REPORT TO
POLICYHOLDERS
2016

“The Promise You Can Trust”

126 Years of Service
1891 – 2017

HOME OFFICE – 304 N. Rosera (Old Hwy 141) – Lena, Wisconsin
AGENDA
126th ANNUAL MEETING
MARCH 28, 2017 -- 12:30 P.M.

1. Invocation - at meal time - 11:30 a.m. – Richard Gilles.

2. Meeting called to order - John Matravers.

3. Introduction of Guests, Agents, Directors & Employees – President.

4. Reading of the minutes of the last Annual Meeting by Secretary.
   Any additions or corrections -- acceptance.

5. Reading and explanation of Annual Report to Policyholders by President/Treasurer.
   Ask for acceptance of report.


7. President & CEO’s Report.

8. Any old business to come before the meeting?

9. Any new business to come before the meeting?


    Directors to replace Thomas A. Bitters, Kenneth H. Rosner and Alvin H. Schuettpelz
    Nominations are Thomas A. Bitters, James J. Kugel and Alvin H. Schuettpelz

    There were no other nominations.

11. Election of three Directors for three year term.

12. Director Service Awards - Director: Linda Sinkula - 5 years
    Duane Magnin – 5 years
    Kenneth Rosner – 41 years


The 125th Annual Meeting of Maple Valley Mutual Insurance Company was held on the above date at The Ravine Pub & Grill, Manitowoc Road, Green Bay, Wisconsin. Following an invocation given by Richard Gilles, a chicken dinner was enjoyed by 185 policyholders and guests in attendance.

Following dinner, John Matravers, Chairman of the Board, called the Annual Meeting to order at 12:20 P.M. A quorum of members was present as set forth in the Company’s By-Laws.

The President introduced the special guests, agents, directors and Company personnel that were in attendance.

Thomas Bitters, Vice Chairman/Secretary, then read the minutes of the last Annual Meeting held on March 24, 2015. Motion was made and seconded that these minutes be approved as read. Motion carried.

Maple Valley Mutual’s 2015 Annual Report to Policyholders was then read and explained by Al Schuettpelz, President & CEO. Motion was made and seconded that this report be accepted as read. Motion carried.

Chairman John Matravers then gave his report on some of the changes that occurred during calendar year 2015. He explained to policyholders. Graphs showing the Company’s reinsurance costs the past seven years and the Company’s reinsurance costs and reinsurance recovered over the past fifteen years were also shown and explained to policyholders. During the past seven years, the President noted, the Company has paid $8,813,084 to Wisconsin Reinsurance Corporation for reinsurance coverages; but recovered only $3,447,349 on incurred losses. This is a recovery of only 33.3%. Direct premiums written, growth of surplus and gross losses incurred graphs for the past fifteen years were shown and explained to policyholders. Graphs showing the Company’s reinsurance costs the past seven years and the Company’s reinsurance costs and reinsurance recovered over the past fifteen years were also shown and explained to policyholders.

The next order of business was the election of three Directors. A Report of the Nominating Committee was given by Francis Wranosky. The Committee nominated Dr. Gary Kotecki, John Matravers and Patrick Van De Hey for three year terms for election at the Annual Meeting. There were no other nominations for Director. Motion was made and seconded that we accept the recommendation of the Nominating Committee and elect Dr. Gary Kotecki, John Matravers and Patrick Van De Hey as Directors of Maple Valley Mutual for a three year term. Motion carried.

The President then presented a service award to Renee Wirtz to recognize her 25 years of distinguished service as an Officer and Employee. Renee joined the Company back in 1991 and is currently our Vice President of Operations. She also works with our underwriting and Umbrella programs and helps with the electronic data processing part of our operations.

A number of door prizes were then awarded to those in attendance.

At 1:25 P.M., since there was no other business to come before the meeting, the Chairman declared the meeting adjourned.

