


# **FFVA** MUTUAL

THE CHOICE FOR WORKERS' COMPENSATION

ANNUAL  
20  
10  
REPORT



FFVA Mutual continues to embrace its business model, which has been tested in hard and soft markets and has continued to produce consistent long-term profitability.



## PRESIDENT'S MESSAGE

Since 1956, FFVA Mutual has provided valuable workers' compensation insurance coverage and service to policyholders in the Southeast. As a relationship-based company, we have emphasized integrity, excellence, and responsibility. Our positive results are based on operating principles that have stood the test of time: underwrite with discipline, invest conservatively, maintain financial strength, and motivate employees to perform at high levels.

FFVA Mutual once again delivered solid results in 2009 despite a challenging economic environment, increased market competition, and continued rate reductions. Total assets grew 6.7%. Our statutory surplus increased 9.5% from the prior year. Our loss ratio increased; however, it continued to outperform industry results, demonstrating that we can manage risk successfully during difficult economic periods and that our overall pricing levels are adequate.

I believe the strong performance of our company is sustainable for the future. Our 2010 forecast is conservative due to current economic conditions; however, we expect to outperform our competition and exceed our customers' expectations. Additionally, our investment portfolio is positioned to earn attractive returns, leading to continued profits.

At FFVA Mutual, we've built our tradition on superior results and excellent service, regardless of economic and market conditions. We are focused on the future and the opportunities that lie ahead. Thank you for your dedication and continued support of FFVA Mutual.

Sincerely,



Craig Menzl,  
*President & CEO*



“FFVA Mutual has provided one-on-one assistance with reviewing the needs of each of our facilities and, even more important, providing recommendations to improve the safety at each site. The recommendations were simple and cost-effective and added value to our workers’ compensation and risk management program.”

*Executive Vice President, Youth Center*



## 2009 HIGHLIGHTS

- ◆ Admitted assets grew 6.7%.
- ◆ Policyholder surplus increased by 9.5%.
- ◆ Policyholder dividends totaled \$7.4 million. FFVA Mutual Board of Directors has approved 100% of the dividends since the Company's beginning.
- ◆ Created Safety Cornerstones Express to provide unlimited online access to workplace safety tools and resources for all policyholders regardless of account size.
- ◆ Expanded safety training available to policyholders by adding six new modules including 10-Hour OSHA Service Industry, Defensive Driving Certification (DDC-4), Ergonomics Awareness, Health Hazards in Construction, Preparing for an OSHA Inspection and Safety Audits.
- ◆ Conducted onsite safety training for more than 200 employers and provided approximately 900 professional training hours to assist policyholders in implementing a safe work environment.
- ◆ Conducted twelve online safety webinars available to all policyholders regardless of account size.
- ◆ Physician medical costs reduced by 17.1% below fee schedule.
- ◆ Recurring medical costs reduced by 25% below fee schedule.

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Policyholder dividends • New online safety resources

Reduced medical costs • New safety training modules

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# MISSION & VISION

## STRATEGIES FOR SUCCESS

- ◆ Focusing on markets that offer opportunities to produce long-term profit.
- ◆ Exercising underwriting discipline that produces profitable growth.
- ◆ Establishing standards coupled with strategies that continually produce operating margins that exceed industry performance.
- ◆ Promoting corporate and individual accountability to maximize employee communication and cooperation.
- ◆ Embracing an established business model that continues to outperform industry standards.
- ◆ Focusing on investment strategies that produce long-term growth.
- ◆ Focusing on and implementing software systems to maintain technological superiority.



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FFVA Mutual continues to be the insurance agent's workers' compensation market of choice by offering competitive products and superior service for policyholders.

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“My personal experience with FFVA Mutual’s loss control has always been outstanding. There is never a phone call or an email not returned in an efficient manner. FFVA Mutual is very resourceful, helpful, and one of the most outstanding companies that I have ever had the privilege to work with.”

*Manager, Charitable Organization*



“I wanted to take a moment and thank you for all your help and assistance with my claim. In the 21 years I have been with my company I have never had a claim adjuster who was as nice, polite, patient, and understanding as you have been throughout this whole ordeal. Thank you very much.”

*H.R. Manager, Concrete Pumping Company*



# 2009 FINANCIAL RESULTS

## ASSETS

- ◆ 2009 \$278,433,098
- ◆ 2008 \$260,903,019

Assets increased by 6.7%

## SURPLUS

- ◆ 2009 \$116,378,498
- ◆ 2008 \$106,290,535

9.5% policyholder surplus growth

Assets and surplus gains reflect the financial strength of the Company.

## NET INVESTMENT INCOME

- ◆ 2009 \$10,241,253

Though the Company was not immune from market risks in 2009, the investment portfolio is well structured to capitalize on anticipated future rising interest rates and a potentially inflationary environment.

## NET INCOME

- ◆ 2009 \$7,251,205

Net Income increased from 2008 even under volatile market conditions.

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A.M. Best reaffirms A VIII (Excellent) rating

FFVA Mutual's balance sheet is supported by a high-quality investment portfolio as evidenced by the fact that 90.1% of our fixed maturities are rated "A" or better.

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# 2009 FINANCIAL RESULTS

## NET UNDERWRITING GAIN

◆ **2009 \$4,917,240**

Despite many economic challenges, the Company continues to post an underwriting profit. This reflects underwriting discipline and quality Agency Partners.

## GROSS WRITTEN PREMIUM

◆ **2009 \$107,164,226**

## INCURRED LOSS RATIO

◆ **2009 56.6%**                      ◆ **2008 42.7%**

The 2009 incurred loss ratio increase reflects declining rates, payrolls, business closings, and medical cost inflation.

## COMBINED RATIO

◆ **2009 95.2%**

The Company's combined ratio before dividends continues to exceed industry standards.

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## REINSURANCE PARTNERS

ACE Tempest Re • Midwest Employers Casualty Co.  
Renaissance Re • Swiss Re • Tokio Millennium

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“Thanks for all you do and for always being there. Your level of service is like no other. It is nice to be able to call you and if you do not have the answer you will find it. You go above and beyond.”

*Human Resources, Physician's Office*

# FFVA MUTUAL

THE CHOICE FOR WORKERS' COMPENSATION

SERVING THE SOUTHEAST SINCE 1956



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