

Report of Examination of

Lucas County Mutual Insurance Association
Maumee, Ohio

As of December 31, 2007

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Columbus, Ohio

November 19, 2008

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

Lucas County Mutual Insurance Association

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 1931 South Holland Sylvania Road, Maumee, Ohio 43537.

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
Stanley Bury	Farmer
Pamela M. Della Flora	Secretary, the Company
Daniel J. Langenderfer	Retired
David Raab	Independent Agent
Norman Raab	Retired

Officers

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

Name	Title
Stanley Bury	President
Pamela M. Della Flora	Secretary and Treasurer

Insurance Holding Company System

The Company is not a member of a holding company.

Reinsurance

Ceded

The Company had a per risk excess of loss contract that provides coverage of \$15,000 above a retention of \$7,500. A property facultative pro rata reinsurance contract provides coverage of up to \$500,000 above the amount of coverage under the per risk excess of loss agreement. An aggregate excess of loss contract provides 95% coverage of the lesser of \$189,700 or \$28.00 per \$1,000 of the average net fire insurance in force above a retention of the greater of \$22,600 or \$5.00 per \$1,000 of the average net fire insurance in force. A supplemental excess of loss contract provides coverage of \$65.50 per \$1,000 of the average net fire insurance in force.

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>\$330,108</u>
Total ledger assets	<u>330,108</u>
 Non Ledger Assets	
Market value of stocks over book value	<u>173,955</u>
Total non ledger assets	<u>173,955</u>
 Gross Assets	<u>504,063</u>
 Total net admitted assets	<u>\$504,063</u>
 Liabilities and Surplus	
Unearned assessment/premium reserve	<u>\$3,967</u>
Total liabilities	<u>3,967</u>
 Surplus	<u>500,096</u>
 Total liabilities and surplus	<u>\$504,063</u>

Statement of Income and Expenses

Income	
Gross assessment or premium income	\$123,054
Less: Returned assessment or premiums	<u>220</u>
Total assessment or premiums	122,834
Deduct premiums for reinsurance ceded to other companies	<u>77,135</u>
Net assessment income	<u>45,699</u>
Interest on cash and cash equivalents	13,564
Commissions and service fees received	1,292
Other income	<u>300</u>
Total income receipts	<u>60,855</u>
Expenses	
Net losses incurred	2,015
Claims adjustment expenses	1,650
Commissions paid to agents	9,528
Directors' fees and expenses	1,364
Salaries to employees	18,740
Printing, stationary and office supplies	542
Rent and rent items	1,920
Insurance department license and fees	1,743
Payroll taxes	2,861
Dues and donations	912
Equipment purchased	253
Insurance and bonds	14,597
Postage, telephone and bank charges	269
Miscellaneous expenses	<u>19,000</u>
Total Disbursements	<u>58,295</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>\$ 504,063</u>
Liabilities	\$ 3,967
Surplus	<u>500,096</u>
Total Liabilities and Surplus	<u>\$ 504,063</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 Lucas County Mutual Insurance Association as of December 31, 2007.

[Signature] 12/18/08
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 18 day of December, 2008.

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