

December 31, 2018 - Annual Statement

Iowa Company Number: 0093

Lee County Mutual Insurance Association

April Johnson

322 4th St., Box 207

West Point IA 52656

DECEMBER 31, 2018

| | | | | | | | | | |
|--|--|--------------------|-------------|-----------|-----------|--|--|--|-------------|
| 1. | Ledger Assets, December 31 of previous year, Total, column 1, page 4..... | | | | | | | | \$3,947,117 |
| INCOME - INCREASES IN LEDGER ASSETS | | | | | | | | | |
| PREMIUMS | | | | | | | | | |
| | (1) | (2) | (3) | (4) | | | | | |
| | Direct | Reinsurance | Specific | Net | | | | | |
| | Premium | Premiums | Reinsurance | Premiums | | | | | |
| | | Assumed | Premiums | (1+2-3=4) | | | | | |
| 2. | Fire..... | \$432,162 | \$0 | \$104 | \$432,058 | | | | |
| 3. | Windstorm..... | 402,724 | 0 | 104 | 402,620 | | | | |
| 4. | Crop Hail..... | 0 | | | | | | | |
| 5. | Homeowners | | | | | | | | |
| | Assumed..... | XXXXXXXXXXXXXXXXXX | 0 | | 0 | | | | |
| 6. | Totals..... | \$834,886 | \$0 | \$208 | \$834,678 | | | | |
| 7. | Aggregate excess loss reinsurance paid..... | | | | 171,126 | | | | |
| 8. | Total net assessments, premiums and fees (line 6, col. 4 - line 7 = line 8)..... | | | | | | | | \$663,552 |
| 9. | Net interest received on bonds..... | | | | 57,972 | | | | |
| 10. | Increase in adjustment of bonds \$ 172 , less | | | | | | | | |
| | \$ 731 decrease in adjustment of bonds..... | | | | (559) | | | | |
| 11. | Dividends received..... | | | | 214,308 | | | | |
| 12. | Interest received on bank deposits (schedule C-2, column 7)..... | | | | 2,034 | | | | |
| 13. | Interest received on mortgage loans (schedule D, column 6)..... | | | | 0 | | | | |
| 14. | Other interest..... | | | | 0 | | | | |
| 15. | Profit on sale of investment..... | | | | 0 | | | | |
| 16. | Rents received* | | | | 3,600 | | | | |
| 17. | Total income from investments (items 9 through 16)..... | | | | | | | | \$277,355 |
| 18. | Borrowed money..... | | | | 0 | | | | |
| 19. | Premiums collected for other companies (less refunds)..... | | | | 15,359 | | | | |
| 20. | Checks charged off..... | | | | 0 | | | | |
| 21. | Increase in ledger liabilities..... | | | | 97,569 | | | | |
| 22. | Underwriting expense reimbursement..... | | | | 0 | | | | |
| 23. | Federal income tax refund..... | | | | 0 | | | | |
| 24. | Miscellaneous income..... | | | | 0 | | | | |
| 25. | | | | | | | | | |
| 26. | | | | | | | | | |
| 27. | Total (items 18 through 26)..... | | | | | | | | \$112,928 |
| 28. | Total income (items 8, 17, and 27).... | | | | | | | | \$1,053,835 |
| 29. | Total assets and income (item 1 plus item 28)..... | | | | | | | | \$5,000,952 |

*Includes \$3,600 for association's occupancy of its own buildings.

