

December 31, 2018 - Annual Statement

Iowa Company Number: 0160

Worth Mutual Insurance Association

Jayson Olson
704 Central Avenue, Box 287
Northwood IA 50459

DECEMBER 31, 2018

| | | | | | | |
|--|---------------------------|---|--|-------------------------------------|----|------------------|
| 1. Ledger Assets, December 31 of previous year, Total column 1, page 4..... | | | | | \$ | <u>2,717,897</u> |
| INCOME - INCREASES IN LEDGER ASSETS | | | | | | |
| PREMIUMS | | | | | | |
| | (1) Direct Premiums | (2) Reinsurance Premiums Assumed | (3) Specific Reinsurance Premiums Ceded | (4) Net Premiums (1+2-3=4) | | |
| 2. Fire..... | \$ 850,239 | \$ | \$ | \$ 850,239 | | |
| 3. Windstorm..... | 850,239 | | | 850,239 | | |
| 4. Crop Hail..... | | | | | | |
| Homeowner 5. Assumed..... | XXXXXXXX | | | | | |
| 6. Totals..... | \$ 1,700,478 | \$ | \$ | \$ 1,700,478 | | |
| 7. Aggregate excess loss reinsurance paid..... | | | | | | <u>308,315</u> |
| 8. Total net assessment, premiums and fees (line 6, col. 4 - line 7 = line 8)..... | | | | | \$ | <u>1,392,163</u> |
| 9. Net interest received on bonds..... | | | | | | <u>55,348</u> |
| 10. Increase in adjustment of bonds <u>3,338</u> , less <u>1,316</u> decrease in adjustment of bonds..... | | | | | | <u>2,022</u> |
| 11. Dividends received..... | | | | | | <u>42,415</u> |
| 12. Interest received on bank deposits (schedule C-2, column 7)..... | | | | | | <u>4</u> |
| 13. Interest received on mortgage loans (schedule D, column 6)..... | | | | | | |
| 14. Other interest..... | | | | | | |
| 15. Profit on sale of investment..... | | | | | | <u>31,931</u> |
| 16. Rents received*..... | | | | | | <u>9,600</u> |
| 17. Total income from investments (items 9 through 16)..... | | | | | \$ | <u>141,320</u> |
| 18. Borrowed money..... | | | | | | |
| 19. Premiums collected for other companies (less refunds)..... | | | | | | <u>161,177</u> |
| 20. Checks charged off..... | | | | | | |
| 21. Increase in ledger liabilities..... | | | | | | |
| 22. Underwriting expense reimbursement..... | | | | | | |
| 23. Federal income tax refund..... | | | | | | |
| 24. Miscellaneous income..... | | | | | | |
| 25. Crop Hail Contingency Commission..... | | | | | | |
| 26. | | | | | | |
| 27. Total (items 18 through 26)..... | | | | | \$ | <u>161,177</u> |
| 28. Total income (items 8, 17, and 27)..... | | | | | \$ | <u>1,694,660</u> |
| 29. Total assets and income (item 1 plus item 28)..... | | | | | \$ | <u>4,412,557</u> |

*Includes \$4,800 for association's occupancy of its own buildings.

