offer MSAs.
- Withdrawals for medical care are never taxed.
- Interest earnings accumulate tax deferred and if used for medical care are tax-free.
- Deductibles and coinsurance are paid with pre-tax dollars.

- If you don't use up the money in your MSA, it rolls into the next year and will continue to accumulate tax deferred.
- Insurers and banks will normally pay interest on the money in an MSA.
- Premiums will be less because you are purchasing a high deductible health insurance plan.

Disadvantages:

- Only a few companies offer MSAs, so your selection is limited.
- if you purchase a health plan from an insurance company promoting MSAs, remember that you are still buying insurance. Therefore, you must go through medical underwriting before you are approved. If you are unhealthy, you may not be approved for coverage.
- If you withdraw money for non-medical reasons, a 15% tax penalty will be charged, provided you are under age 65 and not disabled.
- Insurers and banks normally charge a monthly administration fee for holding your money in a low interest bearing custodial ac-

count.

- Depending on the sophistication of your employees, it may be difficult to properly communicate and articulate the specifics of how an MSA works.

Bottom line is that it needs to be evaluated on a case by case basis. While MSAs may be ideal for some, they may not be right for others, depending on group size, employees attitudes and tolerances, locations, demographics, etc.

We continue to evaluate new trends and programs and can help you better understand what health insurance plan is best for you and your business. Please call me if you have questions or would like to discuss your health insurance plan in more detail.

“A look back in time ...”

| | | | |
|---|-----------------|--------------------------------|--------------|
| J. W. KING, Pres., Bradgate, Iowa. | | S. K. GROTH, Sec., Thor, Iowa. | |
| Humboldt Mutual Insurance Co. | | | |
| Risks in Force, January 1, 1901—\$1,336,160.00. | | | |
| <p>Saved to its members during the year \$6,000.00. This is the cheapest and best insurance to be had. The cost of insurance for the last year was 88¢ cents per thousand and for the last five years a total of \$4.98 per thousand. Correspondence solicited. S. K. GROTH, Secretary and Treasurer.</p> | | | |
| OUR AGENTS ARE LOCATED AS FOLLOWS: | | | |
| N O Nelson..... | Humboldt, Iowa | S K Groth..... | Thor, Iowa |
| C E Wilson..... | " | H Busse..... | " |
| J H Callahan..... | Dakota City, " | Peter Fulyog..... | Badger, " |
| Abe Ketman, V Pres | " | C F Bootz..... | Renwick, " |
| J H Skow..... | Rutland, " | J A Nervig..... | Hardy, " |
| D Marty..... | LuVerne, " | L C Trauger..... | Livermore, " |
| C W Adams..... | Unique, " | F E Carpenter..... | " |
| J C Smith..... | Gilmore City, " | O K Grefstad..... | Bode, " |

Steve explains CO



Steve Samuels
Claims
and Loss
Prevention

What you need to know about CO

What is CO?

CO (carbon monoxide) is an invisible, odorless, tasteless gas produced when fossil fuels do not burn completely, or are exposed to heat. These fuels include: Wood, coal, charcoal, oil, natural gas, gasoline, kerosene, and propane.

Common appliances are often sources of CO. If they are not properly maintained, improperly ventilated, or malfunction, CO levels can rise quickly. CO is a real danger now that homes are more energy efficient. Air-tight homes with added insulation, sealed windows, and other weather proofing can trap CO inside.

Symptoms of CO poisoning

These symptoms are related to CO poisoning and should be discussed with all household members.

Mild exposure

Slight headache, nausea, vomiting, and fatigue.

Medium exposure

Throbbing headache, drowsiness, confusion, and fast heart rate.

Extreme exposure

Convulsions, unconsciousness, heart and lung failure. Exposure to carbon monoxide can cause brain damage and death.

How to protect your family

A CO alarm is an excellent means of protection. It monitors the air and sounds an alarm before carbon monoxide levels become threatening for

average healthy adults.

