



Dryden review

12 Ellis Drive • Dryden, New York 13053 • www.drydenmutual.com

May 2008

This newsletter is intended to address issues of general interest to Dryden Mutual agents. It is essentially the written equivalent of a marketing visit from one of our professional staff. Please share this newsletter with those in your agency who work with Dryden Mutual on a daily basis.

Summary of Dryden's Key Financial Statistics

The following financial data is identical to that which was submitted to the National Association of Insurance Commissioners (NAIC) and the New York State Insurance Department on our Annual Statements filed for the past 5 years. 2007 was yet another outstanding year in which we outperformed the industry by a wide margin. The challenge in 2008 is to use our growing financial strength to help our agents write new business in a competitive marketplace.

	<u>12-31-03</u>	<u>12-31-04</u>	<u>12-31-05</u>	<u>12-31-06</u>	<u>12-31-07</u>
Direct Premium Written (DPW)	\$31,862,668	\$35,186,899	\$38,033,867	\$39,653,596	\$40,143,518
YTD DPW Growth Rate	+25.43%	+10.43%	+ 8.09%	+ 4.26%	+ 1.24%
Net Admitted Assets	\$48,898,453	\$66,584,594	\$76,855,850	\$87,888,347	\$96,688,244
Policyholder Surplus	\$17,046,465	\$29,097,922	\$34,526,852	\$43,144,191	\$50,326,602
Combined Ratio	88.45	79.30	81.86	74.63	78.34
A.M. Best Rating	A-	A-	A-	A-	A

A.M. Best keeps Dryden's Rating at "A," and FSC rises to VII

In October 2007, A.M. Best decided to maintain Dryden Mutual's "A" rating for another cycle, which covers most of 2008. But the important news for 2008 is that our policyholder surplus crossed over one of A.M. Best's boundaries and increased our financial size category (FSC) grade to "VII." This category is important to some certificate holders (e.g. Home Depot in the past has only accepted certificates from contractors who have a B+ or better rating, but also demanded a financial category size VII). These actions by A.M. Best are in recognition of our incredible 5 year combined ratio of 79.87 which pushed our net leverage ratio to the lowest level since we first started reporting statutory data in 1984. This "A" rating renewal of is a positive reflection on the joint efforts of both agency and company staff.

Contingency Commissions - Best Payouts in NYS

During the past several months, our management staff has delivered \$2,125,733 in contingency commissions based on outstanding results reported for 2007. We still hold the record in New York State for returning the highest percentage of direct premiums as profit sharing. Dryden Mutual not only returned an average of 5.34% of our total 2007 revenues as profit sharing to our agents, but well over 90% of agencies collected profit sharing. In contrast, industry surveys report that the top 60 carriers in the US return an average of only 1.04% of direct written premium as contingency commission to their appointed agencies.

Hired & Non-Owned Automobile Endorsement

Dryden commercial underwriters are now using the URB LS-50A Hired/Non-Owned Automobile liability endorsement on a wider variety of commercial operations, including small contractors. The only major restriction on its use is for food operations, such as pizza delivery, making the coverage highly exposed when employees use their own vehicles for deliveries. This coverage can be added to any type of commercial policy we issue (BOP, Contractors Crafts/12 Packages, SMP, or Commercial Fire & Liability policies).



<u>GL Limit</u>	<u>Flat Premium Charges</u>
\$ 25,000	\$ 36.00
\$ 50,000	\$ 43.00
\$ 100,000	\$ 49.00
\$ 300,000	\$ 61.00
\$ 500,000	\$ 72.00
\$1,000,000	\$ 87.00

The limit for hired/non-owned must be the same selected for the general liability on the commercial operation.

Credit Card Payment Option Reminder

Our direct bill department has been successful in accepting new business and renewal credit card payments by telephone and mail-in direct bill slips. Dryden's billing statements have been modified to include an authorization form allowing credit card payments by mail. This form has also been added to our online applications. The public expects such service on everything they purchase and it's clear it also applies to insurance. Please note that we only accept VISA or MasterCard.

