

FCCI MUTUAL INSURANCE HOLDING COMPANY AND SUBSIDIARIES

Summarized Balance Sheet Information (in thousands)

Assets	2010	2009
Bonds and other investments	\$ 1,285,245	1,230,143
Cash and cash equivalents	24,450	7,942
Amounts due from policyholders	191,283	191,316
Amounts recoverable from reinsurers	132,918	174,319
Amounts due from Florida Special Disability Trust Fund	10,174	11,693
Land, building, and equipment, net of depreciation	48,577	49,928
Other assets	99,034	112,465
Total assets	<u>\$ 1,791,681</u>	<u>1,777,806</u>
Liabilities and Members' Equity		
Liabilities:		
Loss and loss adjustment expenses	\$ 819,753	878,215
Unearned premiums	217,337	219,845
Debt	99,882	59,750
Other liabilities	104,901	115,639
Total liabilities	1,241,873	1,273,449
Members' equity	549,808	504,357
Total liabilities and members' equity	<u>\$ 1,791,681</u>	<u>1,777,806</u>

As of December 31, 2010 and 2009, policyholders' surplus of the Company's insurance subsidiaries as determined in accordance with statutory accounting practices was \$479,119 and \$427,390, respectively.

Summarized Statements of Earnings Information (in thousands)

	2010	2009
Revenues:		
Net premiums earned	\$ 429,878	438,379
Net investment income	46,489	44,743
Net realized investment gain	14,427	12,996
Service fees and other income	2,704	2,966
Total revenues	493,498	499,084
Costs and expenses:		
Loss and loss adjustment expenses incurred	281,912	292,711
Policy acquisition expenses	73,238	81,234
Underwriting, general and administrative expenses	78,185	74,458
Policyholders dividends	7,867	7,701
Other	1,248	1,488
Total costs and expenses	442,450	457,592
Income before income taxes	51,048	41,492
Income tax expense	16,040	13,902
Net income	<u>\$ 35,008</u>	<u>27,590</u>

The summarized financial information of the Company is derived from financial statements prepared in conformity with accounting principles generally accepted in the United States of America which are audited by an independent public accounting firm.



PROTECTING BUSINESS, PROPERTY AND PEOPLE

The FCCI Insurance Group includes Briarfield Insurance Company, FCCI Advantage Insurance Company, FCCI Commercial Insurance Company, FCCI Insurance Company, Monroe Guaranty Insurance Company and National Trust Insurance Company.

It is with great pleasure and optimism that I deliver to you this 2010 Annual Report.

This is my last annual report as FCCI's President and Chief Executive Officer, a post I was privileged to hold for 12 years and that I leave behind with fond memories, deep gratitude, and a sincere conviction that despite the incredible progress we've made, FCCI's best years are still yet to come.

To succeed, an insurance company must demonstrate over time the financial strength and stability to withstand both natural and economic disasters. In 2010, while America recovered from the Great Recession, FCCI reaped the harvest of more than 50 years of continuous improvement.

The benefactors of our success include FCCI's 18,000 policyholders in 14 states, 4,000 independent agents, and 670 employees in the Southeast, Midwest and Gulf Coast regions. We know how important it is for us to have the wherewithal to honor our contractual pledge to insure our policyholders against risks to their enterprise, and our financial strength is at its peak. However, I believe that you can take even more comfort in knowing that each of us at FCCI is committed to keeping our promises and exceeding your expectations no matter what the economic conditions.

In 2010, FCCI strengthened its capabilities on several fronts. We expanded our product line, we strengthened our infrastructure, we increased our productivity, and we developed niche markets, including agribusiness, a promising sector for FCCI, and commercial surety, further diversifying the FCCI book.

Moreover, FCCI grew our customer base in 2010 without irresponsibly slashing prices, proving that even in the midst of economic hardship and uncertainty, FCCI remains a stable and consistent player in the insurance marketplace, intent on winning our customers' loyalty through exceptional service and value while never sacrificing our long-term view.

Most important, the momentum FCCI achieved in 2010 occurred while maintaining our financial prudence and discipline, including FCCI's conservative investment approach.

FCCI's investment portfolio performed very well in 2010, and as a result of \$14.4 million in realized gains, our members' equity based on generally accepted accounting principles, a critical measure of an insurer's financial well-being and a cushion against adverse loss, reached \$549.8 million, a nine percent increase over 2009. Our statutory surplus, the regulatory equivalent of equity, reached \$479.1 million.

FCCI's solid financial results and our commitment to make every transaction count reflect our belief that the insurance consumer deserves more than just a policy; you deserve our very best.

Thank you for your business and your trust. Now and into the future, we remain your First Choice in Commercial Insurance.

G. W. Jacobs
President and Chief Executive Officer