Where to install CO alarms

The National Fire Protection Association (NFPA) recommends that a CO alarm should be centrally located outside of each separate sleeping area in the immediate vicinity of the bedrooms. For added protection install additional CO alarms in each separate bedroom, and on every level of your home. If your bedroom hallway is longer than 40 feet, install a CO alarm at both ends of the hallway.

Message from Cindy



Cindy Thompson
Inspector

Prepare for power outages

Spring storms, extreme heat, and construction crews have one thing in common: they can cause power failures. If the power is out, please keep these tips in mind.

Check to see if neighbors have power. If it is the whole neighborhood, call your utility company.

Turn off major appliances and lights to avoid overloading the circuit when the power returns. This is when the damage occurs to most major appliances. Only open the refrigerator and freezer when necessary to conserve the energy that is in there.

Leave one light on, so you know when the power returns.

Make sure your electric stove is shut off! Don't use candles to light the way when you walk around the house; that's a fire hazard. Use flashlights whenever possible.

Keep an emergency kit filled with flashlights, batteries, a portable radio, candles and matches in a familiar place.

Small note on the inspection program

I have been doing property inspections for the past seven years. The purpose of the inspections is to take a look at the risk we are insuring and try to help point out some of the hazards that may lead to future losses. Although not all

hazards are uncovered, the goal is to prevent as many potential losses as possible. Humboldt Mutual Insurance Association does not warrant that property or operations inspected are safe or healthful or in compliance with any law, rule or regulation. Ultimate responsibility for adequate safety of life and property, as well as reducing potential hazard rests with the insured. Cooperation with these inspections is very much appreciated and, if there are questions, please feel free to call me or your agent at any time.

Humboldt Mutual Insurance Association

Annual Policyholder Meeting • January 22, 2007

- **Call to order:** President G. Marvin Lindemann called the 121st annual policyholder meeting to order at 10:00 a.m. There were 27 people present including 18 policyholders.

- **Approved Minutes:** Secretary Abens read Minutes from the January 23, 2006 policyholder meeting. The minutes were approved with no additions or corrections.

- **Records Examination Report:** Dan Volk, representing the GMRC Records Examination department, reviewed the operating statement, balance sheet, and summary of operations for 2006. Gross premiums were \$1,746,935 with gross losses of \$415,672. After expenses, the company realized an underwriting gain of \$242,716. Gross risks-in-force were \$453,683,635; total policies in force, 1,984. Mr. Volk did an in depth review of record examination, highlighting the following: Humboldt Mutual surplus increased \$661,479 or 34.69%. This record surplus growth resulted from a combination of positive underwriting profit, excellent investment income results and positive adjustment of estimated claims reserves from December 2005 to December 2006. Actual claims paid were considerably less than estimated. Dan noted investment results of 5.33% return on liquid funds and bonds and 13.72% return on equity holdings were very commendable. Humboldt Mutual has consistently out performed other Mutuals in the area. Finally, Dan reported the Mutual could expect an estimated \$170,000 Federal Tax liability payable in March, due to the positive year-end results. Dan ended his report by answering questions from the membership. President Marty thanked Mr. Volk for providing a very informative report. Kent Clendenen moved to approve the Records Examination Report. Scott Curran seconded and the report was approved.

- **Election of Directors:** G. Marvin Lindemann presented the Nominating Committee Report. Director terms for Lawrence E. Marty and Chris Wergeland expired as of this meeting. Lawrence E. Marty and Chris Wergeland filed nomination papers in compliance with Article VIII, Section 11 of Amended and Substituted Articles of Incorporation. Both Directors would succeed themselves and represented 49 and 3 years experience respectively, as directors. There were no other nomination papers filed. G. Marvin Lindemann moved that the written nominations be accepted and that the Membership elect the two by majority ballot. Bob Abens seconded motion and it carried unanimously. Secretary Abens declared Lawrence E. Marty and Chris

Wergeland elected for three-year director terms and thanked them for placing their names in nomination.