"Greening" of Homes with Windmills and Solar Panels

Our underwriters have received requests to cover ecological advances under homeowner policies. The newest request is to cover electricity generating windmills used for the homeowner's premises. We will cover the increased value of personal windmills. We will do so using the inland marine form MR-52 at the rate of \$10 per \$1,000 of coverage with a mandatory deductible of \$250. The windmill and associated equipment must be insured at the original cost of installation. Since the perils that could cause accidental damage to these windmills are as of yet unclear, it greatly benefits your insured to cover their windmill on the all-risk basis of inland marine.



In related developments to increase energy efficiency, we have received requests to cover solar panels that convert and store solar energy for household electric needs. If the panels are attached to the roof of the house, then Coverage A needs to be increased for the cost of the panels, wiring and batteries. Such panels are clearly part of the house and most likely subject to the same perils. However, if the solar panels are installed on the ground at a distance from the house, it would be best to cover them like the windmills with the inland marine form MR-52 using the \$10 per \$1,000 of stated value along with the \$250 mandatory deductible. We agree that a house heated solely by solar panels, with no other back-up heating source other than batteries, is acceptable for homeowners coverage. Advances in both solar panels and battery storage make this position more reasonable than in the past.

Help the United Way in Your Community by Doing Business with Dryden

Since Dryden Mutual is a company that does business in so many communities across Upstate New York, we have made the unusual decision to return some of our profits to the same communities. In late 2007 and early 2008, Dryden Mutual and its employees donated \$148,074 to 41 United Way organizations in every area where our agencies write business. Local United Way executives are surprised by these donations because it is so rare to have an organization outside their community make the effort to return a contribution for the general welfare of their area. When you and your customers do business with Dryden, you should know that you are both helping your own local United Way charities.

What is Dryden Mutual Writing as New Business in 2008?

Many agencies continue to encourage us to publicize risks being written by Dryden Mutual. The following "hot-list" has many unusual types of small business operations, all of which need coverage to conduct their business. These lists also include increasing numbers of personal risks, difficult to place even in soft market conditions. Dryden specializes in helping agencies find coverage for hard-to-place risks in an admitted market at standard commissions.

Commercial Lines Classes of Business

- Adopt-a-Highway Cleanup Crews
- Adult Care Takers (Companion/House Cleaner)
- Animal Control Operators (Removal of pests like raccoons, squirrels, etc.)
- Antique Dealers (both at Stores and at Shows)
- Apartments (5+ Family Units)
- Appliance Delivery (established operations with 1 year prior experience)
- Aquarium Set Up & Cleanings Operations
- Bath Tub Refinishers
- Basement Waterproofing Operations
- Beauticians, Booth Rental Operators and Beauty Salons with Tanning Beds
(Beauticians Professional and Tanning Bed Liability are both Available)
- Bed & Breakfast Operations (5 or more guestrooms)
- Blacktop Sealers & Pavers
- Boat Cleaning Operations
- Boat Winterizing (shrink-wrapping)
- Boat Repair Facilities
- Builders Risk (Commercial Buildings)
- Cabinet Makers
- Car Washes (both Attended & Unattended)
- Carpet Installers
- Carpenters & Mixed Carpentry with Other M&C Classes
- Central Vacuum Installation
- Civic Clubs (Charitable, Historical, Kiwanis, Lions, Rotary, Sport Supporters, etc.)
- Computer Consultants
- Computer Installation (no sales)
- Computer Software Designers
- Concession stands (seasonal vendors of hot dogs, ice cream, candy, soda, etc.)
- Consultants (efficiency methods, etc.)
- Cooks and Chefs (cooking lessons)
- Courier Services
- Craft Vendors (Regional Markets & Shopping Malls)
- Crop Harvesters (independent operations on land of others)
- Crime Scene Clean Up Operations (bio recovery)
- Custom Cut Lumber Operations
- Dance Instructors (at various locations) as well as Dance Studios
- Debris Removal
- Diners (Frame, Ansul or No Ansul System, & Unprotected)
- Dog Control Officers (LS-3 Only): subcontractors to municipalities
- Dog Walkers
- Drywall Contractors
- E-Bay Vendors (but, no bailee coverages for property of others in custody)
- Electricians
- Errand Running
- Estate Commercial Properties
- Event Planners
- Excavators
- Golf Driving Ranges, Pro-Shops and Public Golf Courses
- Grave Diggers
- Grave Headstone Engravers/Cleaners



What is Dryden Mutual Writing as New Business in 2008?

