

Dear Policyholder,

This past year brought significant change as we worked through the first executive leadership transition in 25 years! Herman Bontrager ended his service as President and CEO and transitioned into retirement on August 1st. I have the privilege of joining an exceptional team of committed staff and managers. In the midst of change, you can be assured that the long standing values of this organization are secure.

The year delivered positive underwriting results; one of the best years in our combined history. These results can be attributed to the diligent work of staff and agents, as well as the ongoing stewardship of our loyal policyholders. We also need to recognize that factors beyond our control aligned in our favor, for which we are grateful!

Premium grew again this year, but not as strongly as we had planned. This shortfall was more than offset by lower than expected claims and expense control on the part of staff. Policyholders' Surplus increased to \$143 million which provides capacity to pay claims and invest in state-of-the-art systems to make it easy for you to do business with us.

Our **A, Excellent** rating with AM Best and designation by The Ward Group as one of the Top 50 property and casualty companies in the country reaffirms the long-term financial stability of your combined companies.

We have developed an aggressive strategic plan for the coming year with a focus on expanding distribution and strengthening our product offerings. As a mutual insurance company we exist solely for the benefit of policyholders, not for outside investors. We appreciate the loyalty and commitment of our policyholders and will continue to work diligently to maintain your trust.

Your professional independent agent is skilled in helping you assess your insurance needs. Thank you for giving your agent and the Goodville and German Mutual team the opportunity to serve you.



David Gautsche
President & CEO



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As of December 31

Assets	2015	2014
Bonds	\$ 167,429,599	\$ 146,507,014
Stocks	56,273,532	50,385,503
Mortgage Loans on Real Estate	87,445	113,880
Land and Home Office Building	1,648,942	1,698,313
Cash & Short-term Investments	9,257,320	15,213,726
Premiums Receivable	17,893,508	16,859,193
Accrued Interest Receivable	1,002,987	809,199
Other Assets	3,220,416	7,769,855
Total Assets	\$ 256,813,749	\$ 239,356,683

Liabilities & Policyholders' Surplus

Reserve for Unpaid Losses	\$ 42,705,581	\$ 39,504,597
Unearned Premiums	55,094,502	53,001,730
Other Liabilities	14,799,416	12,224,675
Income Tax Payable	999,657	1,931,330
Policyholders' Surplus	143,214,593	132,694,351
Total Liabilities & Surplus	\$ 256,813,749	\$ 239,356,683

Underwriting Income

Premiums Earned	\$ 130,228,147	\$ 124,420,558
Losses Incurred	67,934,118	71,895,660
Loss Adjustment Expense	9,604,543	8,577,828
Underwriting Expense	37,163,955	35,222,137
Underwriting Gain/(Loss)	\$ 15,525,531	\$ 8,724,933

Investment Income

Net Investment Income	\$ 6,442,526	\$ 5,946,280
Other Income	368,021	346,803
Federal Income (Tax) or Credit	(6,037,381)	(3,495,234)
Net Income/(Loss)	\$ 16,298,697	\$ 11,522,782

Corporate Objectives:

Enduring Relationships—To develop and nurture enduring relationships with employees, agents, policyholders, business partners and community.

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

2015 Summary

Direct Premium Writings	\$ 139,007,294(+3.8%)
Total Assets	\$ 256,813,749(+7.3%)
Policyholders' Surplus	\$ 143,214,593(+7.9%)
Super Service Claims Settlement	72%	
Net Income/(Loss)	\$ 16,298,697	
Best's Rating	A VIII (Excellent)	

Operating Ratios

	2015	2014
Losses Incurred to Premiums Earned	59.6%	64.7%
Expense Incurred to Net Premiums Written	28.1%	27.8%
Combined Loss and Expense Ratio	87.7%	92.5%

Policyholders' Surplus

	2011	2012	2013	2014	2015
\$ 140,000,000					•
\$ 135,000,000					
\$ 130,000,000				•	
\$ 125,000,000					
\$ 120,000,000			•		
\$ 115,000,000					
\$ 110,000,000		•			
\$ 105,000,000					
\$ 100,000,000	•				

Managing Officers

David C. Gautsche, President & CEO
 Jerry L. Goodpaster, Vice President Underwriting
 Fred M. Macy, Vice President Marketing
 Philip W. Shirk, Chief Financial Officer, Vice President
 Michael S. Zimmerman, Vice President Claims

Board of Directors

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 Carlton L. Miller, Vice Chairman, Port Matilda, Pennsylvania
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