- **President's Remarks:** President Lindemann welcomed members and expressed his appreciation to agents and staff for taking time to attend the meeting. President Lindemann reflected, that Lawrence Marty would begin his 50th year of service on the board. Lawrence's Grandfather and Father had served Humboldt Mutual for many years prior to Lawrence joining the Board in 1957. Marvin extended special thanks to Lawrence for his many years of dedicated service on the Board.

President Lindemann also reviewed 2006 board activities including five regular Bi-monthly Director meetings, one special planning meeting, annual policyholder meeting and annual Director's meeting. Marvin and four Mutual Staff members attended Grinnell Mutual Reinsurance Company's annual meeting in June. President Lindemann also reported approximately 400 people attended the Humboldt Mutual 120th Anniversary Open-House and Cookout in July. The State Insurance Division conducted the Tri-Annual State Records examination August 14-17. All seven directors and three staff members attended the November Mutual Insurance Association of Iowa convention in Des Moines.

- **Adjuster's Remarks:** Steve Samuels noted there were 220 claims reported in 2006. This was the third lowest number of claims reported in 25 years. Unpaid loss reserves, carried into 2007 totaled \$80,570. Steve reported company Inspector Cindy Thompson, completed 503 inspections and outbuilding estimators in 2006 and traveled 13,634 miles. Cindy worked very hard completing farm service building evaluations. This program has and is successfully helping improve farm service building, insurance-to-value ratios. This program also limits company loss exposures, for those buildings not insured to minimum levels of coverage, by using special underwriting endorsements. Steve traveled 12,995 miles and begins his 26th year with the Mutual. Steve extended special thanks to all Humboldt Mutual staff and agents for their assistance and cooperation. Average number of claims-per-year the last 25 years - 595; last 10 years - 520; last 5 years - 293; last 3 years - 277. Adjuster's report was approved on a motion by Scott Curran and a second by Lance DeWinter.

- **Treasurer's Remarks:** Larry Curran reported

it's much easier to have positive investment results when the Mutual experiences positive and exceptional underwriting results. Larry reported that although interest rates were pretty flat during most of the year, overall results were very positive. In addition equities paid very good dividends. Larry discussed some of his investment strategies and thanked the board for their support. Brad Banwart moved to approve Treasurer's report. Ralph Jacobson seconded and Treasurer's report was approved.

- **Secretary's Remarks:** Maury Abens recognized policyholder Dean Telford and thanked him for attending. Abens also recognized company agents Kent Clendenen, Lance Dewinter and Scott Curran, Abens-Marty-Curran; Dennis Johnson, Anchor; Donald Jensen, Great Lakes Agency; Tom Powers, Power's Insurance Agency; Eric Sime, Smith Insurance; Bruce Sundet, Sundet/Omdahl Agency; Marlene Thompson, Thompson Insurance; and Craig Nelson and Stacie Schnitzer, Town & Country Agency. Directors Marvin Lindemann, Calvin Sorensen, Ralph Jacobson, LeRoy Stensland Chris Wergeland and Brad Banwart were recognized. Finally, Abens introduced staff personnel Steve Samuels, Cindy Thompson, Robert Abens, Amy Westberg, and Larry Curran. Abens thanked everyone for attending the meeting.

Abens reviewed board resolutions for 2006 and specifically reviewed actions taken at the January 11, 2007 Director Planning Meeting. Abens reported 2007 base rates would remain unchanged for all policy types except Scheduled Personal Property (Inland Marine). This line of coverage was increased an average 7.8% and was the first rate adjustment on this line since 2000. Abens reported the board approved a new 80% Quota-Share Reinsurance program for Home Guard policies. This new program was implemented in October 2006 and protects the Mutual from high concentrations of risk, especially unique with Home Guard exposures. Objective is to make loss exposures from this line of business, less catastrophic to the Mutual. The new reinsurance program also affords the Mutual more capacity and consistency as a reliable market for Home Guard risks.

