



ACUITY SERVES
UP A DELICIOUS
REPORT FOR
2009

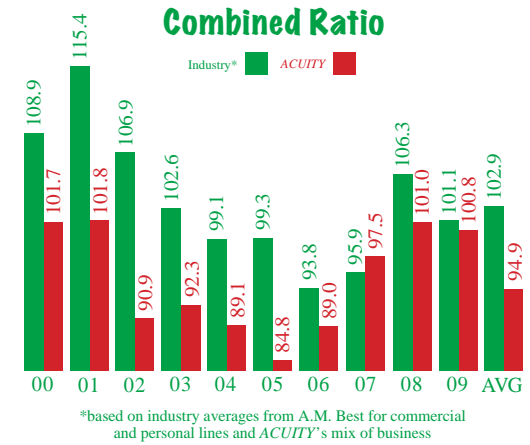


DELIVERED DAILY

Performance Primo - *ACUTY* carefully blended people, processes, and technology to create ten consecutive years of inclusion on the Top 50 list of best-performing insurers in the nation by Ward Financial Group. **DELIVERED**

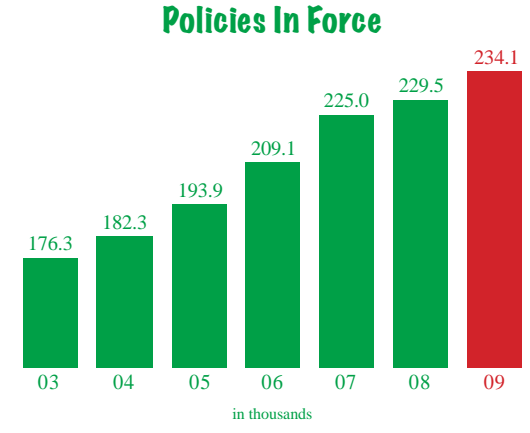
Dynamic Duo - We combined robust A+ ratings from A.M. Best and Standard & Poor's to provide agents, staff, and policyholders unparalleled financial strength. **DELIVERED**

Profitability Platter - *ACUTY*'s smoking-hot performance continued with a 97.2 eight-year combined ratio, 7.3 points better than the industry. **DELIVERED**



“Year in and year out, *ACUTY* delivers on promises to our agents and the families and employers who depend on us.”

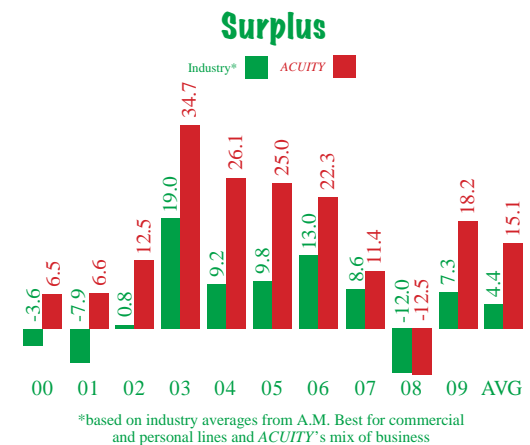
*Ben Salzmann,
President and CEO*



Employer Extraordinaire - The secret to this recipe is our staff, who have made *ACUTY* a “Best Medium-Sized Company to Work in America” for a half-dozen consecutive years and a top spot for both college grads (collegegrad.com) and mature workers (AARP). **DELIVERED**

New States Rapido - Choose from a menu of 19 different states in which we do business thanks to a proven program that put *ACUTY* in ten new states in just six years. **DELIVERED**

Surplus Gusto - The finest ingredients and record surplus created a 0.96 to 1.0 written premium to surplus ratio for the first time in our history. **DELIVERED**



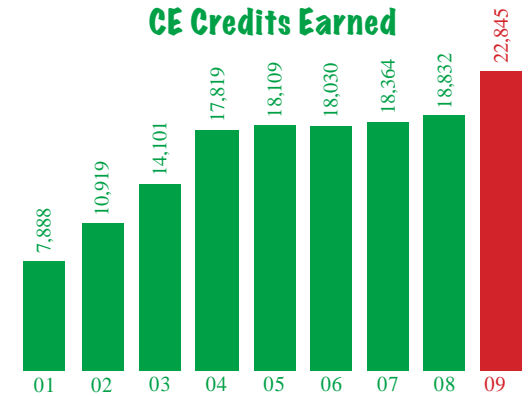


DELIVERED DAILY

Fired-Up Agents - Our value-infused speaking tours drew nearly 5,000 agents, shattering our previous all-time record. **DELIVERED**

New Business Naturale - With a hearty appetite for business, *ACUITY* wrote a red-hot \$140 million in new business premium, surpassing last year's generous portion by over \$5 million. **DELIVERED**

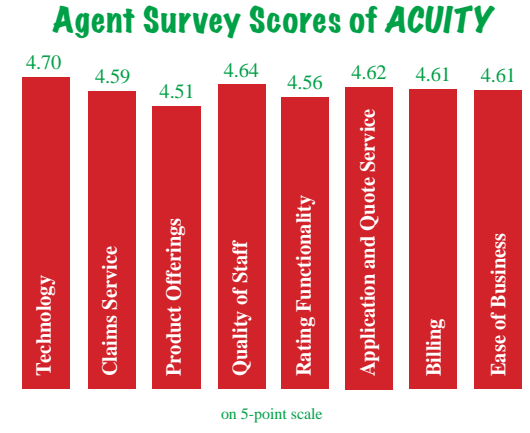
Education Magnifico - *ACUITY*'s well-done course offerings allowed our agents to earn over 20,000 continuing education credits for the first time in history **DELIVERED**



CLIP AND SAVE

"In a difficult environment, *ACUITY* delivers our agents the products, pricing, and technology they need to succeed."

