

Safe. Sound. Secure.®

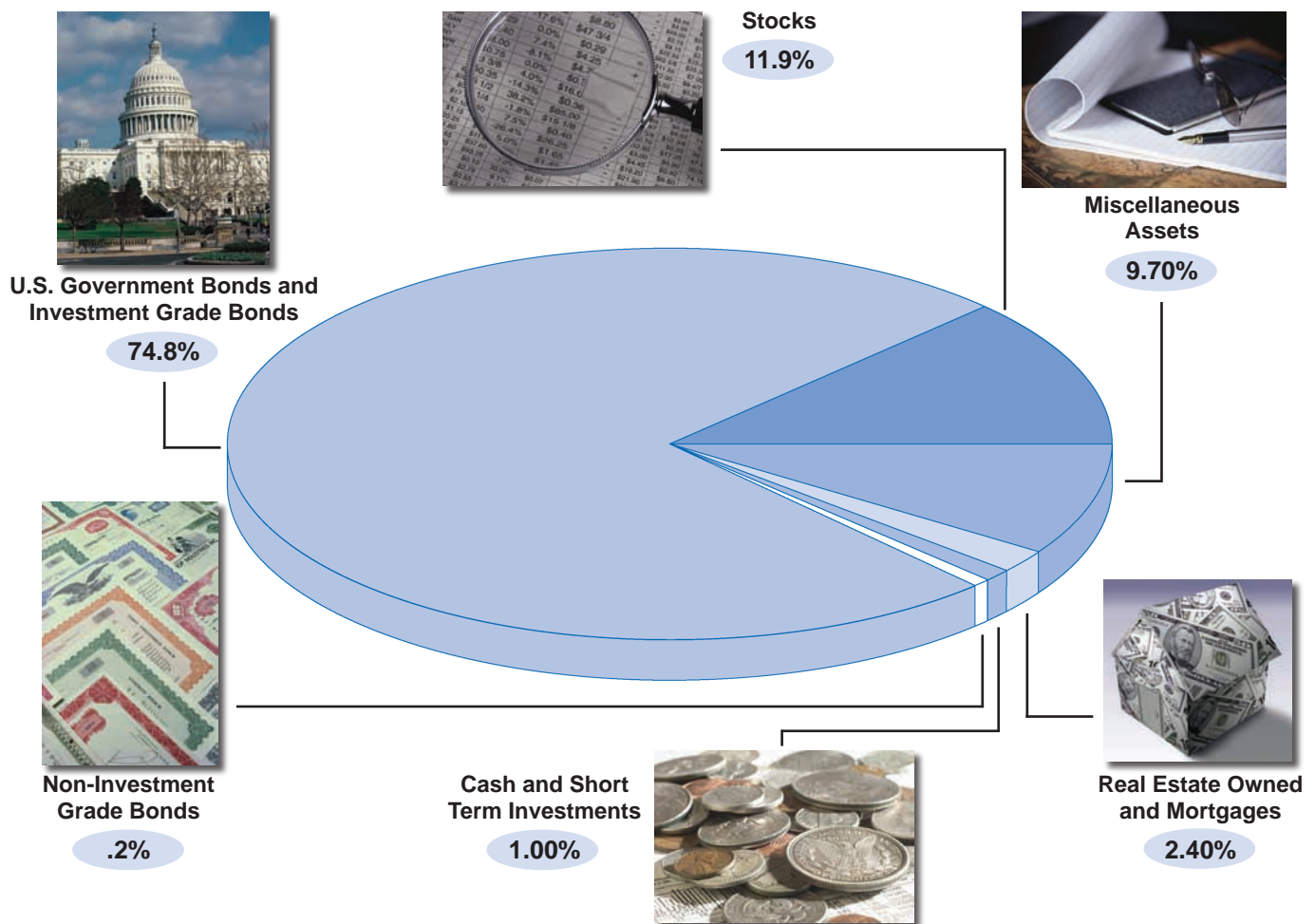
Among the nation's largest insurers, *Auto-Owners* is recognized for exceptional financial strength and stability. Our investment philosophy is a vital part of our success and can be summed up in three words...

Safe. Sound. Secure.®

At *Auto-Owners* we believe the quality and safety of our investments is of the utmost importance. Policyholders have entrusted us with their hard earned assets, and we take that responsibility seriously.

The investment guidelines of *Auto-Owners* are sound. We stick with the investing philosophy that has been successful for us over many years. Funds generated from our different products are invested in government bonds, high quality corporate bonds, collateralized mortgage obligations (CMOs) and commercial real estate loans. We do not purchase junk bonds or subprime securities.

The quality of assets continues to be excellent. The combination of U.S. Government bonds and investment grade bonds represents 74.80% of assets. Our asset mix is broken down as follows:



One of the rewards for our conservative strategy is continued national recognition for financial strength and security. *Auto-Owners* Life Insurance Company is among the most financially strong life insurance companies in the United States. We continue to receive high marks from nationally recognized insurance rating organizations such as:

- A.M. Best
- TheStreet.com
- Ward Financial Group

We take pride in the consistency of the high quality assets in the investment portfolio of the *Auto-Owners* Insurance Group including *Auto-Owners* Life Insurance Company. We trust you will too!