Commercial Lines Classes of Business (continued)

- Grocery Delivery
- Home Inventory Specialists
- Hood & Duct Cleaning
- Horse Shoeing Operations (Farriers)
- Hot Tub Installation/Repairs/Sales
- House Servicing on Seasonals - opening and closing
- House Sitters
- Hunting Camps
- Ice Sculpting (public display exposures)
- In-Home Small Businesses
- Interior Decorating Services
- Invisible Fence Installation
- Janitorial Services
- Lamaze Class Instructors (childbirth)
- Landscapers (No Tree Trimming)
- Lessors Risk Commercial Buildings (including Restaurants & Taverns)
- Loggers [Not Tree Trimmers]
- Metal Fabricators
- Mixed Mercantile & Apartment Occupancies
- Mobilehome Parks & Dealers
- Movers (smaller operations with 2 people)
- Musical Instrument Sales & Repair
- Office Machine Installers (Phones, Computers, Audio Visual, etc.)
- Offices on BOP with Low Minimum Premiums (\$350 Special Form)
- Package Delivery Services (including bicycle couriers)
- Painting Contractors (exterior and interior)
- Parking Lot Screeners (independent contractors)
- Pet Sitters
- Pizza Shops
- Plumbers
- Pool Opening/Closing Operations (but no pool set-up or pool maintenance)
- Power Tool Repair
- Power Washing Operations
- Property Managers
- Recyclable transport to recycling centers
- Restaurants (both Family Style & those Serving Alcohol, New Operations acceptable)
- Restaurants with Waterfront Docking Exposures
- Rural Cemetery Associations
- Sandwich & Sub Shops
- Saw Blade Sharpening
- Satellite Dish Sales & Installation
- Seasonal Businesses
- Septic Tank Installers
- Shearing Operations (Sheep, Lamas, etc.)
- Siding Contractors
- Small Engine Repair
- Small Marinas (with Docks with Boat Gas Sales)
- Snow Removal Completed Ops (added to any Contractor Policy)
- Soil and Water Sampling
- Sports Bars (with Assault & Battery Exclusion)
- Spray-On truck bed liners
- Steam-cleaning Ovens
- Storage Buildings, Barns & Sheds
- Student Housing



What is Dryden Mutual Writing as New Business in 2008?

Commercial Lines Classes of Business (continued)

- Stump removal and grinding
- Surveyors
- Tap Cleaners (beer, soda)
- Taverns (packaged in SMP with Assault & Battery exclusion)
- Trucking Offices (Premises Only Liability)
- Vacant Commercial Buildings
- Vendors at Mall Shows, Flea Markets, Kiosks, etc. (edibles, dolls, toys, glassware, etc.)
- Video Taping (wills, stories, contents of homes, etc.)
- Wallpaper Installers
- Water Delivery
- Web Designers (but no website hosting)
- Welding Contractors
- Wood Delivery
- Wood Designers (no web hosting)
- Woodworkers

