

Washington Town Mutual Insurance Company is a member of the Policyholder's Mutual Insurance Company and is Reinsured by WISCONSIN REINSURANCE CORPORATION (MADISON, WISCONSIN)

MARCHANT CONSULTING
Oregon, Wisconsin

ACCOUNTANT'S COMPILATION REPORT

To the Board of Directors
Washington Town Mutual Insurance Company
Washington Island, Wisconsin

I have compiled the accompanying statutory statements of admitted assets, liabilities and surplus of Washington Town Mutual Insurance Company as of December 31, 2010 and 2009, and the related statutory statements of income and changes in surplus and schedule of expenses incurred for the years then ended, in accordance with Statements on Standards for Accounting & Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them. These financial statements are prepared on the basis of accounting practices prescribed or permitted by the Office of the Commissioner of Insurance of the State of Wisconsin.

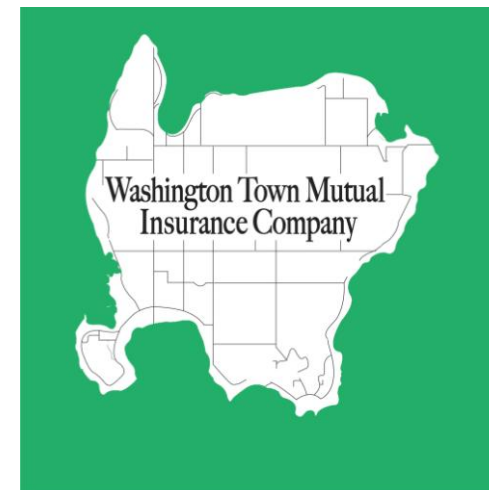
These financial statements do not include statements of cash flow and substantially all disclosures required by statutory accounting principles. If the statements of cash flow and omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's financial position, results of operations, and cash flow. Accordingly, these financial statements are not designed for those who are not informed about such matters.

David C Marchant

Oregon, Wisconsin
February 7, 2011

1889

2010



ANNUAL REPORT TO POLICYHOLDERS
(Unaudited)

122nd YEAR

1246 Main Road
Washington Island, WI 54246
(920) 847-2041

ANNUAL MEETING

April 19, 2011

Location: Nelsen Hall
Time: 7:00 p.m.

(Includes refreshments and door prizes)

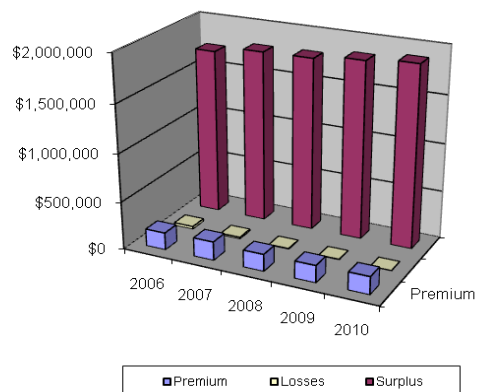
OFFICERS AND DIRECTORS

	<u>Term Expires</u>
Ivan Johnson, President	2013
Thomas Koyen, Vice-President	2012
Marlene Mann, Secretary	2013
Marg Bjarnarson, Treasurer/Manager	2012
Wayne Boshka	2011
Bill Jorgenson	2011

SELECTED HISTORICAL FINANCIAL INFORMATION

	2010	2009	2008
Policies in force	450	452	453
Insurance in force	\$113,714,365	\$110,315,585	\$109,228,221
Direct premium written	\$183,662	\$179,335	\$178,227
Average investment return	2.4%	3.2%	3.7%

