

To our Clients and Friends...

We had a good 2nd quarter despite some catastrophe loss activity. We booked a net 90.9% trade ratio for the quarter. At the halfway mark for the year we are at 86.8%. This is somewhat unfamiliar territory for us. Both our property and casualty excess books have improved remarkably compared to the prior two years, more than offsetting the increased catastrophe losses.

Property Pro Rata - Our property pro rata book today is concentrated in the Northeast where weather-related losses have been modest relative to the Midwest. Had we had the same PPR book we had in the '80s and '90s, our results would be far less favorable than the 87% 2nd Quarter / 86% six-month trade ratios we posted. Our Midwest property book is now almost entirely on an excess basis, so we haven't been sharing as much in our clients' pain. Our PPR target trade ratio is 90% to 92.5%, and the difference between that what we are reporting is due to our having over reserved at December 31, 2008 for PPR losses and commissions for prior years.

Property Excess Loss - What a difference a year makes! Last year we were bleeding profusely on our PXL account, running a 134% trade ratio. This year, we are at 88% for the quarter and 85% for six months. We have had a couple of big pops and have had a good number of "economy-related" more modest losses this year, but nothing like the last couple of years when we had a lot more large losses. PXL can turn on you quickly, however. We sure hope to be able to report similar numbers at the end of the year.

Catastrophe - We had case development on '08 catastrophe losses of over \$1.8 million, which is very unusual for our book of business. We were also impacted by several '09 Midwest storms, and given the lengthening tail on cat losses, we added an extra \$1 million to our CAT IBNR account. Our CAT trade ratios were 183% and 111% for the quarter and year-to-date.

Casualty - Our casualty pro rata volume has dwindled to the point we no longer are reporting it separately from our excess business. Overall Casualty results have been steadily improving. We had to do a lot of catching up in the first half of this decade for development on a couple of problem accounts that now have stabilized. Our core book has been doing well all along. Our 2nd quarter trade ratio was 73.6%, and at six months we are at a very satisfactory 87.5%.

Production continues to be on the weak side, driven primarily by retention increases and flat primary pricing.

In early June we announced our plans to transition the management of MRB to Tim Dorr over the next 18 months. Our Board is actively involved in the process, and we

are working with a consultant not only on the transition, but also to help us to develop a more focused planning process, both strategic and operational. Things are going quite well, I am pleased to report.

While the reinsurance market appears to be relatively stable these days, it is likely just one "big one" away from chaos. A loss (anywhere in the world or on any line of business) that wipes out a significant amount of reinsurance capital will disrupt the market pretty much across the board. Existing capital providers will be looking for much higher going-forward returns - everywhere - and it's not a sure thing by any means that replacement capital will be readily available at the higher expected margins.

The National Underwriter recently reported that just 25 professional reinsurers assumed 97% of the U.S. unaffiliated ceded reinsurance premium in 2008. Most or all of these same reinsurers are exposed to market-disrupting losses just about everywhere in the world. This market concentration (and credit risk potential) is not a healthy situation for small-to medium-size regional insurance companies that are more reinsurance-dependant than the big boys. We believe regional primary companies have more unencumbered capital and are more stable than the professional reinsurance market, and we need to better harness non-professional reinsurance capacity to take care of our own. MRB has been a successful "aggregator" of primary capacity to write regional reinsurance business since 1921. We are looking for more ways to expand our capacity and ability to serve our target markets, perhaps along the lines of our Regional Reciprocal Catastrophe Pool, which has saved participants more than \$80 million since its inception.

We are now seven months into a new administration in Washington, and I have to say I never imagined the scope of the damage they have wrought on the current economy and the implications of their ambitions on our country's future prospects. Mr. Obama and many of his Congressional supporters clearly would not have been elected had they run on a platform based on what they have done so far. Ironically, Obama only was elected due to the 18 to 29 year "demographic" - something like 67%. Boy, are those younger folks in for a whole lot of buyers' remorse.