Staff completed 3,749 policy transactions in addition to over 776 claim and inspection transactions. There were 262 new applications and 289 cancellations for the year. Abens reported 670 mutual policy files and 638

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Lawrence E. Marty celebrates 50 years as Humboldt Mutual Director

2007 marks the 50th consecutive year Lawrence E. Marty has served on the Humboldt Mutual Board of Directors. Lawrence was appointed to the board, in 1957, to succeed his father, E.C. (Ed) Marty who had passed away. Ed Marty had served on the board 35 years, having been originally elected to the board in 1922. History of the Marty's family involvement, serving Humboldt Mutual, dates back to inception of the company in 1886. Ed's father Dietrich Marty was one of the first settlers in Humboldt County and served as one of the first Township agents appointed by the company.

Lawrence served as an agent for Humboldt Mutual from 1957 until his retirement in 1989. He originally represented Humboldt Mutual as an agent dba "Marty Insurance Agency" and later created a partnership with Maurice Abens in 1978 dba "Abens-Marty Insurance Agency"; (Abens had previously been recruited as an agent/adjuster/inspector in 1976 and represented Humboldt Mutual as an



agent dba "Abens Insurance Agency"). Richard Piphon joined the partnership in 1984 and Larry Curran in 1986. The agency firm name was "Abens-Marty-Piphon-Curran Insurance Agency" In 1989 Richard Piphon left the partnership and Lawrence retired as an active agent. Because of the many years of service provided by Lawrence

and his family, it was decided the agency would continue to use the Marty name to represent Humboldt Mutual dba "Abens-Marty-Curran Agency" and remains the same today. In addition to serving the Mutual as Director and Agent, Lawrence served as Secretary/Manager from 1972 until his retirement in 1989. Lawrence also served as Board President from 2001 – 2005.

Lawrence wrote several remembrances about growing up with Humboldt Mutual in last year's newsletter in honor of the Company's 120th anniversary. Lawrence has been hinting that this may be his last year

on the board. If you see Lawrence or would care to drop him a note in appreciation of his many years on the board, please feel free. Lawrence still maintains his Hardy farm residence and stays active in helping with some of the farming operations. He also maintains an apartment in Ames closer to his immediate family, Norman and Vickie Marty and many of his grandchildren who also reside in Ames. Lawrence's mailing address is 2219 Melrose, Ames, Iowa 50010.

Humboldt Mutual Insurance Association, Directors and Staff extend their deepest appreciation for the many years of service the Marty family has provided to the Mutual. We especially recognize and extend our appreciation and thanks to Lawrence for his 50 years of dedicated service.

THANK YOU LAWRENCE!

*Mutually Yours,
Maurice R. Abens
Secretary/Manager
Humboldt Mutual Insurance
Association*

► MEETING continued from 5

claim files were scanned onto the computer by processing and claims staff. Abens reviewed 2007 goals and thanked the membership for their support. Abens also expressed his appreciation to the Directors for their continued leadership and direction during the year.

• **Resolution by Membership:** Kent Clendenen offered a resolution to ratify and affirm all actions taken by Humboldt Mutual Insurance Association Officers and Directors, since the last policyholder meeting. Scott Curran seconded and resolution passed with no objections.

• **Other Business:** None

• **Adjourn:** Steve Samuels moved to adjourn. Marlene Thompson seconded. Policyholder meeting adjourned at 11:35 AM.

*Respectfully,
Maurice Abens - Secretary/Manager
Lawrence E. Marty - President*

Welcome, Jim Sayers

Jim Sayers joined the Humboldt Mutual board in October 2006, filling the unexpired term of LeRoy Stensland.

Jim was raised on a farm southeast of Dakota City where his family grew crops, milked dairy cows and raised hogs. Jim graduated from Humboldt High School and later from Iowa State University.