DECEMBER 31, 2018

| | | | | | | |
|--|-------------------------|-------------------------------|--|-------------------------------------|----|-----------|
| 1. Amount brought forward from line 29 page 2..... | | | | | \$ | 4,412,557 |
| DISBURSEMENTS - DECREASES IN LEDGER ASSETS | | | | | | |
| LOSSES | | | | | | |
| | (1) Direct Losses | (2) Reinsurance Assumed | (3) Specific Reinsurance Recovered | (4) Net Losses Paid (1+2-3=4) | | |
| 2. Fire..... | \$ 339,657 | \$ | \$ | \$ 339,657 | | |
| 3. Windstorm..... | 506,020 | | | 506,020 | | |
| 4. Crop Hail | | | | | | |
| 5. Homeowners Assumed..... | XXXXXXXXXX | | | | | |
| 6. Totals..... | \$ 845,677 | \$ | \$ | \$ 845,677 | | |
| 7. Received from aggregate excess loss reinsurance..... | | | | 183,276 | | |
| 8. Total of all net losses (line 6, column 4 - line 7 = line 8)..... | | | | | \$ | 662,401 |
| OPERATING EXPENSE | | | | | | |
| 9. Loss Adjustment Expenses..... | | | | 38,398 | | |
| 10. Commissions..... | | | | 246,551 | | |
| 11. Advertising..... | | | | 2,879 | | |
| 12. Boards, bureaus and associations..... | | | | 6,866 | | |
| 13. Inspection and loss prevention..... | | | | | | |
| 14. Salaries of officers..... | | | | 40,000 | | |
| 15. Expenses of officers..... | | | | | | |
| 16. Salaries of office employees..... | | | | 104,742 | | |
| 17. Employee welfare..... | | | | 35,522 | | |
| 18. Insurance..... | | | | 12,675 | | |
| 19. Directors' compensation..... | | | | 1,704 | | |
| 20. Directors' expenses..... | | | | | | |
| 21. Rent and rent items..... | | | | 8,375 | | |
| 22. Equipment..... | | | | 29,597 | | |
| 23. Printing, stationery and supplies..... | | | | 2,739 | | |
| 24. Postage and telephone | | | | 12,460 | | |
| 25. Legal and auditing..... | | | | 23,760 | | |
| 26. State insurance taxes (March 1, 417) (June 1, 7,614) (August 15, 7,614) | | | | 15,644 | | |
| 27. Insurance Division licenses and fees..... | | | | 675 | | |
| 28. Payroll taxes..... | | | | 11,367 | | |
| 29. All other taxes (excluding Federal income)..... | | | | | | |
| 30. Real estate expenses..... | | | | 6,569 | | |
| 31. Real estate taxes..... | | | | 1,083 | | |
| 32. Interest on borrowed money..... | | | | | | |
| 33. Miscellaneous..... | | | | 349 | | |
| a. Annual Meeting..... | | | | | | |
| b. Donations/Contributions..... | | | | 4,696 | | |
| c. Travel and Travel Items..... | | | | 793 | | |
| d. Over and Short..... | | | | 1,946 | | |
| 34. | | | | | | |
| 35. Total operating expense (items 9 through 34)..... | | | | | \$ | 609,390 |
| NON-OPERATING EXPENSE | | | | | | |
| 36. Borrowed money repaid..... | | | | | | |
| 37. Depreciation on real estate..... | | | | 3,283 | | |
| 38. Loss on sale of investments..... | | | | 36,127 | | |
| 39. Federal income tax Prior year, 0 Current year, 4,526 | | | | 4,526 | | |
| 40. Premium collections transmitted to other companies..... | | | | 120,526 | | |
| 41. Commission paid agents for other companies..... | | | | 17,439 | | |
| 42. Decrease in ledger liabilities..... | | | | 2,034 | | |
| 43. Federal income tax penalty/interest..... | | | | | | |
| 44. Total non-operating expense (items 36 through 43)..... | | | | | | 183,935 |
| 45. Total disbursements (items 8, 35, and 44)..... | | | | | \$ | 1,455,726 |
| 46. Balance - ledger assets, December 31st must agree with Line 22, Column 1, Page 4... .. | | | | | \$ | 2,956,831 |

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)..... | \$ 1,550,822 | \$ | \$ 56,594 | \$ 1,494,228 | \$ 1,586,124 |
| 2. Stocks (schedule A-part 2)..... | 1,106,392 | 128,914 | | 1,235,307 | 1,182,957 |
| 3. Bank Balances | | | | | |
| 3.1 Subject to check(C-1)..... | 166,088 | | | 166,088 | 19,258 |
| 3.2 On interest (C-2)..... | 5,043 | | | 5,043 | 5,039 |
| 4. Mortgage loans (schedule D) | | | | | |
| 4.1 First liens..... | | | | | |
| 4.2 Other than first..... | | | | | |
| 5. Collateral loans (schedule E)..... | | | | | |
| 6. Real estate (schedule F)..... | 111,487 | | 57,947 | 53,540 | 55,042 |
| 7. Cash in office..... | 50 | | | 50 | 25 |
| 8. Unpaid Premiums | | | | | |
| 8.1 Due before November 1..... | | | | X X X X X X | X X X X X X |
| 8.2 Due after November 1..... | | 1,868 | | 1,868 | 3,594 |
| 9. Bills receivable..... | | | | X X X X X X | X X X X X X |
| 10. Agent's balances..... | | | | | |
| 11. Reinsurance receivable on paid losses..... | | | | | 11,449 |
| 12. Accrued interest..... | X X X X X X | 14,458 | | 14,458 | 15,253 |
| 13. Accrued rent due..... | X X X X X X | | | | |
| 14. Equipment and furniture..... | 465 | | 465 | X X X X X X | X X X X X X |
| 15. Supplies..... | | | | X X X X X X | X X X X X X |
| 16. Automobiles..... | | | | X X X X X X | X X X X X X |
| 17. Cash surrender value of life ins. | | | | | |
| 18. Federal Inc. tax recoverable..... | | | | | |
| 19. Electronic data processing equipment..... | 13,183 | | 12,959 | 224 | 672 |
| 20. Service fees & misc receivables.. | | | | | 5,927 |
| 21. Prepaid Reins. & other assets.... | 3,301 | | | 3,301 | |
| 22. Totals..... | \$ 2,956,831 | \$ 145,240 | \$ 127,965 | \$ 2,974,107 | \$ 2,885,340 |

