



UNION MUTUAL OF VERMONT COMPANIES
2 0 0 3 A N N U A L R E P O R T

“Service in the Vermont tradition that is second to none”



UNION MUTUAL OF VERMONT COMPANIES

While our roots are in Vermont, over the past 130 years the Union Mutual of Vermont Companies have expanded throughout New England and Upstate New York.

We are proud of our long-standing tradition of providing top quality personal and commercial insurance products through our partners, the local professional independent agent.

Most importantly, we remain committed to providing service to our policyholders and agents, in the Vermont tradition, that is second to none.

Cover photo: The spectacular seasons of the Northeast, featuring the unique profile of Vermont's Camel's Hump Mountain, a dairy farm in mid-summer, a fence-lined country road in fall, and a beautiful, crisp winter day.

- Union Mutual Fire Insurance Company
- New England Guaranty Insurance Company, Inc.
- Eastern Mutual Insurance Company

Proud to be servicing these areas:



A.M. Best Ratings of "A- (Excellent)" have been assigned to the Union Mutual of Vermont Companies

*This report is dedicated to the memory of
Robert P. Bliss, Jr.,
a long-time friend, agent and director
of the Companies.*



TO OUR POLICYHOLDERS AND AGENTS:

As the Union Mutual of Vermont Companies begin their 130th year of service, I am pleased to report that 2003 was a very solid year. The Companies achieved a number of milestones reflecting our strong financial condition, with total assets in excess of \$130 million, policyholder surplus of \$49 million and total premiums of \$86 million. The Companies are now stronger than ever. Of course we could not have achieved these results without the efforts of our dedicated employees who strive everyday to provide "service second to none" to our policyholders and key partners, our independent agents.

The Companies' 2003 performance reflects the hard market conditions, and a return to underwriting basics in the wake of the bull stock market from the late 1990's (whose double digit returns tended to mask underwriting deficiencies). Similar to many other carriers, we have spent a great deal of time over the past few years inspecting risks and re-pricing policies to better compensate for anticipated losses. While challenging for ourselves and our agents, this process was very necessary and we are well positioned for the future.

The year also saw continued growth in our automobile insurance line, especially our combination home/automobile policy; the full integration of our New York affiliate, Eastern Mutual, into our data processing system; and the development of an Internet-based commercial policy pricing system for our agents. In addition to these improvements, we continued to cope with new emerging issues such as terrorism coverage, mold and reinsurance capacity.

No one can predict the future, but we can prepare for it. As we begin our 14th decade of service, strength and security, we rely as always on our experienced team of professional employees and agents to meet the unexpected challenges that lie ahead. Most importantly, we remain committed to providing the very best personalized, friendly service to our agents and policyholders.

Best regards,

A handwritten signature in blue ink, reading "Douglas J. Wacek".

Douglas J. Wacek

President & Chief Executive Officer



UNION MUTUAL OF VERMONT COMPANIES
2003 Financial Report - Combined

Assets

Bonds	83,025,000
Stocks	15,235,000
Cash & Equivalents	4,500,000
Other Assets	27,633,000
	\$130,393,000

Liabilities

Unearned Premiums	42,945,000
Loss & LAE Reserves	28,925,000
Other Liabilities	9,163,000
Policyholder's Surplus	49,360,000
	\$130,393,000

**UNION MUTUAL FIRE INSURANCE COMPANY &
 NEW ENGLAND GUARANTY INSURANCE COMPANY, INC.**

Officers

Douglas J. Wacek
President & CEO

Ian B. Chisholm
Vice President, Underwriting

John H. Fitzhugh
*Vice President, General
 Counsel & Secretary*

Bradley S. Keysar
*Vice President,
 Information Systems*

Michael W. Nobles
Vice President, Finance

William B. Robie
Treasurer

Harold L. Robinson, III
Regional Vice President

William R. Scrafford
Regional Vice President

John R. Walker
*Vice President,
 Marketing*

Board of Directors

John F. McLaughlin
*Chairman, and Former President
 & CEO, Union Mutual*

Frederic H. Bertrand
*Chairman, CVPS and Former
 CEO, National Life*

David R. Coates
*Former Managing Partner,
 KPMG*

John E. Corning
*Former Sr. Vice President,
 Union Mutual*

Allen Martin
*Chairman,
 WICOR Americas*

James A. McDonald
*President & CEO, J.A.
 McDonald, Inc.*

S. John Osha
*Dairy Farmer and Chairman,
 Randolph National Bank*

Thomas P. Salmon
*Former President, UVM and
 Governor of VT (1973-1977)*

Douglas J. Wacek
*President & CEO,
 Union Mutual*

Directors Advisory Council

Lawrence H. Reilly
*Former President & CEO,
 Union Mutual*

Everett C. Bailey
*Former President & CEO,
 E.B. & A.C. Whiting Co.*

F. Ray Keyser, Jr.
*Of Counsel, Keyser & Crowley,
 and Governor of VT (1961-1963)*

Robert P. Bliss, Jr.
*President, The Bob Bliss
 Agency, Ltd., Consultants*

**UNION MUTUAL FIRE
 INSURANCE CO.**

Assets

Bonds	39,269,000
Stocks	23,621,000
Cash & Equivalents	2,063,000
Other Assets	17,882,000
	\$82,835,000