DECEMBER 31, 2018

| | | | | | |
|---|---|-------------------------------|--|-------------------------------------|-------------|
| 1. | Amount brought forward from line 29, page 2..... | | | | \$5,000,952 |
| DISBURSEMENTS - DECREASES IN LEDGER ASSETS | | | | | |
| | (1) Direct Losses | (2) Reinsurance Assumed | (3) Specific Reinsurance Recovered | (4) Net Losses Paid (1+2-3=4) | |
| 2. | Fire..... | \$238,145 | \$0 | \$0 | \$238,145 |
| 3. | Windstorm..... | 194,013 | 0 | 0 | 194,013 |
| 4. | Crop Hail..... | 0 | 0 | 0 | 0 |
| 5. | Homeowners Assumed.. | xxxxxxxxxxxxxxxxxxxx | 0 | | 0 |
| 6. | Totals..... | \$432,158 | \$0 | \$0 | \$432,158 |
| 7. | Received from aggregate excess loss reinsurance..... | | | | \$16,423 |
| 8. | Total of all net losses (line 6, col. 4 - line 7 = line 8)..... | | | | \$415,735 |
| OPERATING EXPENSE | | | | | |
| 9. | Loss Adjustment Expenses..... | | | | \$13,891 |
| 10. | Commissions..... | | | | 125,734 |
| 11. | Advertising..... | | | | 11,574 |
| 12. | Boards, bureaus and associations..... | | | | 9,879 |
| 13. | Inspection and loss prevention..... | | | | 10,442 |
| 14. | Salaries of officers..... | | | | 70,000 |
| 15. | Expenses of officers..... | | | | 0 |
| 16. | Salaries of office employees..... | | | | 0 |
| 17. | Employee welfare..... | | | | 4,404 |
| 18. | Insurance..... | | | | 11,646 |
| 19. | Directors' compensation..... | | | | 11,400 |
| 20. | Directors' expenses..... | | | | 0 |
| 21. | Rent and rent items..... | | | | 3,600 |
| 22. | Equipment..... | | | | 6,989 |
| 23. | Printing, stationery and supplies..... | | | | 6,940 |
| 24. | Postage and telephone..... | | | | 4,406 |
| 25. | Legal and auditing..... | | | | 15,125 |
| 26. | State insurance taxes March 1..... | | 515 | | |
| | June 1 4,274 | | August 15 4,273 | | 9,062 |
| 27. | Insurance Division licenses and fees..... | | | | 7,167 |
| 28. | Payroll taxes..... | | | | 0 |
| 29. | All other taxes (excluding Federal income)..... | | | | 0 |
| 30. | Real estate expenses..... | | | | 0 |
| 31. | Real estate taxes..... | | | | 1,495 |
| 32. | Interest on borrowed money..... | | | | 0 |
| 33. | Miscellaneous..... | | | | 3,930 |
| | a. Annual meeting & conventions..... | | | | 0 |
| | b. Donations & contributions..... | | | | 5,551 |
| | c. Data processing expense..... | | | | 5,705 |
| | d. Investment Expense..... | | | | 2,245 |
| 34. | | | | | |
| 35. | Total operating expense (items 9 through 34)..... | | | | \$341,185 |
| NON-OPERATING EXPENSE | | | | | |
| 36. | Borrowed money repaid..... | | | | \$0 |
| 37. | Depreciation on real estate..... | | | | 2,879 |
| 38. | Loss on sale of investments..... | | | | 13,208 |
| 39. | Federal income tax Prior year 140 Current year 14,280 | | | | 14,420 |
| 40. | Premium collections transmitted to other companies..... | | | | 12,819 |
| 41. | Commission paid agents for other companies..... | | | | 0 |
| 42. | Decrease in ledger liabilities..... | | | | 0 |
| 43. | | | | | |
| 44. | Total non-operating expense (items 36 through 43)..... | | | | \$43,326 |
| 45. | Total disbursements (items 8, 35 and 44)..... | | | | \$800,246 |
| 46. | Balance - ledger assets, December 31st must agree with Line 22, Column 1, Page 4..... | | | | \$4,200,706 |