Thomas A. Bitters -- Vice Chairman/Secretary
BOARD OF DIRECTORS – 2017

Company Directors: Back Row (L to R): Francis J. Wranosky, Linda S. Sinkula, Dr. Gary M. Kotecki, Patrick J. Van De Hey, Duane J. Magnin and Kenneth H. Rosner
Front Row (L to R): Thomas A. Bitters – Vice Chairman/Secretary, John H Matravers – Chairman of the Board and Alvin H. Schuettpelz – President/Treasurer

EXECUTIVE COMMITTEE

John H. Matravers – Chairman of the Board
Thomas A. Bitters – Vice Chairman/Secretary
Alvin H. Schuettpelz – President/Treasurer

DIRECTORS

Term Expires 2017
Thomas A. Bitters, Lena
Kenneth H. Rosner, Crivitz
Alvin H. Schuettpelz, De Pere

Term Expires 2018
Duane J. Magnin, Oconto Falls
Linda S. Sinkula, Kewaunee
Francis J. Wranosky, Oconto Falls

Term Expires 2019
Dr. Gary M. Kotecki, Pound
John H. Matravers, Oconto
Patrick J. Van De Hey, De Pere
Maple Valley Mutual Insurance Company Staff

Al Schuettpelz, CIC
President/CEO/General Manager
al@maplevalleymutual.com

Chad Schuettpelz, PFMM
Claims Manager
chad@maplevalleymutual.com

Renee Wirtz
Vice President - Operations
Umbrella Lines Underwriter
renee@maplevalleymutual.com

Tony Willems
Claims Representative
tony@maplevalleymutual.com

Wanda McCarthy
Personal Lines Underwriter -
Homeowners Program
Mobilehomeowners Program
wanda@maplevalleymutual.com

Josh Schonfeld
Loss Prevention Person
josh@maplevalleymutual.com

Mary Koch
Farm Lines Underwriter -
Farmowners Program
Farm Program
mary@maplevalleymutual.com

Diane Tisch
Claims Assistant
Receptionist
diane@maplevalleymutual.com

Michelle Ziesmer
Commercial Lines Underwriter
Personal Lines Underwriter -
Dwelling Program
Finance/Accountant
michelle@maplevalleymutual.com

Karen Shehow
Loss Prevention Assistant
Receptionist
karen@maplevalleymutual.com
PRESIDENT’S MESSAGE

2016 – An Exceptional year

The Company’s corporate performance for calendar year 2016 showed very favorable results. Please note the following in this regard:

- Direct Premiums Written increased by $87,497 during the year to a new total of $6,577,871;
- Income for the year before federal income taxes came to $1,329,747;
- The Company’s Surplus increased during the year by $1,056,162 to a new total of $9,124,722;
- The Company’s Admitted Assets increased during the year by $885,132 to a new total of $13,848,701; and
- The Company’s Combined Ratio came in at a remarkable 82.3%.

Incurred Losses

Gross Losses for the year came in at $1,860,033, $302,171 less than the previous year. All types of losses were down for the year. Most notably, there were very few windstorm/hail claims submitted to the Company last year. This is the first year since 2011 where a major storm or storms have not had an impact on the Company’s results.

Kenneth H. Rosner

Kenneth H. Rosner will retire as a Director at our Annual Meeting on March 28, 2017. Ken was first appointed a Director in December of 1975 and has a long and distinguished career as a Director of the Company. I would like to thank him for his many contributions and 41 years of dedicated service to the Company.

Home Office Improvements

During the past year, extensive updates and improvements were made to our Home Office building, premises and related equipment. There were major changes to the phone system, computer equipment, electrical and lighting, storage areas and other areas that were remodeled. There were also changes made to the exterior including new sidewalks, new drainage system, landscaping and other building improvements.

With the Company’s new phone system, claim service has improved, especially after hours and on weekends. Emergency phone messages and emails from our website are now forwarded immediately to three iPhones carried by Company Claims personnel. The loss is then quickly reviewed and contact is made with our insured.