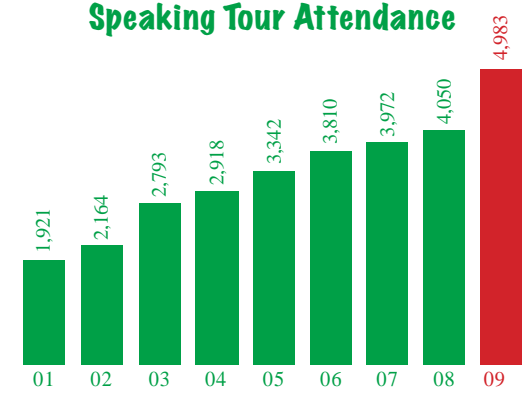
Wally Waldhart, Vice President - Sales and Communications



Certified Creative - Exquisitely prepared annual reports earned top awards nationally from ADDY and internationally from MarCom over the past two years. **DELIVERED**

Choice Commissions - *ACUITY*'s Grade A agents received a supersized portion of \$1 billion in commissions over the past ten years. **DELIVERED**

Perfectly Proportioned Policies - We featured a hearty growth of 65,000 new policies in 2009, even besting last year's healthy number **DELIVERED**



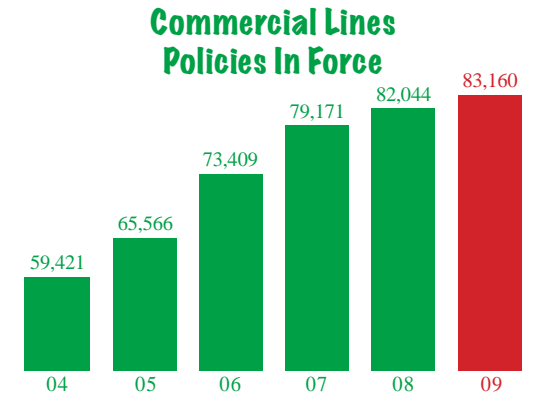


DELIVERED DAILY

Certified Organic Accounts - Over 900 top-shelf agencies produced a healthy array of accounts and raised our policy count to over 83,000, an all-time high **DELIVERED**

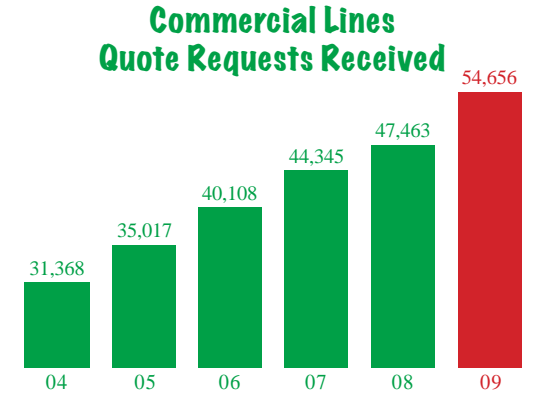
Loss Ratio Lite - At a prime 42.2%, our commercial lines accident year loss ratio in 2009 was a full four points better than 2008. **DELIVERED**

Quick-Rise Quotes - Agents outperformed in 2009, delivering an extra topping of 15% more quotes than the previous year. **DELIVERED**



“Our underwriters are always willing to go the extra mile to deliver what agents need to write good business.”

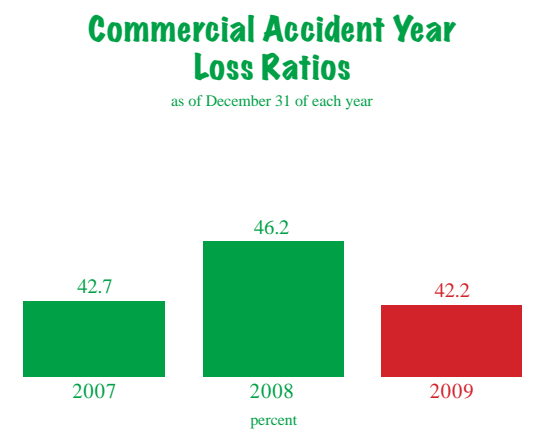
Ed Warren, Vice President - Commercial Lines

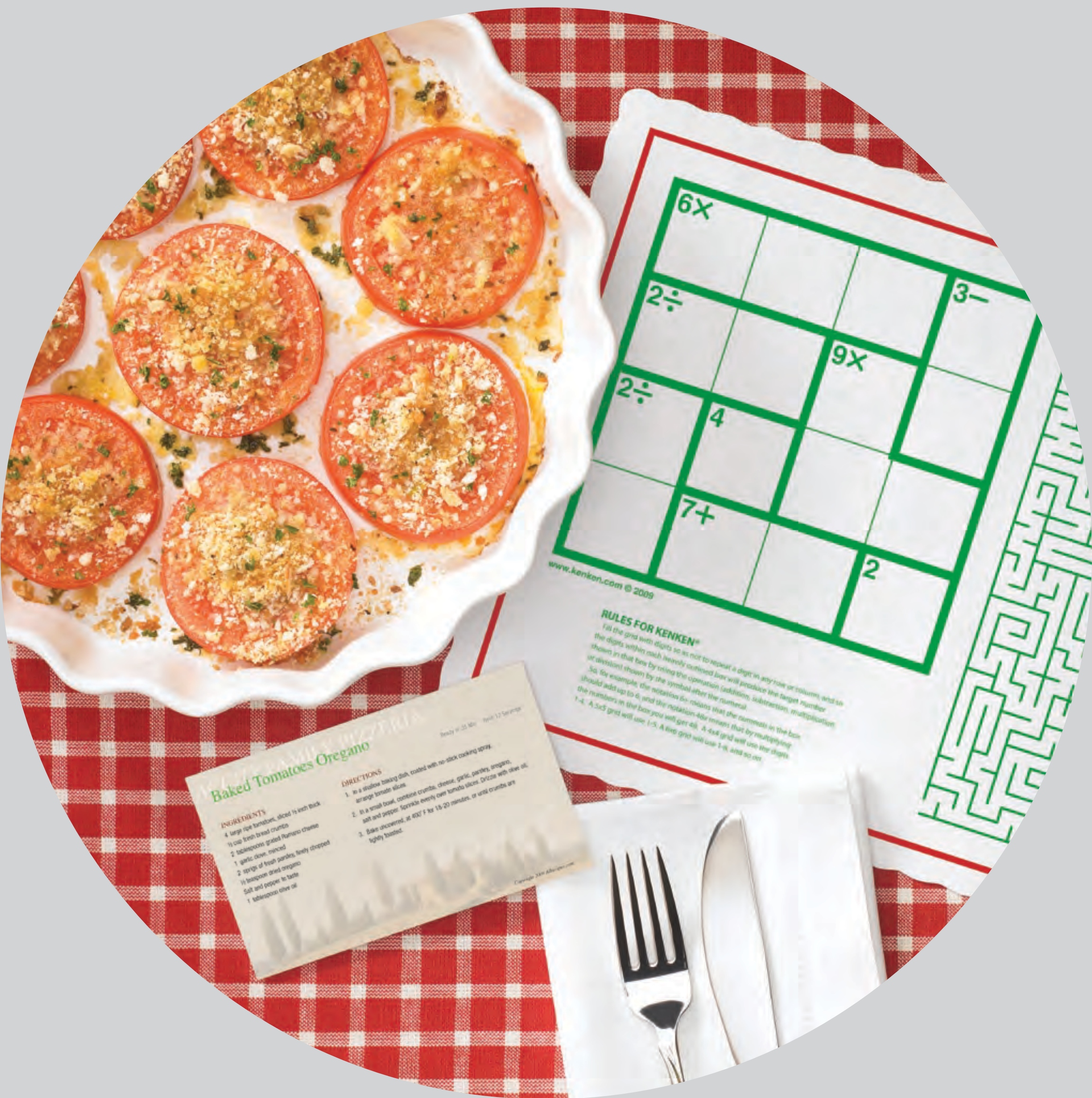


Hit Ratio Special - A carefully prepared blend of valuable coverages, competitive pricing, and great service produced a hit ratio that exceeded 35% for the third-straight year . . **DELIVERED**