*Bonds are amortized through 12/31/18.

LIABILITIES - DECEMBER 31, 2018

| | | Current Year | Prior Year |
|--|------------|--------------|--------------|
| 1. Unpaid claims (reported)..... | \$ 396,540 | | |
| 2. Unpaid claims (incurred but not reported)..... | | | |
| 3. Total unpaid losses..... | 396,540 | | |
| 4. Less: reinsurance recoverable on unpaid losses..... | 70,091 | | |
| 5. Net unpaid claims..... | | \$ 326,449 | \$ 18,904 |
| 6. Unpaid adjusting expenses..... | | 14,200 | 2,500 |
| 7. Ceded reinsurance balances payable..... | | 26,053 | 24,695 |
| 8. Unpaid salaries and commissions..... | | 235 | |
| 9. Borrowed money..... | | | |
| 10. Interest due on borrowed money..... | | | |
| 11. Amounts withheld for the account of others..... | | 3,468 | 3,528 |
| 12. Taxes payable: Real estate..... | | 1,076 | 1,090 |
| Federal Income..... | | 4,000 | |
| Premium..... | | 1,778 | 417 |
| Other..... | | 2,055 | 1,148 |
| 13. Other unpaid expenses..... | | | 397 |
| 14. Premiums collected for other companies - not remitted..... | | 11,979 | 11,613 |
| 15. Premiums received in advance..... | | 33,022 | 33,633 |
| 16.* Unearned premium reserve..... | | 659,000 | 593,000 |
| 17. Service Fees and Employee Benefits Payable..... | | | 1,274 |
| 18. Miscellaneous Liabilities..... | | | |
| 19. Total liabilities..... | | \$ 1,083,315 | \$ 692,199 |
| 20. Surplus..... | | \$ 1,890,792 | \$ 2,193,141 |
| 21. Total liabilities and surplus..... | | \$ 2,974,107 | \$ 2,885,340 |

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

*Method of calculation: 40% method.