Reinsurance Protection and Changes

The Company’s Open-End Catastrophe and Aggregate Reinsurance Protection continues to make Maple Valley Mutual just as safe as the larger companies writing business in Wisconsin. The Company’s estimated maximum retention for all losses and adjusting expense for 2017 is $3,891,450. All losses over this retention amount will be paid by our reinsurance carrier. Reinsurance costs for this year have also been reduced due to the very good experience Maple Valley Mutual has with our reinsurance carrier.

A. M. Best A- (EXCELLENT) Rating

On November 16, 2016, confirmation was received that the A. M. Best Company has again reviewed and rated Maple Valley Mutual’s performance A- (EXCELLENT). This rating reflects the Company’s adequate risk-adjusted capitalization, conservative underwriting leverage, favorable overall balance sheet liquidity and well-established local market presence. Their rating also confirms management’s adherence to a conservative operating philosophy, as reflected in its underwriting and pricing discipline. Also, the Company maintains a comprehensive reinsurance program which includes an aggregate excess cover that places a limit on the maximum amount of losses the Company is subject to on an annual basis. A. M. Best continues to assign the Company a stable outlook.
Real Time Personal Lines Rating

Most of the Agencies representing Maple Valley Mutual are either using Vertafore or EZLynx Personal Lines Comparative Raters. The Real Time aspect of these raters allows an Agent to enter data once in this rater for the companies they want to quote for the risk. The rater then sends this information to each company and a quote for the business is then sent back to the rater. Once the process is completed, a listing of comparable quotations is then provided to the Agent. The Agent then selects the quote he/she wants to use and transfers the information to the application for submission to the Company.

Maple Valley Mutual's current quotation system is not capable of participating in this Real Time rating process. Thus, we have decided to have IMT Computers Services update our current quotation system to this Real Time rating. It will take a few months; but they have assured us that they can do this type of update. Once our system is ready, we will approach Vertafore to update our current ratings and EZLynx to also become a part of their system. In the meantime, our Agents can continue to use our present quotation system for the writing of new Homeowners business.

Thank You

On behalf of our Director and Employees, I would again like to take this opportunity to thank all of our Policyholders and Agents for their support and confidence in Maple Valley Mutual. We continue to be grateful for the opportunity to service you.

A. H. Schuettpelz, CIC
President & CEO
STATEMENTS OF ADMITTED ASSETS,
LIABILITIES AND POLICYHOLDERS' SURPLUS
STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2016 AND 2015

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ADMITTED ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and checking</td>
<td>$ 628,541</td>
<td>$ 352,007</td>
</tr>
<tr>
<td>Cash deposits earning interest and short-term investments</td>
<td>$3,237,134</td>
<td>$2,861,957</td>
</tr>
<tr>
<td>Bonds, at amortized cost</td>
<td>$5,714,780</td>
<td>$5,940,444</td>
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<tr>
<td>Stocks, at market value</td>
<td>$2,860,214</td>
<td>$2,454,712</td>
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<tr>
<td>Real estate</td>
<td>188,401</td>
<td>144,872</td>
</tr>
<tr>
<td>Premiums receivable</td>
<td>984,167</td>
<td>986,740</td>
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<tr>
<td>Reinsurance recoverable on paid losses</td>
<td>$119,792</td>
<td>74,919</td>
</tr>
<tr>
<td>Refundable federal income taxes</td>
<td>20,292</td>
<td>74,762</td>
</tr>
<tr>
<td>Electronic data processing equipment</td>
<td>15,050</td>
<td>9,425</td>
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<tr>
<td>Prepaid expenses</td>
<td>8,301</td>
<td>-</td>
</tr>
<tr>
<td>Accrued investment income</td>
<td>67,701</td>
<td>71,939</td>
</tr>
<tr>
<td>Furniture and fixtures</td>
<td>13,653</td>
<td>7,440</td>
</tr>
<tr>
<td>Automobiles</td>
<td>93,581</td>
<td>67,972</td>
</tr>
<tr>
<td>Other</td>
<td>17,997</td>
<td>-</td>
</tr>
<tr>
<td>Total Assets</td>
<td>$13,969,604</td>
<td>$13,047,189</td>
</tr>
<tr>
<td>Less non-admitted assets</td>
<td>(120,903)</td>
<td>(83,620)</td>
</tr>
<tr>
<td><strong>TOTAL ADMITTED ASSETS</strong></td>
<td>$13,848,701</td>
<td>$12,963,569</td>
</tr>
</tbody>
</table>