ASSETS - DECEMBER 31, 2018

| | (1) Ledger Assets | (2) Non-ledger including excess of market (or amortized) over book value | (3) Assets not admitted including excess of book over market or amortized values | (4) Current Year Net Admitted Assets (1+2-3=4) | (5) Prior Year Net Admitted Assets |
|---|----------------------|--|--|--|---|
| 1. Bonds (schedule A - part 1)..... | \$1,652,739 | \$0 | \$0 | \$1,652,739 | \$1,607,396 |
| 2. Stocks (schedule A - part 2)..... | 2,166,402 | 477,046 | 0 | 2,643,448 | 2,819,551 |
| 3. Bank Balances | | | | | |
| 3.1 Subject to check (C-1)..... | 63,150 | 0 | 0 | 63,150 | 114,405 |
| 3.2 On interest (C-2)..... | 158,476 | 0 | 0 | 158,476 | 156,442 |
| 4. Mortgage loans (schedule D) | | | | | |
| 4.1 First liens..... | | | | 0 | 0 |
| 4.2 Other than first..... | | | | 0 | 0 |
| 5. Collateral loans (schedule E)..... | | | | 0 | 0 |
| 6. Real estate (schedule F)..... | 44,901 | 0 | 0 | 44,901 | 47,781 |
| 7. Cash in office..... | 0 | | | 0 | 0 |
| 8. Unpaid Premiums | | | | | |
| 8.1 Due before November 1..... | 4,524 | 0 | 4,524 | xxxxxxxxxxxxxxxxxxxx | xxxxxxxxxxxxxxxxxxxx |
| 8.2 Due after November 1..... | 110,514 | 0 | 73,076 | 37,438 | 13,772 |
| 9. Bills receivable..... | | | | xxxxxxxxxxxxxxxxxxxx | xxxxxxxxxxxxxxxxxxxx |
| 10. Agents' balances..... | | | | 0 | 0 |
| 11. Reinsurance receivable on paid losses..... | 0 | 0 | 0 | 0 | 0 |
| 12. Accrued interest..... | xxxxxxxxxxxxxxxxxxxx | 13,552 | 0 | 13,552 | 16,747 |
| 13. Accrued rent due..... | xxxxxxxxxxxxxxxxxxxx | | | 0 | 0 |
| 14. Equipment and furniture..... | 0 | 0 | 0 | xxxxxxxxxxxxxxxxxxxx | xxxxxxxxxxxxxxxxxxxx |
| 15. Supplies..... | | | | xxxxxxxxxxxxxxxxxxxx | xxxxxxxxxxxxxxxxxxxx |
| 16. Automobiles..... | 0 | 0 | 0 | xxxxxxxxxxxxxxxxxxxx | xxxxxxxxxxxxxxxxxxxx |
| 17. Cash surrender value of life ins..... | 0 | 0 | 0 | 0 | 0 |
| 18. Federal income tax recoverable..... | 0 | 0 | 0 | 0 | 0 |
| 19. Electronic data processing equipment..... | 0 | 0 | 0 | 0 | 0 |
| 20. Other assets..... | 0 | 5,376 | 0 | 5,376 | 6,520 |
| 21. Prepaid reinsurance..... | 0 | 0 | 0 | 0 | 0 |
| 22. Totals..... | \$4,200,706 | \$495,974 | \$77,600 | \$4,619,080 | \$4,782,614 |

LIABILITIES - DECEMBER 31, 2018

| | | Current Year | Prior Year |
|------|--|--------------|-------------|
| 1. | Unpaid claims (reported)..... | \$35,500 | |
| 2. | Unpaid claims (incurred but not reported)..... | 0 | |
| 3. | Total unpaid losses..... | 35,500 | |
| 4. | Less: reinsurance recoverable on unpaid losses..... | 22,000 | |
| 5. | Net unpaid claims..... | \$13,500 | \$67,504 |
| 6. | Unpaid adjusting expenses..... | 1,160 | 1,127 |
| 7. | Ceded reinsurance balances payable..... | 14,935 | 13,592 |
| 8. | Unpaid salaries and commissions..... | 13,343 | (79,767) |
| 9. | Borrowed money..... | 0 | 0 |
| 10. | Interest due on borrowed money..... | 0 | 0 |
| 11. | Amounts withheld for the account of others..... | 3,778 | 2,334 |
| 12. | Taxes payable: | | |
| | Real estate..... | 495 | 1,011 |
| | Federal income..... | 23,000 | 0 |
| | Premium..... | (199) | 515 |
| | Other..... | 0 | 0 |
| 13. | Other unpaid expenses..... | 9,193 | 603 |
| 14. | Premiums collected for other companies - not remitted..... | 1,059 | 948 |
| 15. | Premiums received in advance..... | 349 | 26,931 |
| *16. | Unearned premium reserve..... | 347,253 | 317,479 |
| 17. | | | |
| 18. | | | |
| 19. | Total liabilities..... | \$427,866 | \$352,277 |
| 20. | Surplus..... | \$4,191,214 | \$4,430,337 |
| 21. | Total liabilities and surplus..... | \$4,619,080 | \$4,782,614 |

(line 21 must agree with line 22, column 4, page 4)

