

Dear Policyholder,

In times of economic turmoil we are grateful for financial stability in any part of our lives. Goodville Mutual is pleased to report that all our key financial ratios remained exceptionally strong in 2008. Our ability to help you recover from insured losses did not diminish.

Another year of excellent profits maintained our financial strength. As for all businesses and individuals who invest assets, some of our investments lost value and a few failed. The overall declines were moderate. Our conservative investment strategy focuses on preserving capital and generating income.

Profitable operations are the result of your good stewardship in caring for your properties, your businesses, your farms and your safe driving. Not being hit by the many natural catastrophes that pummeled parts of our country also contributed to profits.

We grew in last year's difficult market because our rates are affordable and because of powerful new online processing software we developed that makes it easy for agents to do business with Goodville. Once again, satisfaction surveys indicate you are highly pleased with the way we settle claims.

Times like these make one thankful to be part of a mutual company, where the focus is on investing all gains for the benefit of policyholders. Mutual values and ethics do not allow us to pursue unrealistic corporate and individual expectations to achieve excessive short-term gain. We focus on long-term stability.

Our professional independent insurance agents make it easy for you to match your coverage needs to our products. Thank you for giving your agent and the Goodville team the opportunity to serve you.



Herman D. Bontrager  
*President & CEO*



**Goodville Mutual**

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As of December 31

Assets	2008	2007
Bonds	\$ 83,547,769	\$ 82,487,857
Stocks	16,924,974	26,907,018
Mortgage Loans on Real Estate	334,270	345,288
Land and Home Office Building	444,540	404,175
Cash & Short-term Investments	6,373,068	4,033,011
Premiums Receivable	7,971,761	7,347,137
Accrued Interest Receivable	759,306	750,361
Other Assets	3,699,533	1,973,071
<b>Total Assets</b>	<b>\$ 120,055,221</b>	<b>\$ 124,247,918</b>

**Liabilities & Policyholders' Surplus**

Reserve for Unpaid Losses	\$ 18,754,639	\$ 21,073,585
Unearned Premiums	24,693,902	23,795,897
Other Liabilities	7,093,672	6,958,254
Income Tax Payable	132,039	273,434
Policyholders' Surplus	69,380,969	72,146,748
<b>Total Liabilities &amp; Surplus</b>	<b>\$ 120,055,221</b>	<b>\$ 124,247,918</b>

**Underwriting Income**

Premiums Earned	\$ 57,941,030	\$ 57,338,185
Losses Incurred	27,576,632	27,356,333
Loss Adjustment Expense	3,432,845	3,323,256
Underwriting Expense	17,309,189	16,964,931
<b>Underwriting Gain/(Loss)</b>	<b>\$ 9,622,364</b>	<b>\$ 9,693,665</b>

**Investment Income**

Net Investment Income	\$ 611,747	\$ 4,526,143
Other Income	131,570	117,298
Federal Income (Tax) or Credit	(4,242,367)	(4,349,699)
<b>Net Income/(Loss)</b>	<b>\$ 6,123,314</b>	<b>\$ 9,987,407</b>

## Goodville's Corporate Objectives:

**Enduring Relationships**— To develop and nurture enduring relationships with employees, agents and policyholders.

**Competitive Products**— To deliver high quality, competitive insurance products to our target market.

**Outstanding Service**— To satisfy our customers with outstanding service.

**Financial Stability**— To manage operations for profitability and long-term sustainability.

**working**  
to earn your trust every day

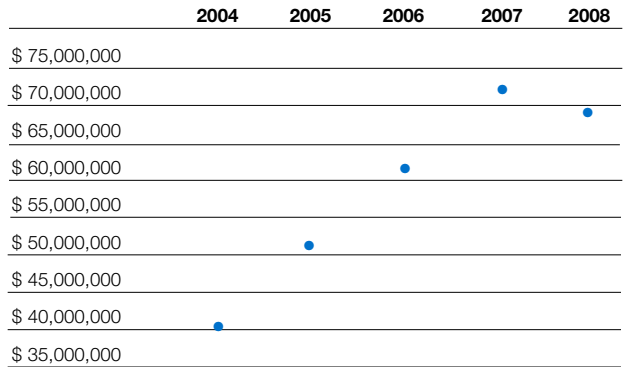
**2008 Summary**

Direct Premium Writings	\$ 62,087,829	.....(+2.6%)
<b>Total Assets</b>	<b>\$ 120,055,221</b>	.....(-3.4%)
<b>Policyholders' Surplus</b>	<b>\$ 69,380,969</b>	.....(-3.8%)
<b>Super Service Claims Settlement</b>	<b>76%</b>	
<b>Net Income/(Loss)</b>	<b>\$ 6,123,314</b>	
<b>Best's Rating</b>	<b>A VII (Excellent)</b>	

**Operating Ratios**

	2008	2007
Losses Incurred to Premiums Earned	53.5%	53.5%
Expense Incurred to Net Premiums Written	29.4%	29.3%
Combined Loss and Expense Ratio	82.9%	82.8%

**Policyholders' Surplus**



**Managing Officers**

Herman D. Bontrager, President  
 Philip E. Nolt, Vice President  
 Michael S. Zimmerman, Vice President Claims  
 Jerry L. Goodpaster, Vice President Underwriting  
 Philip W. Shirk, Chief Financial Officer  
 Fred M. Macy, Vice President Marketing

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