Personal Lines Classes of Business

- Bed & Breakfast Operations (Owner Occupied up to 4 Guestrooms) - Products Liability
- Boats (up to 39 Feet and \$150,000 in Value)
- Builders Risk (1-4 Family Structures) with ML-50A added for construction liability
- Corporate & Partnership-Owned 1-4 Family Rental Properties
- Credit Scoring is NOT used to price or determine acceptability
- Doublewide Mobilehomes on Permanent Foundations written on Homeowners
- Estate Properties
- Family Day Care (Licensed) up to 8 Children in Homes, Mobilehomes & Apartments
- High-Deductible Homeowners (to \$2,500)
- Higher Value Homes on Preferred All-Risk Building & Contents ML-5 Form
- Homes with In-Home Businesses
- Homes with Minor Farm/Farm Animal/Horse Exposures - FCPL available
- Homeowners who want "VIP" endorsement [ML-152] broadened Disaster Perils
- Jewelry and Fine Arts Inland Marine floaters attached to any homeowners package
- Landlord Packages (1-4 Family Rental Dwellings)
- Log Homes
- Mobilehomeowners/Manufactured Homes (special New Home Credits available)
- Out-of-State Landlords with Local Caretakers
- Renters who want the broadest renters coverage in the USA (ML-1524)
- Renters in Mobilehomes, on Farms, Apartments
- Residential Fire & OL&T Risks (Lower Value Rental Properties)
- Seasonal Homes on Fire and OL&T Forms (broad perils available by exception)
- Snowmobile Physical Damage
- Solar-Panel powered Homes
- Student Renters in Dorms and Off-Campus (undergraduate and graduate students)
- Tenant-Occupied Mobilehomes under Residential Fire Program
- Theft of Building Material endorsement (DML-17 added to HO, LLP and RF policies)
- Unmarried Couples (Opposite or Same Sex couples can both be Named Insureds)
- Vacant 1-4 Family Buildings under Residential Fire Program
- Windmills on Premises to Power own Home



www.drydenmutual.com

Our website www.drydenmutual.com continues to be useful in many ways. It allows visitors to access Dryden Mutual applications, product profiles, questionnaires, product manuals and URB forms. These files are provided in Adobe PDF format. To access the files, click on "Agent's Only" on the home page. These files are all public information, so no username or password is required.

Double-clicking the document name will launch either Adobe Reader or Adobe Acrobat, depending on your default application. For those using Adobe Reader, to be assured of the highest compatibility, you may want to download the most current version of Adobe Reader. A link to Adobe Reader Download is provided.

Applications and questionnaires may be completed in Adobe Reader, then printed and faxed to our office. Unfortunately, using Adobe Reader free software does not allow you to save or email forms with the data intact. If you desire that ability, you will need to purchase or upgrade to Adobe Acrobat Standard 7.0. Older versions of Adobe Acrobat do NOT provide these capabilities.

Dryden Mutual product manuals are read-only PDF files, although they can be saved to your on system. It might be time to phase out the big, red 3 inch Dryden Mutual binder in your cabinet! Don't forget that we also provide a complete library on our website of all the Underwriters Rating Bureau (URB) forms used on our policies. Since URB forms often differ from ISO forms, this library is quite useful.

A Trusted Choice link permits a search for Trusted Choice agents or to explore the meaning behind the Trusted Choice brand. A link to the A.M. Best website confirms Dryden's current rating and financial size indicator.

We've added an antique photo gallery for visitors to explore the work of local photographer, Verne Morton. We purchased 150 digital reproductions of 100+ year-old glass plate negatives recording life in Central New York between 1898 & 1915. The prints have converted our office into the world's largest Verne Morton art gallery. These photos are on sale at The History Center in Tompkins County (www.TheHistoryCenter.net)



If you have questions or run into specific problems, please call Peter Thorp, ext 247 or Andrea Miceli, ext 294. They are always happy to hear from you and get your feedback!

Co-Op Advertising Boat Campaign

As a Trusted Choice company, we will again offer a summer co-op advertising opportunity. Our Boatowners program is a great product for co-op advertising. We will contribute up to 50% per ad insertion based on prior review and approval of your advertising plan for this product. Participation in and fund approval for our 2008 co-op advertising campaign must be coordinated through Peter Thorp, Senior VP (extension 247).



A sample of the ad format is attached. Call Andrea Miceli at extension 294 to place your agency information and message. When you are satisfied with the layout, we will send you a digital file for electronic transfer to your selected publication(s).