* Method of calculation: 40% Method

HISTORICAL INFORMATION

| | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|-------------|-------------|-------------|-------------|-------------|
| Gross Premium | | | | | |
| Fire | 432,162 | 441,763 | 415,021 | 406,153 | 370,628 |
| Windstorm | 402,724 | 413,035 | 388,289 | 380,412 | 344,264 |
| Crop Hail | 0 | 0 | 0 | 0 | 0 |
| Total | 834,886 | 854,798 | 803,310 | 786,565 | 714,892 |
| Net Premiums Written | | | | | |
| Fire | 432,058 | 441,659 | 414,943 | 406,153 | 370,628 |
| Windstorm | 402,620 | 412,931 | 388,211 | 380,412 | 344,264 |
| Crop Hail | 0 | 0 | 0 | 0 | 0 |
| Total | 834,678 | 854,590 | 803,154 | 786,565 | 714,892 |
| Total Net of Agg | 663,552 | 697,250 | 661,313 | 647,535 | 592,595 |
| Gross Losses Paid | | | | | |
| Fire | 238,145 | 99,533 | 328,443 | 144,643 | 203,016 |
| Windstorm | 194,013 | 328,136 | 12,097 | 129,002 | 168,457 |
| Crop Hail | 0 | 0 | 0 | 0 | 0 |
| Total | 432,158 | 427,669 | 340,540 | 273,645 | 371,473 |
| Net Losses Paid | | | | | |
| Fire | 238,145 | 99,533 | 328,443 | 144,643 | 203,016 |
| Windstorm | 194,013 | 328,136 | 12,097 | 129,002 | 168,457 |
| Crop Hail | 0 | 0 | 0 | 0 | 0 |
| Total | 432,158 | 427,669 | 340,540 | 273,645 | 371,473 |
| Total Net of Agg | 415,735 | 427,669 | 310,338 | 237,797 | 371,473 |
| Loss Percentage (Direct) | | | | | |
| Fire Losses/Fire Prem | 55% | 23% | 79% | 36% | 55% |
| Windstorm Losses/Windstorm Prem | 48% | 79% | 3% | 34% | 49% |
| Crop Hail Losses/Crop Hail Prem | 0% | 0% | 0% | 0% | 0% |
| Total Losses/Total Prem | 52% | 50% | 42% | 35% | 52% |
| Loss Percentage (Net) | | | | | |
| Fire Losses/Fire Prem | 55% | 23% | 79% | 36% | 55% |
| Windstorm Losses/Windstorm Prem | 48% | 79% | 3% | 34% | 49% |
| Crop Hail Losses/Crop Hail Prem | 0% | 0% | 0% | 0% | 0% |
| Total Losses/Total Prem | 52% | 50% | 42% | 35% | 52% |
| Total Net Agg Losses/Total Net Agg Prem | 63% | 61% | 47% | 37% | 63% |
| Balance Sheet Items | | | | | |
| Total Admitted Assets | 4,619,080 | 4,782,614 | 4,384,622 | 4,113,904 | 4,065,984 |
| Liabilities | 427,866 | 352,277 | 380,021 | 366,021 | 393,722 |
| Surplus | 4,191,214 | 4,430,337 | 4,004,601 | 3,747,883 | 3,672,262 |
| Bonds | 1,652,739 | 1,607,396 | 1,532,455 | 1,597,751 | 1,574,283 |
| Stocks | 2,643,448 | 2,819,551 | 2,445,988 | 2,105,309 | 2,190,566 |
| Real Estate | 44,901 | 47,781 | 50,660 | 53,540 | 56,419 |
| Unpaid Premium (line 8.1) | 0 | 0 | 0 | 0 | 0 |
| Unpaid Premium (line 8.2) | 37,438 | 13,772 | 37,689 | 4,842 | 4,003 |
| Agents' Balances | 0 | 0 | 0 | 0 | 0 |
| Unearned Premium | 347,253 | 317,479 | 329,617 | 311,468 | 282,580 |
| Balance Sheet Percentages | | | | | |
| Bonds/Admitted Assets | 36% | 34% | 35% | 39% | 39% |
| Stocks/Admitted Assets | 57% | 59% | 56% | 51% | 54% |
| Real Estate/Admitted Assets | 1% | 1% | 1% | 1% | 1% |
| Unpaid Prem (line 8.2)/Admitted Assets | 1% | 0% | 1% | 0% | 0% |
| Agents' Balances/Admitted Assets | 0% | 0% | 0% | 0% | 0% |
| Income/Disbursement Items | | | | | |
| Total Income | 1,053,835 | 931,962 | 831,720 | 867,751 | 861,185 |
| Total Disbursements | 800,246 | 825,148 | 687,591 | 634,110 | 691,240 |
| Operating Expense | 341,185 | 281,434 | 283,155 | 278,763 | 268,808 |
| Commissions | 125,734 | 128,573 | 120,951 | 118,142 | 107,349 |
| Investment Income | 277,355 | 219,777 | 154,455 | 206,376 | 254,274 |
| Salaries (lines 14-17) | 74,404 | 49,500 | 48,500 | 48,500 | 48,500 |
| Other | | | | | |
| Gross Risk in Force | 240,600,996 | 229,031,798 | 218,980,647 | 201,524,404 | 188,662,274 |
| Number of Policies | 722 | 717 | 708 | 702 | 711 |
| Operating Expense/Net Premium | 51% | 40% | 43% | 43% | 45% |