After a few years away from Iowa following college graduation, Jim returned to Humboldt to begin work for Corn Belt Power Cooperative, where he works today as marketing director. He and his family moved



back to the home farm about 10 years ago, where he farms on a part time basis.

Jim's wife Cheryl is originally from South Dakota. They have two children - Kate, 16, and Cody, 14.

Jim is active in the Humboldt community, serving as president of the Humboldt Workshop board, member of the administrative council of Faith United Methodist Church and participant in the Chamber of Commerce July 4 committee. He believes in the value of cooperatives and member-run businesses such as Humboldt Mutual Insurance Association.

HUMBOLDT MUTUAL INSURANCE ASSOCIATION

SUMMARY OF OPERATIONS

FOR THE YEARS ENDED DECEMBER 31, 2006, 2005 AND 2004

| UNDERWRITING PROFIT (LOSS) | 2006 | 2005 | 2004 |
|--|--------------------------|--------------------------|----------------------------|
| Gross Premiums | \$ 1,746,934.73 | \$ 1,646,121.73 | \$ 1,597,823.91 |
| Less Reinsurance Premiums | <u>467,741.15</u> | <u>368,572.96</u> | <u>311,528.93</u> |
| Net Premiums | 1,279,193.58 | 1,277,548.77 | 1,286,294.98 |
| Gross Losses | 415,672.05 | 758,174.65 | 1,604,681.83 |
| Less Reinsurance Recovered | <u>18,464.70</u> | <u>327,791.59</u> | <u>404,725.29</u> |
| Net Losses | 397,207.35 | 430,383.06 | 1,199,956.54 |
| Loss Adjustment Expense | 51,116.14 | 46,852.39 | 48,031.83 |
| Commissions and Agent's Salary/Expense | 279,314.96 | 237,948.35 | 199,422.12 |
| Operating Expense [see page 4] | <u>308,839.30</u> | <u>272,514.15</u> | <u>250,554.24</u> |
| Total Underwriting Expenses & Losses | <u>1,036,477.75</u> | <u>987,697.95</u> | <u>1,697,964.73</u> |
| Net Gain (Loss) From Underwriting | <u>242,715.83</u> | <u>289,850.82</u> | <u>(411,669.75)</u> |

INVESTMENT INCOME

| | | | |
|---------------------------------------|--------------------------|--------------------------|--------------------------|
| Interest Income | 113,249.80 | 98,070.20 | 98,460.27 |
| Dividend Income | 42,085.96 | 21,324.78 | 12,886.41 |
| Gain/(Loss) on Sale of Investments | (2,940.72) | 11,247.18 | 15,953.41 |
| Increase (Decrease) in Adj of Bonds | (1,605.58) | (3,003.46) | (4,030.77) |
| Rental Income - Including Self-Rent | <u>27,100.00</u> | <u>27,000.00</u> | <u>24,900.00</u> |
| Total Investment Income (Loss) | <u>177,889.46</u> | <u>154,638.70</u> | <u>148,169.32</u> |

NON-OPERATING INCOME (LOSS)

| | | | |
|---|-----------------------------|-----------------------------|----------------------------|
| Net Premiums Collected for Other Companies | 29,884.58 | 27,959.99 | 34,845.37 |
| Commissions Paid Agents for Other Companies | (22,282.24) | (18,583.77) | (18,505.94) |
| Borrowed Money Received | 0.00 | 0.00 | 613,000.00 |
| Borrowed Money Repaid | 0.00 | (248,000.00) | (365,000.00) |
| Real Estate Depreciation | (5,679.07) | (5,376.48) | (5,024.08) |
| Increase (Decrease) in Ledger Liabilities | (2,341.80) | (7,516.80) | 8,770.58 |
| Net Misc Income (Expense) [see page 4] | <u>34,653.09</u> | <u>4,607.06</u> | <u>18,742.59</u> |
| Total Non-Operating Income or (Loss) | <u>34,234.56</u> | <u>(246,910.00)</u> | <u>286,828.52</u> |
| Net Income Before Federal Income Tax | 454,839.85 | 197,579.52 | 23,328.09 |
| Federal Income Tax | <u>0.00</u> | <u>62,500.00</u> | <u>1,803.00</u> |
| NET GAIN (LOSS) FOR THE YEAR | <u>\$ 454,839.85</u> | <u>\$ 135,079.52</u> | <u>\$ 21,525.09</u> |
| Ledger Asset Balance, Beginning of Period | \$ 2,765,307.96 | \$2,630,228.44 | \$2,608,703.35 |
| Ledger Asset Balance, End of Period | \$ 3,220,147.81 | \$2,765,307.96 | \$2,630,228.44 |