Agents Importanté - Our underwriters kicked it up a notch, topping strong productivity in 2009 with a record 3,400 agency visits **DELIVERED**

Coverage Smorgasbord - We added to our buffet by expanding our appetite for long-haul transportation accounts and rolling out a Truckers' Enhancement Endorsement . . **DELIVERED**





DELIVERED DAILY

Premium Grande - A towering performance of more than \$211 million in written premium propelled personal lines to an all-time high, doubling that number since we changed our name to *ACUITY***DELIVERED**

Policy Count Supremo - Peppered with accounts from across our 19-state territory, *ACUITY* now has over 150,000 personal lines policies in force for the first time**DELIVERED**

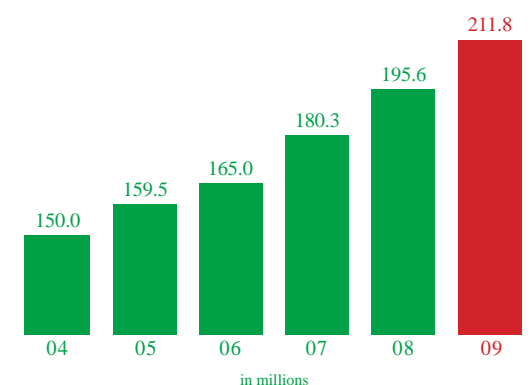
Well-Done Service - *Our house special!* The 97,000 calls handled by our underwriters in 2009 was an all-time record**DELIVERED**

“Due to the trust of our agents and the efforts of our staff, *ACUITY* personal lines delivered outstanding growth and profitability.”

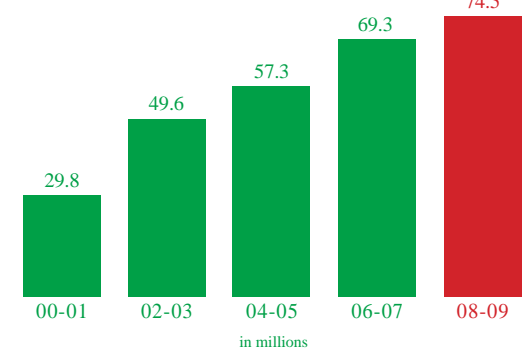


Ed Felchner, Vice President - Personal Lines and Marketing

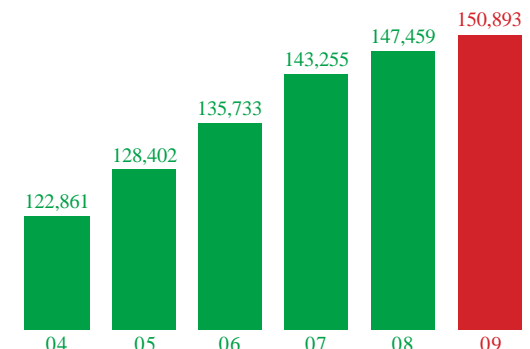
Personal Lines Written Premium



Personal Lines New Business Premium



Personal Lines Policies In Force



Crème de la Conversions - Carefully selected, hot book rolls were a strong source of profit in 2009**DELIVERED**

Applications ala Electronic - From our delicious buffet of policy application options, over 99% of our agents chose electronic channels for new business**DELIVERED**

New Business Maximo - With a mouth-watering blend of prime coverages and value pricing, *ACUITY* booked \$74.5 million in new business premium over the last two years**DELIVERED**



DELIVERED DAILY

Service Fantastico! - Prime claims response earned *ACUITY* a 97% satisfaction rating from agents and 95% from claimants, a major competitive advantage**DELIVERED**

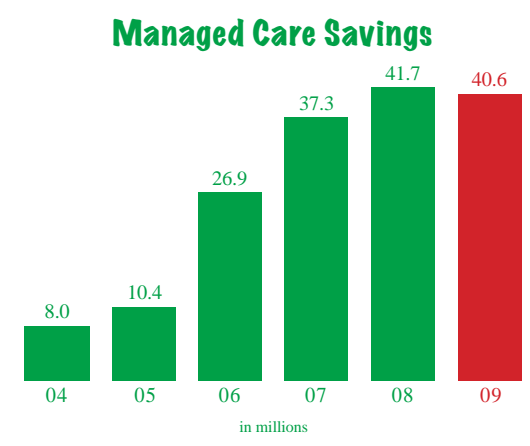
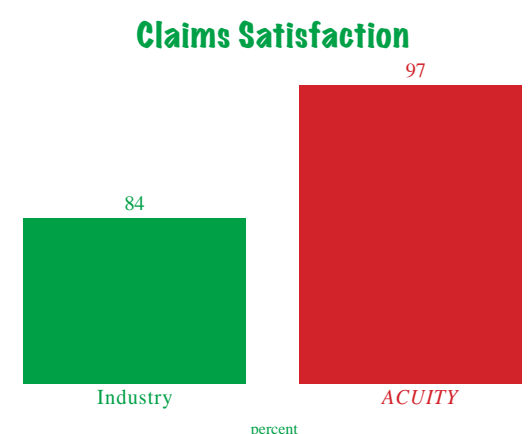
Savings Duo - *New and Improved!* This preparation incorporates a record 43.6% reduction in medical bill costs, delivering our policyholders over \$40 million in savings from our Managed Care Program**DELIVERED**

Claims Reduction - This remarkable recipe features unwavering diligence by *ACUITY* staff and agents that contributed to a 12% drop in companywide claim volume**DELIVERED**

"Our claims team works continuously to deliver on our promise to protect our customers' well-being"



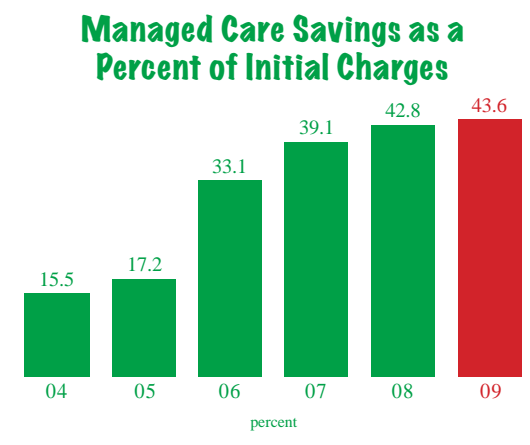
*Jamie Loiacono,
Vice President - Claims*



