

Dear Policyholder,

Another year of improved loss experience for Goodville Mutual policyholders generated exceptional profits. We are pleased to report that those profits along with positive investment returns significantly strengthened policyholders' equity in 2007.

Financial strength assures you that Goodville is here for you if you experience loss. It provides capital to continue enhancing our online services that enable your agent to meet your expectations. As a policyholder in a mutual company you know that the profits are invested in the company for your benefit and to grow the company. In the past two years we have been able to reduce rates for many of our personal auto and homeowner policyholders.

The long-term strength of Goodville Mutual and our positive results again in 2007 are no accident. Your good stewardship in taking care of your properties, in keeping your businesses safe for the public and in your safe driving kept claim costs down. The dedication of our experienced employees and our advanced technology kept operations efficient.

Goodville exists to help policyholders recover from financial losses and to process claims in a way that softens the emotional pain that is part of a loss experience. Policyholders and claimants give our claims staff consistently high ratings.

Our professional independent insurance agents make it easy for you to match our competitive products to your coverage needs. 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	2007	2006
Bonds	\$ 82,487,857	\$ 73,632,707
Stocks	26,907,018	25,622,034
Mortgage Loans on Real Estate	345,288	369,952
Land and Home Office Building	404,175	380,623
Cash & Short-term Investments	4,033,011	3,517,331
Premiums Receivable	7,347,137	7,387,955
Accrued Interest Receivable	750,361	736,838
Other Assets	1,973,071	2,036,163
<b>Total Assets</b>	<b>\$ 124,247,918</b>	<b>\$ 113,683,603</b>

**Liabilities & Policyholders' Surplus**

Reserve for Unpaid Losses	\$ 21,073,585	\$ 20,936,424
Unearned Premiums	23,795,897	23,317,880
Other Liabilities	6,958,254	6,817,162
Income Tax Payable	273,434	750,000
Policyholders' Surplus	72,146,748	61,862,137
<b>Total Liabilities &amp; Surplus</b>	<b>\$ 124,247,918</b>	<b>\$ 113,683,603</b>

**Underwriting Income**

Premiums Earned	\$ 57,338,185	\$ 56,733,412
Losses Incurred	27,356,333	26,435,348
Loss Adjustment Expense	3,323,256	3,515,070
Underwriting Expense	16,964,931	16,507,533
<b>Underwriting Gain/(Loss)</b>	<b>\$ 9,693,665</b>	<b>\$ 10,275,461</b>

**Investment Income**

Net Investment Income	\$ 4,526,143	\$ 4,196,986
Other Income	117,298	144,617
Federal Income (Tax) or Credit	(4,349,699)	(4,646,947))
<b>Net Income/(Loss)</b>	<b>\$ 9,987,407</b>	<b>\$ 9,970,117</b>

**2007 Summary**

<b>Direct Premium Writings</b>	<b>\$ 60,491,027</b>	.....(+0.1%)
<b>Total Assets</b>	<b>\$ 124,247,918</b>	.....(+9.3%)
<b>Policyholders' Surplus</b>	<b>\$ 72,146,748</b>	.....(+16.6%)
<b>Super Service Claims Settlement</b>	<b>78%</b>	
<b>Net Income/(Loss)</b>	<b>\$ 9,987,407</b>	
<b>Best's Rating</b>	<b>A VII (Excellent)</b>	

*Our agents have check-writing authority to settle most claims within 48 hours.*

**Operating Ratios**

	2007	2006
Losses Incurred to Premiums Earned	53.5%	52.8%
Expense Incurred to Net Premiums Written	29.3%	28.8%
Combined Loss and Expense Ratio	82.8%	81.6%

**Policyholders' Surplus**

	2003	2004	2005	2006	2007
\$ 70,000,000					•
\$ 65,000,000					
\$ 60,000,000				•	
\$ 55,000,000					
\$ 50,000,000			•		
\$ 45,000,000					
\$ 40,000,000		•			
\$ 35,000,000					
\$ 30,000,000	•				

**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  
 Donald W. Ziegler, Vice President Marketing

**Board of Directors**

Carlton L. Miller, Chairman, Port Matilda, Pennsylvania  
 Kenneth L. Beiler, Vice Chairman, Paradise, Pennsylvania  
 Herman D. Bontrager, President, Akron, Pennsylvania  
 John L. Frankenfield, Secretary, Harleysville, Pennsylvania  
 Allon H. Lefever, Treasurer, Harrisonburg, Virginia  
 Sanford L. Alderfer, Harleysville, Pennsylvania  
 Andrew Dula, Lancaster, Pennsylvania  
 James M. Harder, Bluffton, Ohio  
 Keith W. Lehman, Lititz, Pennsylvania  
 Donald L. Nice, Perkasio, Pennsylvania  
 Miriam E. Shirk, Goshen, Indiana  
 Glennys H. Shouey, Mt. Crawford, Virginia

**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