Liabilities

Unearned Premiums	19,976,000
Loss & LAE Reserves	13,424,000
Other Liabilities	4,603,000
Policyholder's Surplus	44,832,000
	\$82,835,000

**NEW ENGLAND GUARANTY
 INSURANCE CO., INC.**

Assets

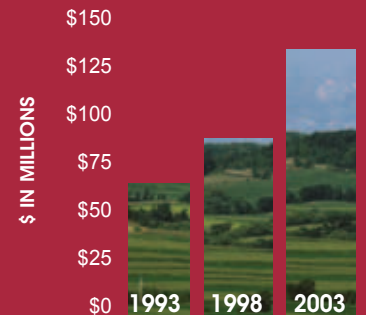
Bonds	37,373,000
Stocks	6,977,000
Cash & Equivalents	1,091,000
Other Assets	8,456,000
	\$53,897,000

Liabilities

Unearned Premiums	19,976,000
Loss & LAE Reserves	13,423,000
Other Liabilities	4,114,000
Policyholder's Surplus	16,384,000
	\$53,897,000

**UNION MUTUAL OF VERMONT
 COMPANIES - Combined**

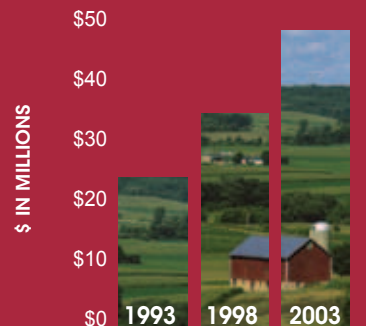
TOTAL ASSETS



WRITTEN PREMIUM



POLICYHOLDER'S SURPLUS





EASTERN MUTUAL INSURANCE COMPANY

Assets

Bonds	6,383,000
Stocks	1,022,000
Cash & Equivalents	1,345,000
Other Assets	1,404,000
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	\$10,154,000

Liabilities

Unearned Premiums	2,994,000
Loss & LAE Reserves	2,077,000
Other Liabilities	555,000
Policyholder's Surplus	4,528,000
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	\$10,154,000

EASTERN MUTUAL INSURANCE COMPANY

Officers

William R. Scrafford
President & Treasurer

Douglas J. Wacek
Chief Executive Officer

Valerie A. Davis
Comptroller

Susan M. Fancher
*Vice President,
Underwriting & Marketing*

Elizabeth J. Friedland
Secretary

Bradley S. Keysar
*Vice President,
Information Systems*

Michael W. Nobles
Chief Financial Officer

Gail D. Snyder
Assistant Secretary

Board of Directors

Robert E. Flagler
*Chairman, Retired Assistant
Controller - Dime Savings Bank*

Elizabeth J. Friedland
*Retired Manager,
Schoharie & Schenectady
Mutual Insurance Association*

Scott T. Jeffers
*President, Sauquoit Valley
Insurance Company*

Donald F. Jewett
Owner, Jewett's Poultry Farm

Kent L. Johnson
*Systems Analyst, Rensselaer
Polytechnic Institute*

William R. Scrafford
President, Eastern Mutual

Edward R. Waldron
*Former Chairman,
Retired Dairy Farmer*

Allyn P. Wright
*Vice Chairman, Independent
Forestry Consultant*

OUR COMMITMENT

The Union Mutual of Vermont Companies are dedicated to providing top quality insurance products that meet the financial needs of our policyholders and to delivering those programs via local independent agents in a manner that exceeds our policyholders' expectations. We are committed to delivering our products through our extensive network of independent agencies. In a business dominated by technology, we believe the personal touch is important. We believe that a local insurance professional is best qualified to assist in establishing a quality insurance program that is cost effective and comprehensive.

OUR PRODUCTS

We aim to provide cost effective, innovative insurance solutions for both individuals and small businesses throughout New England and Upstate New York. While our history and reputation for writing personal lines policies is quite well known, we are also very active in the commercial lines market. We are very interested in expanding our writings to cover a wide variety of retail and service establishments, office buildings and specialty customers which may include beauty shops, photographers, printers, barber shops, and many other types of small businesses. Our staff continually seeks opportunities to customize coverages to meet the unique needs of our clients.

OUR CLAIM SERVICE

Most importantly, you can count on the Union Mutual of Vermont Companies to provide old fashioned service when you need it most. For over 130 years we have done just that. Our in-house staff and our team of strategically placed independent adjusters provide prompt, fair and efficient claims service with a personal touch. We understand that any claim is a traumatic experience which demands the personal attention of our staff. We are prepared to respond to your claim in a kind, compassionate, and understanding manner, whenever it may occur.

PERSONAL INSURANCE

- Homeowners
- Automobile
- Umbrella
- Combination Home/Auto
- Inland Marine
- Mobilehomeowners
- Farmowners
- Dwelling Fire
- Flood

COMMERCIAL INSURANCE

- Businessowners
- Commercial Fire
- General Liability
- Commercial Package
- Inland Marine
- Umbrella



U N I O N M U T U A L O F V E R M O N T C O M P A N I E S
2 0 0 3 A N N U A L R E P O R T

“Service in the Vermont tradition that is second to none”



**Union Mutual Fire Insurance Company
New England Guaranty Insurance Company, Inc.**

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Eastern Mutual Insurance Company

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