Contact Rapido - *ACUITY's* signature dish in Claims is meaningful, same-day contact 96% of the time**DELIVERED**

PPO Primo - We hit a fresh high of 71% utilization of *ACUITY's* preferred provider network in 2009, compared to 53% among peer companies**DELIVERED**

Open-Face Communication - Claims representatives conducted over 300 face-to-face meetings with potential and existing commercial policyholders, an all-time record, to explain the *ACUITY* advantage in fulfilling promises**DELIVERED**





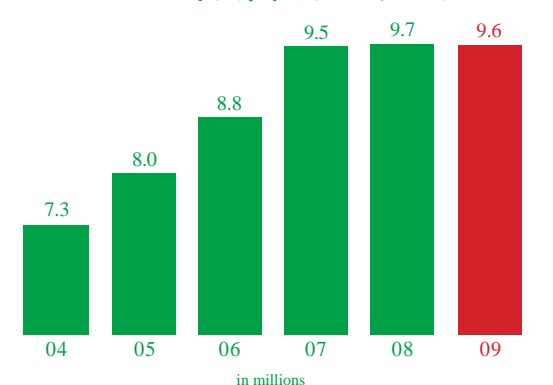
DELIVERED DAILY

Net Infusion - Net income, which rose an incredibly generous 66%, finished the year at nearly \$50 million**DELIVERED**

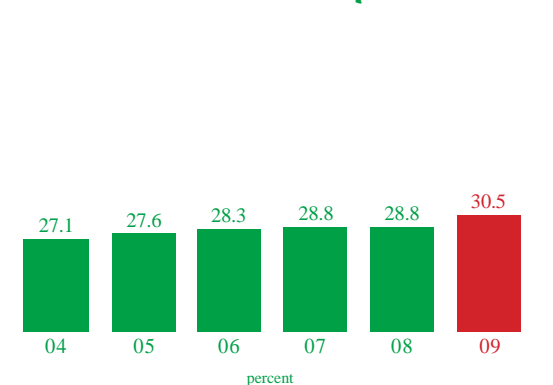
ACUTY Investment Combo - With a perfectly blended portfolio and a conservative strategy, investment income increased to over \$56 million**DELIVERED**

Homegrown Greens - In addition to a rise in investments, ACUTY served up nearly \$120 million in cash from operations, an increase of 18%**DELIVERED**

ACUTY 401(k) Contributions



ACUTY's Consistent Expense Ratio



"Throughout the market turmoil, ACUTY delivered a stable and strong financial performance that validates our business strategy."

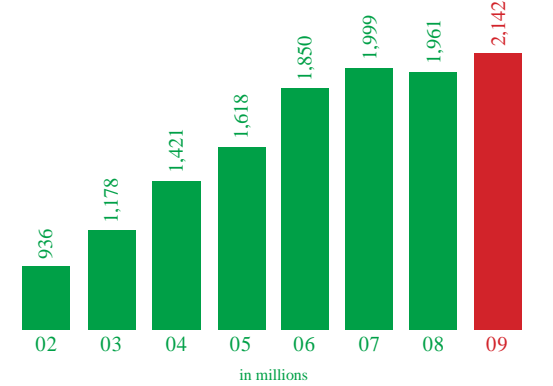
Wendy Schuler,
Vice President - Finance

Underwriting Gain Grande - An exquisite performance from core operations led to over \$21 million in underwriting income.**DELIVERED**

Assets Topped With Increase - A true masterpiece! ACUTY achieved its best-ever asset total of \$2.14 billion in 2009, an increase of over 9%**DELIVERED**

Well-Done Compliance - ACUTY is perfectly prepared for the NAIC model audit rule that will be effective for 2010.**DELIVERED**

Total Assets



STATEMENT OF INCOME

For the Year Ending December 31, 2009

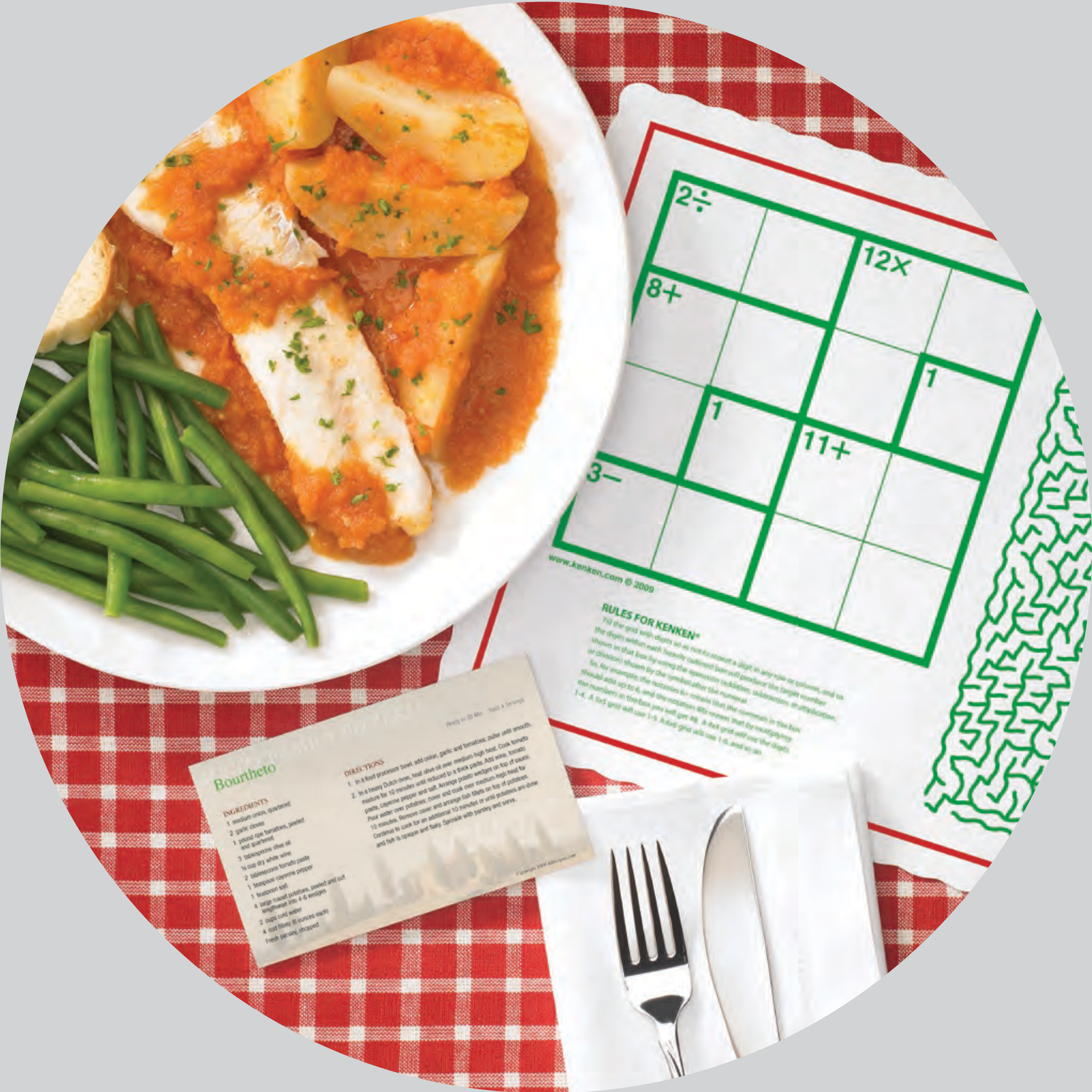
Underwriting income		\$707,107,416
Underwriting deductions		
Losses incurred	\$406,472,985	
Loss expenses incurred	70,704,303	
Underwriting expenses incurred	208,280,996	
Total underwriting deductions		685,458,284
Net underwriting gain		21,649,132
Investment income		
Net investment income earned	56,229,811	
Net realized capital gains (losses)	(4,536,715)	
		51,693,096
Other income		1,623,272
Net income (before dividends and taxes)		74,965,500
Policyholders' dividends		17,568,462
Net income (after dividends and before taxes)		57,397,038
Income taxes (including deferred)		8,596,328
NET INCOME		\$ 48,800,710