HISTORICAL INFORMATION

| | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|-------------|-------------|-------------|-------------|-------------|
| Gross Premium | | | | | |
| Fire..... | 850,239 | 761,360 | 740,517 | 715,364 | 650,140 |
| Windstorm..... | 850,239 | 761,360 | 740,518 | 715,365 | 650,139 |
| Crop Hail..... | 0 | 0 | 0 | 0 | 0 |
| Total..... | 1,700,478 | 1,522,720 | 1,481,035 | 1,430,729 | 1,300,279 |
| Net Premium Written | | | | | |
| Fire..... | 850,239 | 761,360 | 740,517 | 710,519 | 643,426 |
| Windstorm..... | 850,239 | 761,360 | 740,518 | 715,365 | 650,139 |
| Crop Hail..... | 0 | 0 | 0 | 0 | (6,881) |
| Total..... | 1,700,478 | 1,522,720 | 1,481,035 | 1,425,884 | 1,286,684 |
| Total Net of Agg..... | 1,392,163 | 1,237,410 | 1,231,888 | 1,176,651 | 1,078,709 |
| Gross Losses Paid | | | | | |
| Fire..... | 339,657 | 830,495 | 628,041 | 228,461 | 639,910 |
| Windstorm..... | 506,020 | 341,145 | 643,465 | 76,150 | 141,831 |
| Crop Hail..... | 0 | 0 | 0 | 0 | 0 |
| Total..... | 845,677 | 1,171,640 | 1,271,506 | 304,611 | 781,741 |
| Net Losses Paid | | | | | |
| Fire..... | 339,657 | 830,495 | 628,041 | 228,461 | 639,910 |
| Windstorm..... | 506,020 | 341,145 | 643,465 | 76,150 | 141,831 |
| Crop Hail..... | 0 | 0 | 0 | 0 | 0 |
| Total..... | 845,677 | 1,171,640 | 1,271,506 | 304,611 | 781,741 |
| Total Net of Agg..... | 662,401 | 1,030,451 | 1,173,960 | 143,517 | 781,741 |
| Loss Percentage (Direct) | | | | | |
| Fire Losses/Fire Prem..... | 40 % | 109 % | 85 % | 32 % | 98 % |
| Windstorm Losses/Windstorm Prem..... | 60 % | 45 % | 87 % | 11 % | 22 % |
| Crop Hail Losses/Crop Hail Prem..... | 0 % | 0 % | 0 % | 0 % | 0 % |
| Total Losses/Total Prem..... | 50 % | 77 % | 86 % | 21 % | 60 % |
| Loss Percentage (Net) | | | | | |
| Fire Losses/Fire Prem..... | 40 % | 109 % | 85 % | 32 % | 99 % |
| Windstorm Losses/Windstorm Prem..... | 60 % | 45 % | 87 % | 11 % | 22 % |
| Crop Hail Losses/Crop Hail Prem..... | 0 % | 0 % | 0 % | 0 % | 0 % |
| Total Losses/Total Prem..... | 50 % | 77 % | 86 % | 21 % | 61 % |
| Total Net Agg Losses/Total Net Ag Prem | 48 % | 83 % | 95 % | 12 % | 72 % |
| Balance Sheet Items | | | | | |
| Total Admitted Assets..... | 2,974,107 | 2,885,340 | 2,933,390 | 3,331,871 | 2,885,352 |
| Liabilities..... | 1,083,315 | 692,199 | 661,714 | 881,887 | 660,204 |
| Surplus..... | 1,890,792 | 2,193,141 | 2,271,676 | 2,449,984 | 2,225,148 |
| Bonds..... | 1,494,229 | 1,586,124 | 1,438,546 | 1,421,085 | 1,186,882 |
| Stocks..... | 1,235,306 | 1,182,957 | 1,228,008 | 1,122,201 | 879,094 |
| Real Estate..... | 53,540 | 55,042 | 56,543 | 44,164 | 4,561 |
| Unpaid Premium(line 8.1)..... | 0 | 59 | 34 | 0 | 0 |
| Unpaid Premium(line 8.2)..... | 1,868 | 3,594 | 836 | 1,977 | 40,228 |
| Agent's Balances..... | 0 | 0 | 0 | 0 | 0 |
| Unearned Premium..... | 659,000 | 593,000 | 567,000 | 533,000 | 513,000 |
| Balance Sheet Percentages | | | | | |
| Bonds/Admitted Assets..... | 50 % | 55 % | 49 % | 43 % | 41 % |
| Stocks/Admitted Assets..... | 42 % | 41 % | 42 % | 34 % | 30 % |
| Real Estate/Admitted Assets..... | 2 % | 2 % | 2 % | 1 % | 0 % |
| Unpaid Prem (line 8.2)/Admitted Assets. | 0 % | 0 % | 0 % | 0 % | 1 % |
| Agents' Balances/Admitted Assets..... | 0 % | 0 % | 0 % | 0 % | 0 % |
| Income/Disbursement Items | | | | | |
| Total Income..... | 1,694,661 | 1,685,925 | 1,487,527 | 1,522,686 | 1,302,955 |
| Total Disbursements..... | 1,455,726 | 1,739,767 | 1,940,775 | 992,559 | 1,539,563 |
| Operating Expense..... | 609,391 | 562,153 | 612,929 | 565,649 | 513,533 |
| Commissions..... | 246,551 | 220,029 | 214,320 | 205,695 | 185,804 |
| Investment Income..... | 141,320 | 103,595 | 103,692 | 116,922 | 110,988 |
| Salaries (lines 14-17)..... | 180,264 | 184,883 | 189,490 | 182,823 | 197,570 |
| Other | | | | | |
| Gross Risk in Force..... | 494,580,297 | 458,232,367 | 429,099,608 | 393,729,533 | 357,605,451 |
| Number of Policies..... | 1,186 | 1,154 | 1,155 | 1,144 | 1,129 |
| Operating Expense/Net Premium..... | 44 % | 45 % | 50 % | 48 % | 48 % |