|                  |            |            |
| **LIABILITIES** |            |            |
| Unpaid losses, net of reinsurance recoverable | $632,806 | $914,175   |
| Unpaid loss adjustment expenses | 47,229 | 92,440     |
| Commissions payable | 278,101 | 268,277    |
| Unearned premiums | 3,319,901 | 3,252,732 |
| Premiums received in advance | 84,977 | 112,854    |
| Reinsurance premiums payable | 101,817 | 133,725    |
| Accrued expenses | 63,578 | 22,096     |
| Deferred income taxes | 195,570 | 98,710     |
| Total Liabilities | $4,723,979 | $4,895,009 |

| **POLICYHOLDERS' SURPLUS** | 9,124,722 | 8,068,560 |

| **TOTAL LIABILITIES AND POLICYHOLDERS' SURPLUS** | $13,848,701 | $12,963,569 |
### STATEMENTS OF OPERATIONS -- STATUTORY BASIS
YEARS ENDED DECEMBER 31, 2016 AND 2015

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>UNDERWRITING INCOME</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Direct premiums written</td>
<td>$6,577,871</td>
<td>$6,490,374</td>
</tr>
<tr>
<td>Unearned premium adjustment</td>
<td>(54,469)</td>
<td>(155,531)</td>
</tr>
<tr>
<td>Cost of reinsurance</td>
<td>(1,263,919)</td>
<td>(1,298,513)</td>
</tr>
<tr>
<td>Net premiums earned</td>
<td>5,259,483</td>
<td>5,036,330</td>
</tr>
<tr>
<td><strong>LOSSES INCURRED</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Direct losses incurred</td>
<td>1,860,033</td>
<td>2,162,204</td>
</tr>
<tr>
<td>Reinsurance recovered (expense)</td>
<td>(231,549)</td>
<td>77,217</td>
</tr>
<tr>
<td>Net losses incurred</td>
<td>1,628,484</td>
<td>2,239,421</td>
</tr>
<tr>
<td><strong>NET LOSS ADJUSTMENT EXPENSES</strong></td>
<td>472,118</td>
<td>492,108</td>
</tr>
<tr>
<td><strong>OTHER UNDERWRITING EXPENSES</strong></td>
<td>2,252,434</td>
<td>1,987,402</td>
</tr>
<tr>
<td><strong>NET LOSSES &amp; EXPENSES INCURRED</strong></td>
<td>4,353,036</td>
<td>4,718,931</td>
</tr>
<tr>
<td><strong>NET UNDERWRITING INCOME</strong></td>
<td>906,447</td>
<td>317,399</td>
</tr>
<tr>
<td><strong>INVESTMENT/OTHER INCOME</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net investment income earned, net of investment expense</td>
<td>174,539</td>
<td>206,087</td>
</tr>
<tr>
<td>Net realized capital gain</td>
<td>38,330</td>
<td>58,161</td>
</tr>
<tr>
<td>Policy and installment fees</td>
<td>208,825</td>
<td>212,703</td>
</tr>
<tr>
<td>Miscellaneous income</td>
<td>1,606</td>
<td>1,720</td>
</tr>
<tr>
<td><strong>TOTAL INVESTMENT &amp; OTHER INCOME</strong></td>
<td>423,300</td>
<td>478,671</td>
</tr>
<tr>
<td><strong>NET INCOME BEFORE TAXES</strong></td>
<td>1,329,747</td>
<td>796,070</td>
</tr>
<tr>
<td><strong>FEDERAL TAX EXPENSE</strong></td>
<td>(414,470)</td>
<td>(231,350)</td>
</tr>
<tr>
<td><strong>NET INCOME AFTER TAXES</strong></td>
<td>$915,277</td>
<td>$564,720</td>
</tr>
</tbody>
</table>