Statements do not reflect the consolidated operations of non-insurance subsidiaries and are presented on the basis of unconsolidated generally accepted accounting principles (GAAP).

COMPARATIVE STATEMENT OF CONDITION

December 31,	2009	2008
ASSETS		
Bonds	\$1,293,910,935	\$1,181,057,439
Stocks	203,763,019	124,506,667
Other invested assets	136,152,835	86,286,566
Premiums receivable	223,379,423	239,537,505
Cash and short term investments	59,455,600	39,621,469
Accrued interest and dividends	16,658,599	15,798,255
Property and equipment, net	60,528,753	62,567,591
Reinsurance recoverables	56,635,192	57,108,487
Deferred acquisition costs	62,452,493	63,580,183
Deferred income taxes recoverable	7,653,639	64,175,748
Other miscellaneous assets	21,684,733	27,249,167
Total Assets	\$2,142,275,221	\$1,961,489,077
LIABILITIES AND SURPLUS		
Loss reserves	\$ 697,432,924	\$ 659,263,835
Unearned premium reserves	347,814,967	353,126,925
Loss adjustment expense reserves	193,425,646	191,136,952
Accrued expenses	72,837,867	72,292,106
Other miscellaneous liabilities	12,855,884	4,315,251
Total liabilities	1,324,367,288	1,280,135,069
Policyholders' Surplus	817,907,933	681,354,008
Total Liabilities and Surplus	\$2,142,275,221	\$1,961,489,077

**A.M. Best Rated A+, Superior
Standard & Poor's Rated A+**



DELIVERED DAILY

Accident-Year Loss Reducto - Excellent rate-setting was a key ingredient in an accident-year loss ratio improvement of nearly four percentage points from the prior year . . . **DELIVERED**

Premium Infusion - *Can you feel the heat?* In part due to smokin' hot rates, both personal and commercial lines savored an increase in new business premium and policy inforce counts . . . **DELIVERED**

Petite Reserve - *A rare vintage!* Unlike other insurers, **ACUITY** continues to experience consistent reserve development . . . **DELIVERED**

"ACUITY's strong retention and policy count growth show we are delivering products and service that customers value."

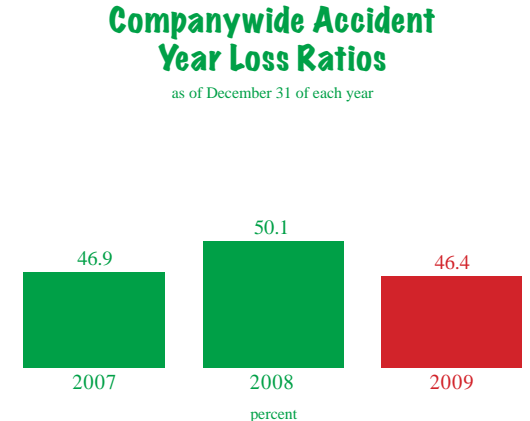
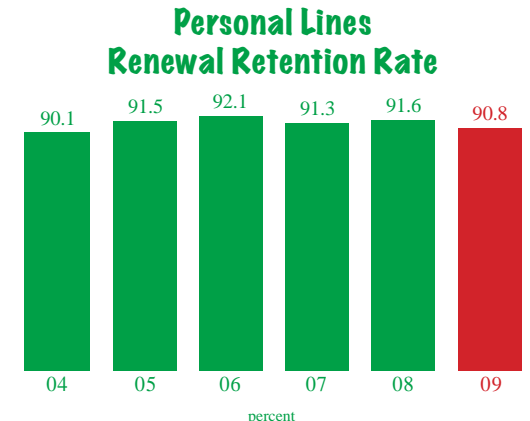


