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**Brethren Mutual
Insurance Company**
is committed
to providing value,
quality in insurance
protection,
reliable service
and
financial integrity.

**A property & casualty
company
founded
in 1897.**

• **111th**

Annual Statement to Policyholders

December 31, 2008



149 North Edgewood Drive
Hagerstown, MD 21740
800-621-4264
301-739-0950
www.bmic.com

Chairman of the Board
Michael W. Brashears

Board of Directors

David C. Beachley	Gregory L. Hare
Charles E. Delauter	David M. McGaha
Charles H. Flickinger	Kent N. Oliver
Wayne Z. Guyton	Thomas M. Wiles

Company Officers

Michael W. Brashears
CEO/Chairman

Charles H. Flickinger,
CPA, CIC, PHR, CPCU, ARe, CLU, RHU, REBC
President/Chief Operations Officer

John S. Snyder, Jr.,
CBCP, MCP, CNA, CEH, GSEC, CISSP, ISSMP
Vice President of Information Services

Tammy L. Aaron, CPA, CPP
Vice President of Finance/Treasurer

John D. Stoner, CIC, CPCU
Vice President of Underwriting & Marketing

Wanda L. Dorsey
Secretary



**2008
Annual Report**

Financials

Assets	2008	2007
Bonds (*)	124,398,925	112,729,584
Stocks (**)	33,261,457	49,592,227
Real Estate, net	1,776,080	1,751,158
Cash & Short Term Investments	12,509,320	13,635,701
Uncollected Premium	13,560,244	13,839,542
Reinsurance Recoverable on Paid Losses	130,708	248,078
Other Amounts Receivable from Reinsurance Contracts	199,377	331,572
Electronic Data Processing Equipment, net	236,770	132,279
Accrued Interest Receivable	1,589,710	1,494,429
Deposits in Pools and Associations	31,000	31,000
Deferred Premium Tax Credit	44,531	565,365
Income Tax Recoverable	1,800,243	710,359
Other Accounts Receivable	4,370	8,859
TOTAL ASSETS	189,542,735	195,070,153

Liabilities

Loss and Loss Adjustment Expense Reserve	38,984,975	39,716,706
Commissions Payable and Other Similar Charges	2,988,895	3,215,571
Accrued Expenses	1,386,779	1,265,038
Taxes, Licenses and Fees	619,612	1,560,873
Federal Income Taxes	576,974	6,303,043
Unearned Premium Reserve	42,272,552	42,865,003
Advance Premium	1,732,389	1,537,208
Ceded Reinsurance Premiums	358,642	316,912
Pension Obligation	830,481	467,596
Provision for Reinsurance	0	1,000
Other Liabilities	377,324	415,558
TOTAL LIABILITIES	90,128,623	97,664,508

Surplus

Policyholder Unassigned Surplus Funds	99,414,112	97,405,645
TOTAL LIABILITIES & SURPLUS	189,542,735	195,070,153

(*) Amortized Value

(**) NAIC Valuations of Securities Value



Policyholders & Friends

Brethren Mutual's 2008 financial statement continues to show strong capitalization despite economic difficulties and a soft underwriting market. The insurance industry remains a very competitive and challenging business.

Brethren Mutual continues to write business in three states: Maryland, Pennsylvania and Virginia. This allows our Company the opportunity to meet your personal, commercial and farm insurance needs while spreading its insurance risk.

We look forward to continued success in 2009 and beyond, and the opportunity to serve you, our valued policyholder.



Michael W. Brashears

Michael W. Brashears
CEO & Chairman of the Board