### STATEMENTS OF POLICYHOLDERS' SURPLUS
STATUTORY BASIS

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SURPLUS, BEGINNING OF YEAR</strong></td>
<td>$8,068,560</td>
<td>$7,541,505</td>
</tr>
<tr>
<td>Net income</td>
<td>915,277</td>
<td>564,720</td>
</tr>
<tr>
<td>Change in unrealized capital gains (losses), net of income taxes</td>
<td>181,518</td>
<td>(7,866)</td>
</tr>
<tr>
<td>Net change in deferred income taxes</td>
<td>(3,350)</td>
<td>6,809</td>
</tr>
<tr>
<td>Decrease in non-admitted assets</td>
<td>(37,283)</td>
<td>(36,608)</td>
</tr>
<tr>
<td><strong>SURPLUS, END OF YEAR</strong></td>
<td>$9,124,722</td>
<td>$8,068,560</td>
</tr>
</tbody>
</table>
WHY YOU SHOULD CHOOSE MAPLE VALLEY MUTUAL INSURANCE COMPANY

Our History

On May 23, 1891, the Company was established by 44 residents of Oconto County for the purpose of providing themselves and their local communities with fire and lightning insurance protection. The newly formed Company was incorporated as a town mutual insurer under the laws of Wisconsin and called Maple Valley Home Mutual Fire Insurance Company. In 1939, the current name was adopted. On January 1, 1987, the Company reorganized from a town mutual to a non-assessable domestic mutual insurance carrier writing business in northeastern Wisconsin. On August 1, 1995, Kossuth Mutual Insurance Company merged into the Company.

Today, the Company writes Farmowners, Homeowners, Businessowners, Commercial, Dwelling, Mobilehomeowners, Inland Marine and Umbrella Coverages for residents who live and/or own property in the Company’s writing territory of twenty-one counties in northeastern Wisconsin.

Our Vision

Maple Valley Mutual’s vision is to be the best smaller mutual insurance carrier in northeastern Wisconsin. This means providing exceptional service and top-notch products to our Agents and Policyholders/Owners while maintaining the Company’s excellent financial condition and A. M. Best Rating of A- (EXCELLENT).

Our Mission Statement

The Maple Valley Mutual Insurance Company is a nonassessable mutual insurance carrier writing multi-line property and casualty coverages (excluding auto) in a twenty-one county area in Northeastern Wisconsin. We are the dominant small mutual in this area of the state and will continue to concentrate our efforts to maintain this status. We will continue to market our products through the independent agency system.

Our goals include:

1) Providing outstanding service and quality products to our policyholders/owners;
2) Developing long term, productive relationships with employees and agents; and
3) A modest contribution to surplus every year so we can maintain the Company’s excellent financial condition.

Our A. M. Best Rating of A- (EXCELLENT) – The Company’s A- (EXCELLENT) rating is the highest rating that A. M. Best will provide to a smaller mutual. This rating is assigned to companies that have, in A.M. Best’s opinion, an excellent ability to meet their ongoing insurance obligations. The Company secured this A rating back in 1992 and continues to have it confirmed on an annual basis.

Our Comprehensive Reinsurance Protection with Wisconsin Reinsurance Corporation – The Company’s Open-end Catastrophe and Aggregate Reinsurance Protection makes the Company just as safe as the larger companies writing business in Wisconsin. The attachment point under this Comprehensive Open-end Reinsurance Protection is 67% of the Company’s Net Premium Earned. All losses over this retention amount will be paid by our reinsurance carrier.

Our Better Business Bureau Rating of A+ - Maple Valley Mutual is an Accredited Business with the Better Business Bureau. The Company’s current rating is: A+

www.maplevalleymutual.com