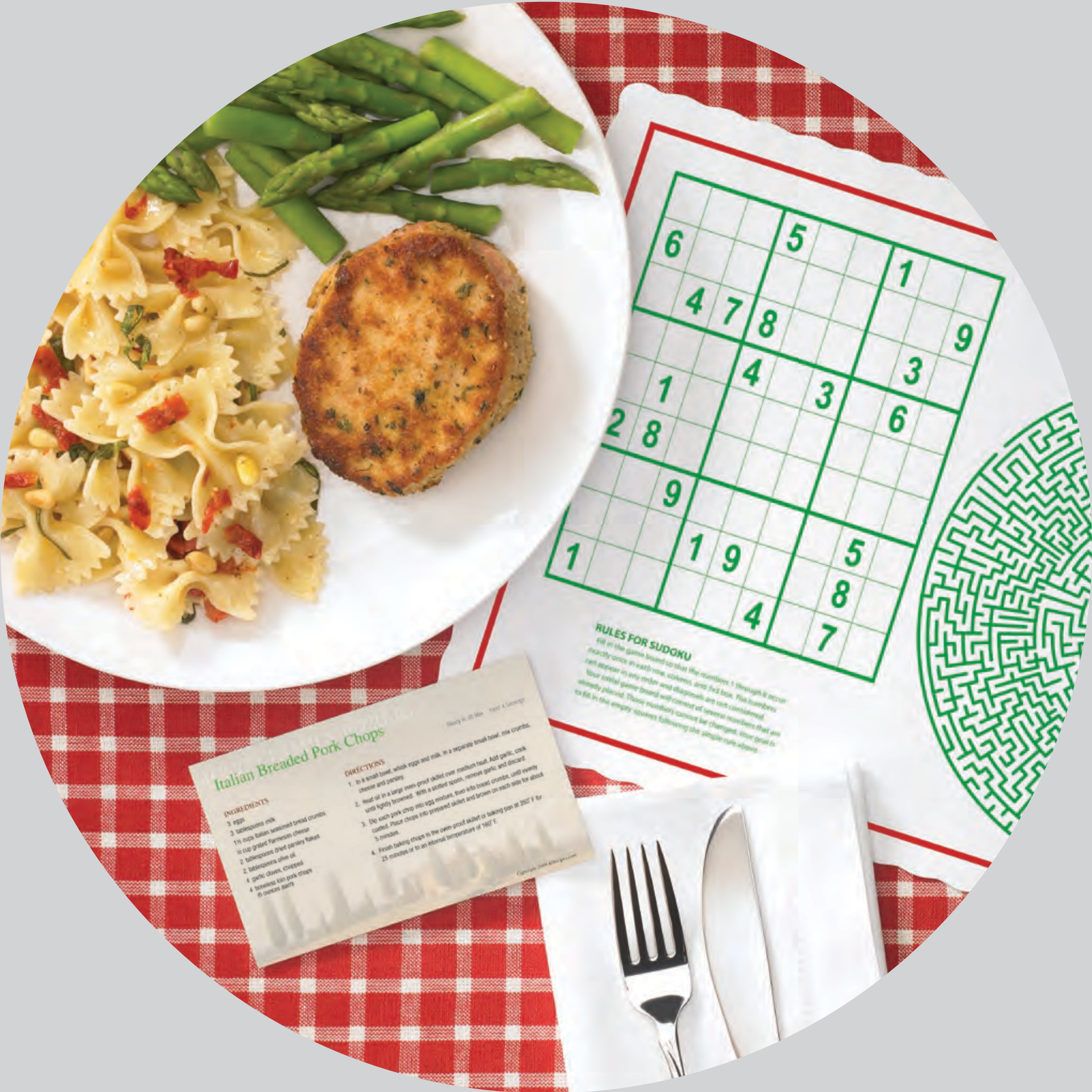
Pat Tures, Vice President - Actuarial and Strategic Information

Proof in the Pudding - For the most profitable sector in the country (carriers under \$1.25 billion in annual premium), **ACUITY** had the lowest combined ratio in the nation for both commercial auto and Workers' Compensation over the last nine years . . . **DELIVERED**

Customers' Choice - Don't just take our word for it - virtually 90% of **ACUITY's** customers renew their policies each year . . . **DELIVERED**

Pricing Sophisticado - **ACUITY** featured new flavors of products, fresh pricing factors, and additional sophisticated rating in personal and commercial lines in 2009 . . . **DELIVERED**





DELIVERED DAILY

Staff Superbo - The groundswell of response to the "I Believe" campaign proved that our fired-up staff is the best in the industry **DELIVERED**

Nine Is Divine - *An old favorite!*
2009 featured a delicious increase in benefits, decrease in employee percentage of health insurance costs, and no increase in premium for the ninth consecutive year **DELIVERED**

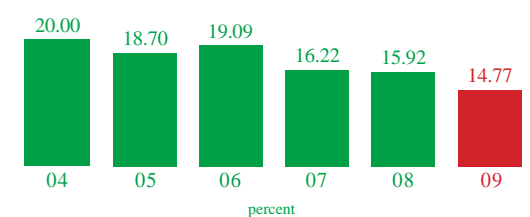
Lo-Turnover - *None better!*
All-time high job satisfaction dropped our voluntary turnover to an all-time low of 0.8% **DELIVERED**

"When it comes to ACUITY's ability to deliver on its commitment to being the best workplace, our 830 employees say, 'I Believe!'"