INDEPENDENT RATINGS

Auto-Owners Companies Earn A.M. Best Superior Ratings

Auto-Owners property and casualty companies are rated A++ (Superior) by A.M. Best Company, a nationally recognized independent insurance company rating organization. Auto-Owners Life Insurance Company is rated A+ (Superior) by A.M. Best. According to A.M. Best



Company, "The ratings reflect Auto-Owners

Insurance Group superior capitalization, trend of solid operating earnings, diversified product offerings and well-established agency relationships. Auto-Owners Insurance Group developed a strong capital position as a result of being managed under a conservative operating philosophy, maintaining modest underwriting leverage measures and holding a highly rated fixed income investment portfolio. The group possesses a competitive advantage through its superior claims service and agency partnering approach, which strengthened agency loyalty." In A.M. Best's opinion, companies in the A++ and A+ classifications—their highest classifications—have a superior ability to meet ongoing obligations to policyholders.

Ward Financial Group Ranks Auto-Owners Among Its Top 50

Auto-Owners Insurance Group was named to the 2009 Ward's 50 Benchmark Group for achieving outstanding financial results over the past five years (2004 - 2008). Auto-Owners is one of only five companies named to both the property & casualty and the life/health Ward's 50 Benchmark Groups; and one of only five companies named to the property and casualty Ward's 50 Benchmark Group for 19 consecutive years. The objectives of the analysis are to recognize the 50 companies that have excelled at balancing safety, consistency and performance over five years, and to then benchmark their performance with the industry overall.



Ward Financial Group is a Cincinnati-based management consulting and investment banking firm specializing in the insurance industry, and is recognized by Fortune magazine, the New York Times, Reuters news service and others as an authoritative source for insurance industry financial analysis.

Auto-Owners Property Casualty Group Companies Earn Top Marks from Demotech, Inc.

Auto-Owners Insurance Company, Owners Insurance Company, Property-Owners Insurance Company, Home-Owners Insurance Company and Southern-Owners Insurance Company earned Demotech's Financial Stability Rating® A" (Unsurpassed) for 2009. The A" rating recognizes unsurpassed financial stability, achieved by only the top companies evaluated. Demotech, Inc. is a financial analysis and actuarial services firm whose Statements of Actuarial Opinion meet or exceed the professional actuarial requirements established by the National Association of Insurance Commissioners.

Auto-Owners Companies Earn Top Ratings from TheStreet.com

Auto-Owners Insurance Company, Auto-Owners Life Company and Home-Owners Insurance Company were each rated A Excellent by TheStreet.com (formerly Weiss Ratings, Inc.). According to TheStreet.com, companies in these categories offer "excellent financial security." Owners Insurance Company and Property-Owners Insurance Company were rated A- Excellent; and Southern-Owners Insurance Company was rated B+ Good. Auto-Owners Insurance Company was ranked as the second strongest business insurer in the country, fifth strongest home insurance company and sixth strongest auto insurer. Home-Owners Insurance Company and Owners Insurance Company were ranked in the top 20 in the country for home and business insurance. Auto-Owners Life Insurance Company also was ranked in the top 20 in the country for life and annuity insurance.

COMPANIES' REPORTS

Auto-Owners Insurance Group enjoyed solid premium growth in 2009 and continues to be recognized for exceptional financial strength and stability among the nation's largest insurers. Comprised of five property and casualty companies and one life/health/annuity insurer, the Group had combined assets of \$14,299,738,521 at year-end 2009. Net written premiums totaled \$4,525,964,145, up \$99 million from the previous year. More than 4.9 million personal and commercial insurance policies were in force at year-end. Seventy-six underwriting, claims and marketing offices serve customers in the Group's 26-state marketing territories.

Auto-Owners Insurance Company is represented by approximately 37,500 agents in more than 6,250 agencies, and is the Group's largest insurer. This mutual insurance company ranks among the leading property and casualty insurers in the United States with recorded net written premiums of over \$2,114,061,607 at the end of 2009.

Auto-Owners Life Insurance Company experienced another record year; applications received exceeded 49,200. The Company recorded \$24.9 billion of life insurance in force at year-end, an increase of 9.5 percent over the previous year. In addition, annuity and guaranteed investment contract reserves for this stock company increased 11.5 percent to \$1.44 billion. Assets were up 10.8 percent to \$2.3 billion and total Life Company written premium was \$244.6 million, a 34.7 percent increase from 2008.

Owners Insurance Company recorded another strong year with written premiums of \$1.27 billion at year-end 2009, a 6.4 percent increase over 2008. This stock company is the second largest property and casualty insurer in the Auto-Owners Insurance Group and operates in 25 of the 26 states that make up the Auto-Owners regional market.

Home-Owners Insurance Company had another fine year with written premiums of \$926.8 million at year-end 2009, a 5.5 percent increase over 2008. This property and casualty stock company writes business in Michigan and Ohio.

Property-Owners Insurance Company recorded written premiums of \$70.8 million in 2009, an increase of 1.9 percent over the previous year. This stock insurer writes property and casualty products in Indiana and Michigan.

Southern-Owners Insurance Company completed its 15th year of operation in 2009, with written premiums of \$164.1 million at year-end, an increase of 14.7 percent over 2008. This stock insurer writes property and casualty products in Florida.

Administrative offices of all companies are located at
6101 Anacapi Blvd., Lansing, MI 48917

Auto-Owners Insurance
Life Home Car Business
The "No Problem" People®

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