Direct Premium, Direct Losses and Surplus



**STATUTORY STATEMENTS OF ADMITTED ASSETS,
LIABILITIES AND SURPLUS**

- See Accountant's Compilation Report -
December 31, 2010

	2010	2009
ADMITTED ASSETS		
Cash and investments:		
Cash	13,033	12,335
Invested cash	1,340,534	1,307,576
Wisconsin Reinsurance Corporation Stock	46,842	43,920
Other Stocks & mutual funds	75,671	66,853
Mortgage loans	451,188	451,474
Real estate occupied by Company	19,231	23,295
Cash and investments	1,946,499	1,905,453
Accrued investment income	5,439	7,917
Uncollected premium	12,623	10,438
Reinsurance Premium Recvble	2,631	3,945
Computer Equipment, net	444	1,204
Fire due recoverable	-	-
Reinsurance commission receivable	5,388	5,131
TOTAL ADMITTED ASSETS	1,973,024	1,934,088
LIABILITIES AND SURPLUS		
Net unearned premium	74,674	75,759
Net unpaid losses	2,000	3,000
Net unpaid loss adjustment expense	100	100
Reinsurance payable	-	-
Premiums paid in advance	4,479	5,725
Other liabilities	3,194	2,525
Total liabilities	\$84,447	\$87,109
Surplus	1,888,577	1,846,979
TOTAL LIABILITIES AND SURPLUS	1,973,024	1,934,088

**STATUTORY STATEMENTS OF INCOME AND
CHANGES IN SURPLUS**

- See Accountant's Compilation Report -
Year Ended December 31, 2010

	2010	2009
UNDERWRITING OPERATIONS		
Net premium earned:		
Direct premium earned	183,662	178,339
Reinsurance ceded	(92,422)	(87,696)
Net premium earned	91,240	90,643
Net losses incurred:		
Direct losses incurred	(4,796)	10,963
Reinsurance recoveries	4,536	(5,859)
Net losses incurred	(260)	5,104
Operating expenses incurred:		
Loss adjustment expense	12,134	11,283
Underwriting expense	86,543	85,346
Total operating expenses	98,677	96,629
Underwriting gain (loss)	(7,177)	(11,090)
INVESTMENT INCOME		
Investment income earned	45,761	60,537
Investment expenses	(11,648)	(11,353)
Net realized capital gain (loss)	0	0
Investment and other income	34,113	49,184
Net income (loss)	26,936	38,094
Change in unrealized capital gain (loss)	10,269	6,884
Change in non-admitted assets	4,393	4,393
Net change in surplus	41,598	49,371
Surplus, beginning of year	1,846,979	1,797,608
SURPLUS, END OF YEAR	1,888,577	1,846,979

**STATUTORY SCHEDULES OF
EXPENSES INCURRED**

- See Accountant's Compilation Report -
Year Ended December 31, 2010

	2010	2009
Reinsurance commission income	(13,226)	(12,497)
Meeting fees and expenses	1,550	1,625
Loss adjustment expense	850	100
Underwriting & inspection	1,400	800
Director & officer insurance	1,801	7,551
Salaries & wages	47,441	49,353
Payroll taxes	3,973	4,359
Utilities and building costs	8,172	6,652
Property taxes	1,633	1,585
Depreciation-real estate	4,065	4,065
Telephone	1,965	1,865
Advertising	535	479
Office maintenance & supplies	5,081	3,850
Office forms & other	3,159	3,467
Computer deprec/support/license	6,996	7,450
Non-admitted Software Amortization	5,153	4,393
Trade association dues	2,204	2,261
Legal and accounting	6,398	6,333
Fire department dues	1,659	1,612
Seminars/conventions	3,207	3,719
Insurance	8,810	1,806
Annual Meeting	2,407	1,985
Investment & other expense	292	269
Donation-Wash. Isl. Scholarships	3,500	3,500
Donation-Wash. Isl. Fire Dept.	200	200
Donation-Wash. Isl. Rescue Squad	200	200
Donation-Wash. Isl. Archives	100	100
Donation-Wash. Isl. School	100	100
Donation-Wash. Isl. RECFoundation	100	100
Donation-Wash. Isl. Farm Museum	100	100
Donation-Wash. Isl. Maritime Mus	0	100
Donation-Wash. Isl. Players	100	100
Donation-Wash. Isl. Art & Nature Ctr	100	100
Donation-Wash. Isl. Baseball Team	100	100
Donation-Wash. Isl. Music Festival	100	100
Donation-Wash. Isl. Community Ctr	100	100
TOTAL EXPENSES INCURRED	110,325	107,982
Allocation:		
Loss adjustment expense	12,134	11,283
Underwriting expense	86,543	85,346
Investment expense	11,648	11,353
TOTAL EXPENSES INCURRED	\$110,325	\$107,982
Total donations listed above	4,800	4,900