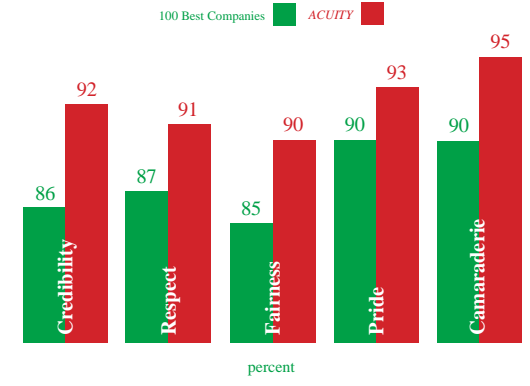


John Signer, Vice President - Human Resources

Portion of Health Premiums Paid by Employees



Score by Trust Index Dimension

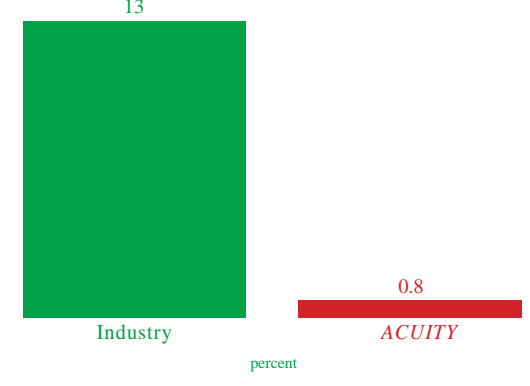


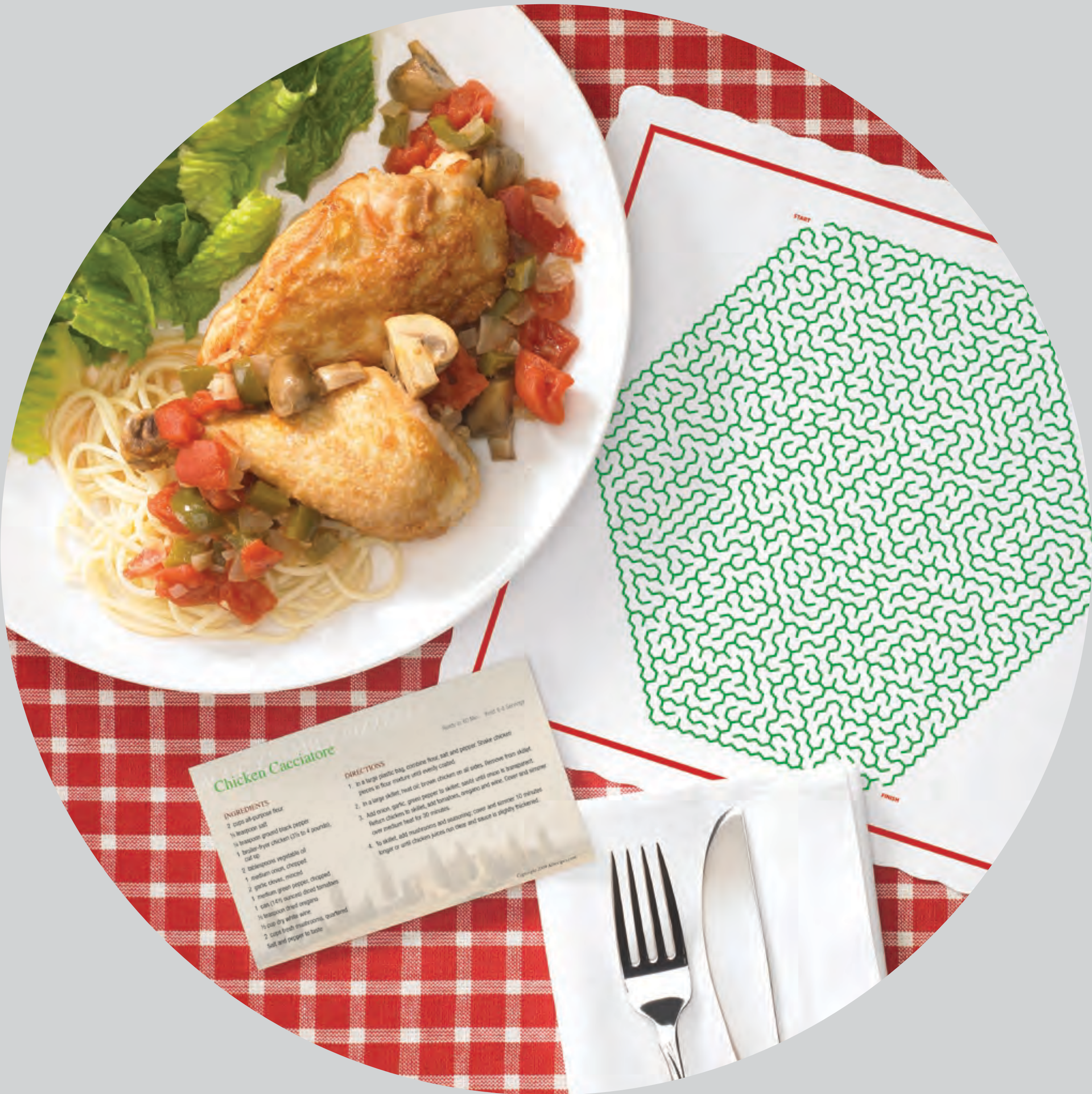
Rare Recruiting - Staff referrals generated a heaping 80% of new hires in 2009 **DELIVERED**

Training ala ACUITY - We broadened our customized menu of individualized leadership mentoring programs, while the industry is cutting back on training. **DELIVERED**

Choice Contributions - Countering the trend of competitors, ACUITY not only maintained its generous 8% 401(k) contribution regardless of employee matching but also added an additional 1% for 2009. **DELIVERED**

Voluntary Turnover





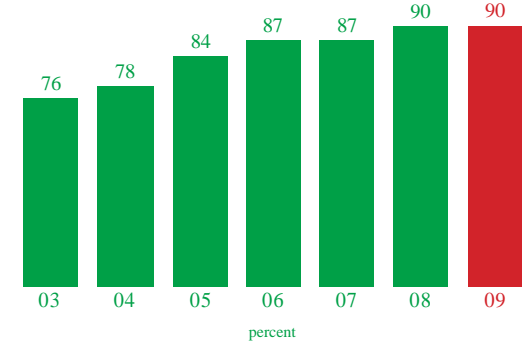
DELIVERED DAILY

Processing Pronto - Thanks to a top-tier staff and spiced-up workflows, Services completed 90.2% of work within eight hours in 2009 **DELIVERED**

Service Primo - ACUITY achieved a steaming 99.9% accuracy rate in processing thanks to an intense passion for excellence **DELIVERED**

Payment Platter - ACUITY offered a record high number of billing options, including web-based payments, check by phone, automatic pay plans, credit and debit cards, agency sweeps, and zero down-payment plans **DELIVERED**

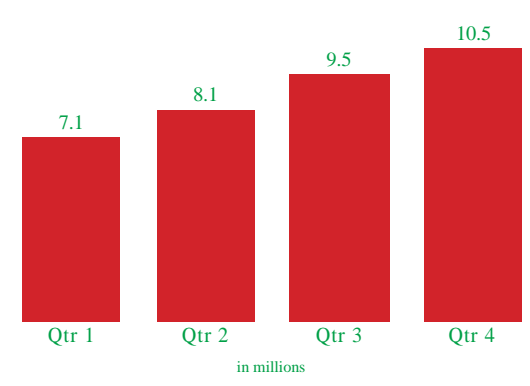
Incoming Work Processed Within 8 Hours of Receipt



"Throughout the year, ACUITY continued to deliver service to policyholders and agents that was both fast and accurate."

Sheri Murphy, Vice President - Services and Administration

Electronic Payment Volume

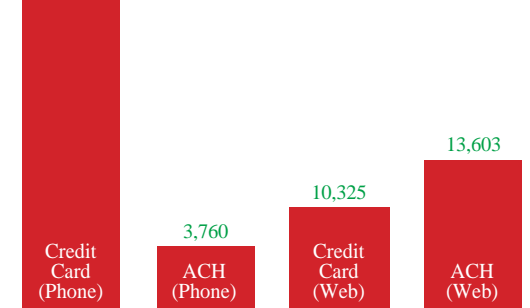


Staffing Special - Combining cross-training and support for continued insurance education ensured expert, right-sized staffing **DELIVERED**

Quick-Serv Customers - We answered 98.9% of calls within 16 seconds despite record-high call volume that was 9% higher than the prior year **DELIVERED**

Processing Trio - While maintaining lofty standards for speed and accuracy, Services processed 23% more quotes and 13% more applications, both record highs **DELIVERED**

Electronic Payment Transactions by Channel





DELIVERED DAILY

Production Maximo - We produced a searing 550 policies per employee, a standard that far surpasses the industry benchmark of just 335. **DELIVERED**

Operations Optimo - Our seasoned staff wrote \$100 million of premium per 106 employees, which is far more efficient than our peer competitors **DELIVERED**

Claims Systems Duo - We commenced the promising Straight-Through Claims project and topped it off by completing the highly successful Next-Generation Claims System **DELIVERED**

CLIP AND SAVE

"ACUITY delivers the best performance with the greatest efficiency, while providing a high degree of employment stability."