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Humboldt Mutual Insurance Association
P.O. Box 35
Humboldt, IA 50548



HUMBOLDT MUTUAL INSURANCE ASSOCIATION
SURPLUS ROLLFORWARD
FOR THE YEARS ENDED DECEMBER 31, 2006, 2005 AND 2004

| | 2006 | 2005 | 2004 |
|---|------------------------|------------------------|------------------------|
| Surplus - Beginning Balance | \$ 1,906,597.07 | \$ 1,797,953.92 | \$ 1,953,304.45 |
| Current Year Net Income | 454,839.85 | 135,079.52 | 21,525.09 |
| Change in Unrealized Gains | 84,002.30 | 30,951.94 | 34,899.70 |
| Non-Ledger/Non-Admit Assets Increase (Decrease) | 76,877.92 | (56,402.89) | 76,265.30 |
| Non-Ledger Liabilities Decrease (Increase) | <u>45,758.72</u> | <u>(985.42)</u> | <u>(288,040.62)</u> |
| Surplus - Ending Balance | <u>\$ 2,568,075.86</u> | <u>\$ 1,906,597.07</u> | <u>\$ 1,797,953.92</u> |

ANALYSIS OF INSURANCE IN FORCE:

| | 2006 | 2005 | 2004 |
|--|--------------------|--------------------|--------------------|
| Gross Risks in Force January 1 | \$ 416,218,243 | \$ 399,526,969 | \$ 386,901,833 |
| Gross Risks in Force December 31 | <u>453,683,635</u> | <u>416,218,243</u> | <u>399,526,969</u> |
| INCREASE IN INSURANCE IN FORCE | \$ 37,465,392 | \$ 16,691,274 | \$ 12,625,136 |

2006 DIRECTORS & OFFICERS

Lawrence E. Marty, President..... Hardy
G. Marvin Lindemann, Vice President..... Humboldt
Ralph Jacobson, Past President..... Humboldt
Jim Sayers, Director..... Humboldt
Brad Banwart, Director..... Ottosen
Chris Wergeland, Director..... Hardy
Calvin Sorensen, Director..... Gilmore City
Maurice Abens..... Corporate Secretary
Larry Curran..... Corporate Treasurer
Bob Abens..... Underwriting/Accounting, Asst. Secretary/Treasurer
Steve Samuels..... Senior Adjuster/Inspector
Cindy Thompson..... Inspector/Associate Adjuster
Amy Westberg..... Policy Processing/Billing and Assistant Bookkeeper

AGENCIES

Abens-Marty-Curran Agency..... Humboldt/Goldfield/Bode
Anchor Insurance..... Fort Dodge
Jasperson Insurance & Real Estate, Ltd..... Thornton/Belmond/Garner
Great Lakes Insurance Agency..... Armstrong/Swea City
Powers Insurance Agency..... Pocahontas
Smith Realty & Insurance..... Humboldt
Sundet-Omdahl Insurance Agency, Inc..... Algona/Corwith
Thompson Insurance Agency..... Humboldt
Town & Country Insurance, Inc..... Clarion

POLICIES IN FORCE DECEMBER 31, 20051,983
POLICIES IN FORCE DECEMBER 31, 20061,984