

Report of Examination of
The Farmers Home Mutual Fire Insurance Company
New Knoxville, Ohio

As of December 31, 2007

Table of Contents

Subject	Page
Salutation.....	1
Description of Company.....	1
Management and Control:	
Board of Directors.....	1
Officers.....	2
Insurance Holding Company System.....	2
Reinsurance:	
Ceded.....	2
Assumed.....	2
Territory and Plan of Operations.....	2
Scope of Examination.....	2
Financial Statements:	
Statement of Assets, Liabilities, Surplus and Other Funds.....	4
Statement of Income and Expenses.....	5
Subsequent Events.....	6
Conclusion.....	6
Acknowledgement.....	6

Columbus, Ohio

February 18, 2009

Honorable Mary Jo Hudson
Director
State of Ohio
Department of Insurance (Department)
2100 Stella Court
Columbus, Ohio 43215-1067

Dear Madam:

In accordance with Section 3901.07 of the Ohio Revised Code ("ORC"), an examination was made of

The Farmers Home Mutual Fire Insurance Company

an Ohio domiciled, mutual protective property company, hereinafter referred to as the "Company." The examination was conducted at the Company's home office, located at 09787 State Route 210, New Knoxville, Ohio 45871.

A report of this examination is hereby respectfully submitted.

The Department last examined the Company as of December 31, 2004. Representatives of the Department conducted the current examination covering the intervening period to and including December 31, 2007.

Management and Control

Board of Directors

Management of the Company is vested in its Board of Directors, which was comprised of the following members as of the examination date:

Name	Principal Occupation
Teresa A. Bambauer	Company Secretary and Office Administrator - Logan Labs, LLC
Paul W. Bambauer	Woodworker, Lima Millwork
Robert Feldwisch	Farmer
Tim Hegemier	Company Treasurer and Farmer

Gary W. Kuck	President and Employee, Auglaize City Highway Department
Ted Lammers	Farmer

Officers

As of the examination date, the following officers were elected and serving in accordance with the Company's Bylaws:

Name	Title
Gary W. Kuck	President
Tim Hegemier	Treasurer
Teresa A. Bambauer	Secretary

Insurance Holding Company System

The Company is not a member of a holding company system.

Reinsurance

Ceded

An excess of loss agreement provides coverage of 95% of the lesser of \$29.75 per \$1,000 of average net fire insurance in force \$1,137,000 in excess of the greater of \$1.75 per \$1,000 of average net fire insurance in force or \$44,600.

All reinsurance agreements appear to transfer risk and have the NAIC required clauses.

Assumed

The Company did not assume any reinsurance.

Territory and Plan of Operations

The Company is licensed to do business in the State of Ohio.

Scope of Examination

One of the purposes of the examination was to make an assessment of the financial condition of the Company as of December 31, 2007. To substantiate the various items, tests were made either by complete audits of accounts or by sampling methods prescribed by the NAIC Examiner's Handbook. In selecting the examination procedures used, due

consideration was given to the importance of each account to overall solvency. Transactions occurring subsequent to the date of the examination were reviewed to the extent deemed necessary.

In addition, the following items were reviewed during the course of this examination:

1. Company history;
2. fidelity bonds and other insurance;
3. officers', employees', and agents' welfare and pension plans;
4. growth of Company;
5. loss experience; and
6. pending litigation;

Financial Statements

The financial condition as reported and filed by the Company with the Department, are reflected in the following:

Statement of Assets, Liabilities, Surplus and Other Funds
Statement of Cash Receipts and Disbursements

Statement of Assets, Liabilities, Surplus and Other Funds

Ledger Assets	
Cash on deposit and checking	<u>\$269,843</u>
Total ledger assets	<u>269,843</u>
Total net admitted assets	<u>\$269,843</u>
Liabilities and Surplus	
Total liabilities	<u>\$0</u>
Surplus	<u>269,843</u>
Total liabilities and surplus	<u>\$269,843</u>

Statement of Income and Expenses

Income	
Gross assessment or premium income	\$68,412
Net assessment income	<u>68,412</u>
Interest on cash and cash equivalents	9,422
Re-insurance reimbursement	1,783
Total income receipts	<u>\$79,617</u>
Expenses	
Net losses incurred	36,953
Commissions paid to agents	684
Directors' fees and expenses	1,634
Salaries to employees	4,445
Printing, stationary and office supplies	108
State and local insurance taxes	250
Insurance department license and fees	850
Payroll taxes	178
Federal income taxes	966
Dues and donations	450
Insurance and bonds	162
Miscellaneous expenses	<u>21,758</u>
Total Disbursements	<u>68,436</u>

Subsequent Events

There were no material subsequent events.

Conclusion

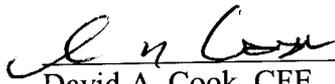
The balance sheet contained in this Report of Examination reflects the financial condition of the Company as of December 31, 2007, and is summarized as follows:

Total Admitted Assets	<u>\$ 269,843</u>
Liabilities	\$ 0
Surplus	<u>269,843</u>
Total Liabilities and Surplus	<u>\$ 269,843</u>

Acknowledgement

Appreciation is expressed for the assistance extended by the officers and employees of the Company during the course of this examination.

Respectfully,



David A. Cook, CFE
Assistant Chief Examiner
Ohio Department of Insurance

Verification

As required by Section 3901.07 of the Ohio Revised Code, the undersigned hereby attest to the best of their knowledge and belief that the attached is a true Report of Examination of The Farmers Home Mutual Fire Insurance Company as of December 31, 2007.

En Osa 2/14/09
Assistant Chief Examiner Date

State of Ohio

County of Franklin

Personally appeared before me the above named David A. Cook personally known to me, who executed the above instrument and that the statements and answers contained therein are true and correct to the best of his/her knowledge and belief.

Subscribed and sworn to before me this 19 day of February, 2009.

Elizabeth Chase
Notary Public
ELIZABETH CHASE
NOTARY PUBLIC, STATE OF OHIO
MY COMMISSION EXPIRES MAY 22, 2012
My Commission Expires