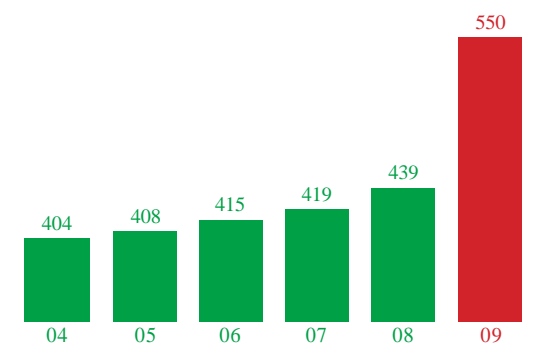
Laura Conklin, Vice President - Business Consulting

Project Delivery - With a hearty increase of 25%, we completed a record 360 projects in 2009. **DELIVERED**

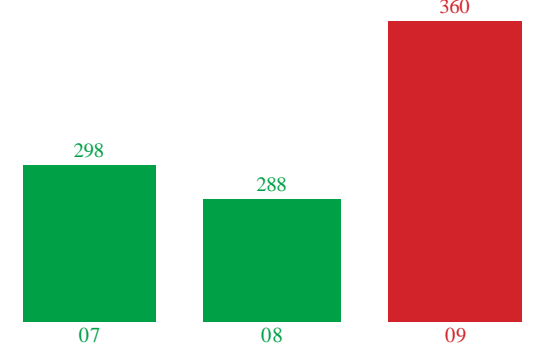
Recovery Rapido - Contracting with a fresh hot site provider and conducting a double disaster recovery test in 2009 means ACUITY is more prepared than ever for virtually any contingency **DELIVERED**

Staffing Preciso - Perfectly proportioned staffing and no layoffs in 2009 were the result of accurate, two-year employment metrics **DELIVERED**

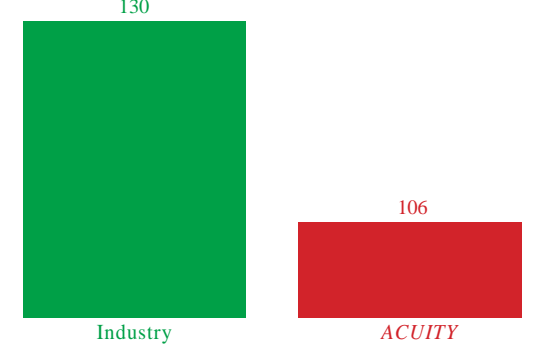
Policies In Force Per Employee



Delivery of Projects



Employees Per \$100 Million Revenue





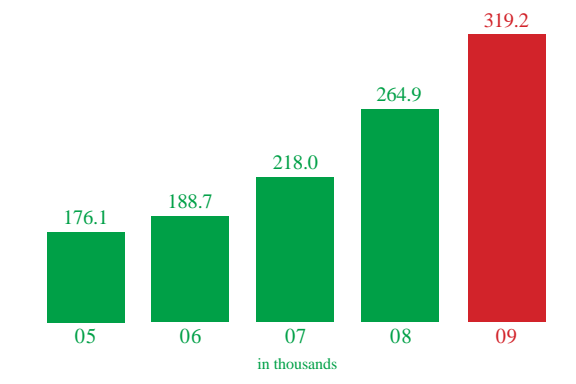
DELIVERED DAILY

Tech Trio - 46 ACORD Awards in ten years (more than any other insurer), the *InformationWeek 500* for six straight years, and Applied Systems/ASCnet awards for ten consecutive years create this succulent trio **DELIVERED**

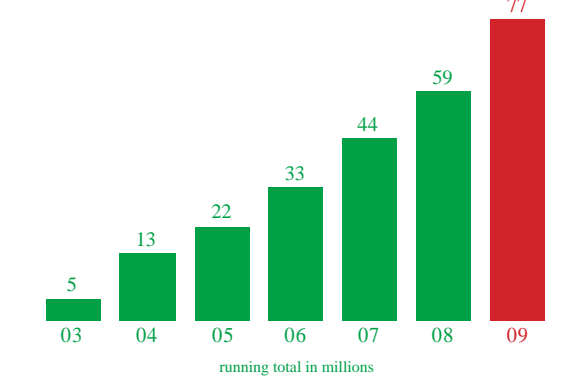
e-business To Go - *Want it fast?* Get it fast! *ACUITY* handled 92% of all applications electronically in 2009 **DELIVERED**

Interface Abbondanza! - Our tech special! Since 2000, *ACUITY* released 50 new agency interfaces. **DELIVERED**

Quotes Received Online



Annual Paper Savings



"For employees, agents, and policyholders, *ACUITY* delivers powerful technology solutions."

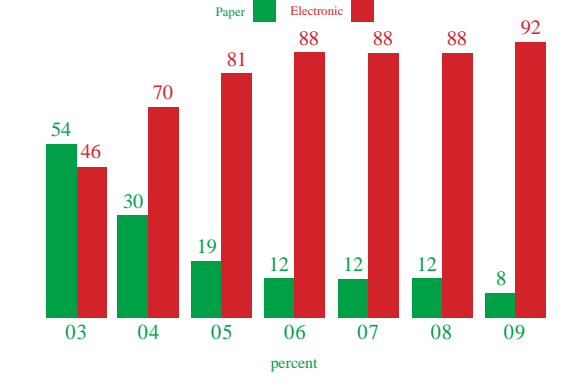
Neal Ruffalo, Vice President - Enterprise Technology

Lean IT - *The freshest cut!* A tech leader with blazing fast systems, *ACUITY* spent 37% less in IT than our competitors **DELIVERED**

Expert System Excellence! - 72% of personal lines policy changes were processed without human intervention **DELIVERED**

Pre-Fill Plate - Just select Pre-Fill and we will take it from there! **DELIVERED**

Electronic vs. Paper Applications



Our front cover features some of the many ACUTY employees who were recognized by ACUTY agents for outstanding service delivery in 2009. Clockwise from the top are:
Laura Wagner - Commercial Underwriter, LoChin Smith - Territory Director - Northern Illinois, Miriam Schnur - Senior Inside Claim Representative, Al Meyer - Commercial Underwriter,
Liz Protzmam - Customer Service Representative - Billing, Mark Goodman - Senior Personal Lines Underwriter, Sonja DeVore - Territory Director - Utah, Zach Thiel - Systems Engineer, Paul Miller - Senior Business Analyst

