

IMPORTANT POLICYHOLDER INFORMATION

THE FAIR CREDIT REPORTING ACT

As part of our normal underwriting procedure, an investigative consumer report may be obtained including, if applicable, information as to character, general reputation, personal characteristics and mode of living. This information is obtained through personal interviews with your friends, neighbors and associates. Upon written request received within a reasonable time, additional detailed information concerning the nature and scope of this investigation will be provided.

THIS POLICY IS ISSUED BY A CO-OPERATIVE INSURER HAVING SPECIAL REGULATIONS AS FOLLOWS:

This Company shall be known and designated as **Preferred Mutual Insurance Company** under which name it shall transact all its business. The principal business office of the Company shall be located in the village of New Berlin, Chenango County, New York.

The annual meeting of the policyholders of this Company shall be held on the fourth Tuesday of February in each year at two o'clock p.m. at the principal business office of the Company for the purpose of electing Directors and transacting such other business as may properly come before it. Notice of the time, place and object of each annual meeting of the Company shall be published once in each week for two successive weeks immediately preceding such meeting, in at least one newspaper published in Chenango County, New York.

At each annual policyholders' meeting, every person insured in this Company shall be entitled to one vote, either in person or by proxy. Any policyholder voting by proxy shall file same with the Secretary of the Company at least thirty days prior to the annual meeting.

It shall be the duty of the Secretary to keep proper books, including a policy register, in which the Secretary shall enter a complete record of the transactions of the Company and of its Board of Directors and Executive Committee, which books shall at all times show fully and truly the condition, affairs and business of this Company and shall be open for inspection of every person insured, each business day from nine o'clock in the forenoon until four o'clock in the afternoon.

PREFERRED MUTUAL INSURANCE COMPANY

Security. Vision. Strength.SM

One Preferred Way, New Berlin, New York 13411-1896

Persons may become insured in this Company, who reside or own property within the territory in which this Company is authorized to do business, upon the same terms and conditions as original members and such other terms as may be prescribed by the Bylaws of this Company.

All persons who shall become insured in this Company shall be members thereof during the period their policy or policies are in force and no longer.

The holders of policies of this Company shall not be subject to any liability for assessment.

Non-residents who own property within the territory in which this Company may do business, may be insured therein and shall have all the rights and privileges of the Company, but shall not be eligible to hold office in this Company.

The Bylaws of this Company may be amended only by a majority vote of all members who are present in person or by proxy at any annual meeting, except that the Board of Directors may amend the Bylaws as to any provisions which do not impair the member's right or enlarge their obligations under insurance policies. No Bylaws or amendment shall be effective unless and until it shall have been approved in writing by the Superintendent of Insurance in the state of New York.

In Witness Whereof, the Company has caused this policy to be executed and attested; but in jurisdictions so requiring, this policy shall not be valid unless countersigned by a duly authorized Agent of this Company.

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President & CEO

Secretary

The Preferred Mutual Insurance Company was founded in 1896 by Frank E. Holmes. The Company began and to this day continues to operate from its headquarters in New Berlin, New York. Due to the Company's growth and need for future expansion, in 1993, a satellite office, which houses all data processing operations, was opened in Norwich, New York.

Throughout the years, Preferred Mutual Insurance Company has continued to expand the products and services offered to the independent agents who represent the Company and its policyholders. We invite you to contact your agent to discuss other product offerings to respond to your insurance needs.

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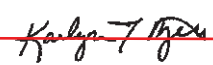
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~~Christopher P. Taft~~
President & CEO


~~Karlyn T. Myers~~
Secretary

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