John W. Duncan

MRB

Production

Net Written Premiums	Second Quarter (in thousands)			Six Months Year to Date (in thousands)		
	2009	2008	CHANGE	2009	2008	CHANGE
Property						
Pro Rata	\$ 9,403	\$ 9,620	(2.3%)	\$ 17,336	\$ 17,398	(0.4%)
Excess	5,161	5,416	(4.7%)	10,335	9,838	5.1%
Catastrophe	1,285	1,258	2.1%	3,451	2,534	36.2%
	\$ 15,849	\$ 16,294	(2.7%)	\$ 31,122	\$ 29,770	4.5%
Casualty	\$ 2,854	\$ 3,076	(7.2%)	\$ 5,465	\$ 7,707	(29.1%)
Total	\$ 18,703	\$ 19,370	(3.4%)	\$ 36,587	\$ 37,477	(2.4%)

Underwriting Results

Statutory Profit (Loss)	Second Quarter (in thousands)			Six Months Year to Date (in thousands)		
	2009	2008	CHANGE	2009	2008	CHANGE
Property						
Pro Rata	\$ 1,699	\$ 1,276	\$ 423	\$ 3,864	\$ 3,222	\$ 642
Excess	621	(1,332)	1,953	1,543	(3,308)	4,851
Catastrophe	(1,083)	596	(1,679)	(362)	1,669	(2,031)
	\$ 1,237	\$ 540	\$ 697	\$ 5,045	\$ 1,583	\$ 3,462
Trade Ratio	94.0%	97.9%	3.9%	86.7%	97.4%	10.7%
Casualty	\$ 749	\$ 86	\$ 663	\$ 715	\$ (794)	\$ 1,509
Trade Ratio	73.6%	97.1%	23.5%	87.5%	110.3%	22.8%
Totals						
Profit (Loss)	\$ 1,986	\$ 626	\$ 1,360	\$ 5,760	\$ 789	\$ 4,971
Trade Ratio	90.9%	97.7%	6.8%	86.8%	99.2%	12.4%

MRB Reserves for:

	(as of June 30)		
	2009	2008	CHANGE
Case Losses/LAE	\$ 68,529	\$ 85,263	(19.6%)
IBNR	94,750	91,062	4.0%
Premiums and Commissions	15,117	16,707	(9.5%)
Total	\$178,396	\$193,032	(7.6%)

Prior Years' Underwriting Results:

	(as of June 30)	
	Profit (Loss)	Trade Ratio
2007	\$ 1,447	98.0%
2006	3,931	93.2%
2005	5,073	91.6%
2004	5,608	92.0%
2003	2,322	96.4%

2009 MRB Assuming Companies and Directors

Company	CONSOLIDATED GROUP NUMBERS				
	(as of March 31, 2009)			Assets	Policyholders' Surplus
	Latest A.M. Best's Rating	MRB Board of Directors	(in thousands)		
COUNTRY MUTUAL INSURANCE CO. Bloomington, Illinois	A+ XIV	Ronald D. Pridgeon Chief Prop/Cas Actuary	3,364,125	1,375,283	
EMPLOYERS MUTUAL CASUALTY CO. Des Moines, Iowa	A- XI	Ron D. Hallenbeck, CPCU, ARc President of EMC Reinsurance	2,893,645	835,174	
FARM BUREAU MUTUAL IC OF MICHIGAN Lansing, Michigan	A- IX	Steven R. Rock, CPA, CPCU, FLMI Vice President, Corp. Controller	872,562	336,089	
KENTUCKY FARM BUREAU MUTUAL IC Louisville, Kentucky	A+ XI	Bill Reddington III Director Actuarial Services	1,580,702	814,507	
MOTORISTS MUTUAL INSURANCE CO. Columbus, Ohio	A X	Michael L. Wiseman, FCAS Treasurer/CFO	1,516,986	512,292	
Combined Totals			\$ 10,228,020	\$ 3,873,345	

MRB Officers

John W. Duncan
President, CEO, Attorney-in-Fact

Melvin H. Krieger, CPA
Senior Vice President, CFO

Robert J. Monaghan
Senior Vice President, Sales & Service

Peter L. Barr, CPCU, ARM
Senior Vice President, Sales & Service

Timothy M. Dorr, CPCU
Senior Vice President

Thomas L. Crossett, Sr., JD, CPCU, ARE, ASLI
Vice President, Sales & Service

Steven J. South
Vice President, Data Processing

Richard W. Hall
Vice President, Underwriting Services

Kenneth L. Hense, CPCU, ARE, SCLA, AIC
Assistant Vice President, Claims

Clifford A. Fister, CPCU
Assistant Vice President, Underwriting Services

Lisa K. Ebbers
Assistant Vice President, Underwriting Services