Dryden's Boatowners product is quite attractive for a variety of reasons:

- (a) Strictly a stand-alone product.
- (b) This product is designed for hulls up to 39 feet and values up to \$150,000, far beyond the typical boat program.
- (c) Attractive pricing and standard 20% commission.
- (d) Boating liability available up to \$1,000,000 limits.
- (e) Broad coverages needed by every boatowner.
- (f) Uninsured Boater Liability limit increased to standard \$50,000 limit

A sample of our Boatowners tri-fold brochure has been provided for your review. These are available for distribution. Please call Nicole Temple at extension 236 to order a supply.

Homeowner and Mobilehome Manual Reprints

Attached is a reprint of our homeowners and mobilehome manuals dated of February 2008. Rates remain unchanged, but the endorsement sections have been updated. These manuals are also available online at our website (www.drydenmutual.com) in the agents-only section.

Homeowners business grew +8.3% in NYS during 2007, in a market where most major lines of business were static or shrinking. For example, commercial multi-peril dropped -.9% during the same year that homeowners reported one of its strongest growth patterns in many years. We remain committed to providing our agents with a strong mono-line market for this specialty product. As GEICO and Progressive continue to gobble up the personal auto market, closing in on controlling 30% of the entire NYS personal auto market, a lot of stand-alone homeowners need coverage because GEICO and Progressive do not offer a home product.



New Team Players at Dryden Mutual

April 2008 brought many staff changes at Dryden Mutual. We have hired and promoted a number of people to new roles in the company to better assist our agents in writing new business and servicing existing clients:

Mario Clarke has been promoted to our Policy Services Department. He originally worked for Dryden as a part-time student intern during high school between 2003 and 2006. During his senior year, he was a member of the Dryden High School InVEST class. He became a full-time employee in our scanning unit in June 2006. Mario continues to work toward an associates degree at Tompkins Cortland Community College where his mother holds an administrative position. He intends to start coursework with Insurance Institute of America's classes in general insurance.



Mallory Coates was hired in January 2006 to work full-time in our scanning unit. She was a student intern from the local high school InVEST class working part-time at Dryden for over 3 years prior to going full-time. In April 2008, Mallory was promoted to a position in Dryden's Direct Bill Department. She is just one course away from completing her Associates Degree in Business

Administration at Tompkins Cortland Community College.

Phillip Esparza was hired full-time in April to work in our document scanning unit. Phil previously worked part-time at Dryden from 2007 to 2008 as a student intern. We first met him when managers from Dryden Mutual taught in an InVEST class at Groton High School in his senior year. At this point, he is half way through the coursework for an Associates Degree in Business Admin at Tompkins Cortland Community College.

Sheena Monroe has been promoted to Commercial Lines Underwriter trainee. She has worked for Dryden since December 2000 when she was hired as a student intern while a student in Dryden High School's InVEST program. She became a full-time employee in July 2002 and worked her way up to being the senior policy services representative and lead trainer. Sheena completed her Associates Degree in Computer Graphic Arts at Tompkins Cortland Community College in 2004. She lives in Freeville, NY with her family.

Annie Moretti, was hired in April as Dryden Mutual's marketing representative for Central New York. This hiring puts 3 full-time staff in the field to assist our agents and reflects our deep commitment to helping our independent agents continue to thrive in a hyper-competitive part of the business cycle. She comes to Dryden with over 22 years of insurance experience and many recent years in the education field. Her prior insurance experience came first as a CSR at the Young Agency (now Brown & Brown in Syracuse). She moved on to the Hanover as a Personal Lines Underwriter. Annie moved again to General Accident in Syracuse where she worked first as a Personal Lines Underwriter, then as a Commercial Lines Underwriter and finally as a Marketing Representative. As General Accident was merged out of existence, she moved on to the Royal as a Marketing Representative before moving into the educational field for a number of years. Annie was enticed to return to insurance as a Marketing Representative for Eastern Mutual Insurance Company for well over a year before she joined Dryden Mutual. Several agents that represent Dryden Mutual were very quick to point out that her background was a perfect fit for Dryden Mutual and we took their advice. Annie completed her bachelors degree in economics at SUNY Oswego. She lives in Parish, NY (Oswego County) with her family. Annie very much looks forward to the start of her cycle of agency visits at the end of May.

New Team Players at Dryden Mutual

Darcie Munson moved from being a Senior Direct Billing Representative to Policy Services to be trained in rating, policy logic and new business assembly. Darcie took this lateral move to learn more about overall insurance company operations. She originally started at Dryden in August 1996 as a high school student intern from the local InVEST class at Dryden High School. After working in Direct Bill for 4 years and earning her associates degree from Tompkins Cortland Community College, she left us for 2 years to complete her bachelors degree at SUNY Cortland in education. However, just like Annie Moretti, she ultimately couldn't stay away from the insurance field and returned to Dryden Mutual full-time in 2003, again in the Direct Bill unit.

Heidi Shaffer just moved back to being a Senior Direct Billing Representative after a 2 year assignment in Policy Services. Heidi claims she missed the fast pace of accounting and collections. She originally started at Dryden in November 2000 as a high school student intern from the Dryden High School's Tech Prep program, and became a full-time employee in 2001. Heidi is still gradually working towards her associates degree in Business Admin and Applied Management at Tompkins Cortland Community College.

Mary Ellen Spoonhower was rehired in April 2008 to work in our document scanning unit. Mary Ellen had previously worked at Dryden Mutual from 2003 to 2006 in both document scanning and in policy services. She originally left the medical field after many years to try insurance, left to go back to nursing for a brief stint, but like Annie and Darcie, found out that she had to return to the steady glory we all find in insurance work.

InVEST and Dryden Mutual

Just in case you have somehow overlooked just how important InVEST is to Dryden Mutual, the April 2008 issue of A.M. Best's monthly national magazine, Best's Review, featured an article entitled "Hire Education" and



made Dryden Mutual the lead interview on the topic of insurance recruiting. A reprint of that article is attached just in case you missed it. The article from p. 65 features a full-color picture of Dryden's CEO (suitable for framing) along with a brief discussion of Dryden Mutual's success with InVEST over the past 15 years.

"InVEST" is an old acronym for Insurance Vocational Education Student Training, a program started in Southern California during the 1960's. In 1970, it was adopted as a national program sponsored by IIA&BA as a 501(c)3 educational trust. Across the United States, more than 36 insurance organizations, 450 agencies and brokers, and 1,750 industry volunteers work in InVEST pro-

grams. Several active InVEST programs exist at locations across both Upstate and Downstate New York. Dryden Mutual is the current sponsor of InVEST classes at Dryden, Groton and McGraw High Schools and is a minor co-sponsor of an InVEST class at Trumansburg High School whose major sponsor is Finger Lakes Fire & Casualty.

Trusted Choice and Dryden Mutual

Dryden Mutual renewed our financial support of the Trusted Choice program sponsored by the Independent Insurance Agents & Brokers of America. We remain among the 50+ carriers that support this national branding campaign for the independent agency system. It is very reassuring that in early 2008, The Hartford decided to make the same commitment to Trusted Choice that we made several years ago. This validates our commitment to the idea that having viable choices is the only smart way to purchase insurance risk transfer and the best way to find those choices is through a trusted advisor in your community.



Important Fax System Changes

Dryden Mutual has responded to agency complaints that faxes sent to us sometimes never arrive or else often get cut-off in mid-transmission. After many months of research and experiments, effective May 2, 2008 we have installed two new high traffic fax numbers to compensate for what appears to be outdated switching equipment used by our local service provider. The only viable solution is to completely circumvent this provider for fax services. The new and replaced lines are as follows:

Main Fax for Underwriting, Billing and General Purposes

VERIZON Line Frontier Line
(607) 257-0312 [replaces 607-844-4085]

Main Fax for Claim Department at Dryden Mutual

VERIZON Line Frontier Line
(607) 257-0624 [replaces 607-844-3526]

We would appreciate your use of the new numbers as soon as it is convenient. The old numbers will be forwarded to the new ones during this transition, but the old problems may persist should you choose to use the old numbers. All other Dryden phone lines and WATS numbers will remain unchanged.



Robert B. Baxter, CPCU, CIC
CEO & General Manager



12 Ellis Drive
Dryden, New York 13053
www.drydenmutual.com

