

Report of Examination of

**Woodville Mutual**  
Woodville, Ohio

As of December 31, 2013

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Columbus, Ohio

November 14, 2014

Honorable Mary Taylor  
Lt. Governor/Director  
State of Ohio  
Department of Insurance  
50 West Town Street  
Suite 300  
Columbus, Ohio 43215

Dear Madam:

In accordance with Section 3901.07 of the Ohio Revised Code (“ORC”), the Ohio Department of Insurance (“Department”) conducted an examination of

**Woodville Mutual**

an Ohio domiciled, mutual protective property company, hereinafter referred to as the “Company.”

**Scope of Examination**

The Department last examined the Company as of December 31, 2010. The Department’s current examination covers the period of January 1, 2011 through and including December 31, 2013.

The Department conducted the examination in accordance with the National Association of Insurance Commissioners (“NAIC”) Financial Condition Examiners Handbook (“Handbook”). The Handbook requires that the Department plan and perform the examination to evaluate the Company’s financial condition and identify prospective risks including corporate governance, identify and assess inherent risks and evaluate system controls and procedures used to mitigate those risks. An examination also includes assessing the principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation, management’s compliance with Statutory Accounting Principles and annual statement instructions when applicable to domestic state regulations.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process.

## **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:

<b>Name</b>	<b>Principal Occupation</b>
John Bergman	Farmer
Jeff Goetz	Senior Grain Buyer/Specialty Program Director, The Andersons, Inc.
Galen Koepke	Owner, Koepke Insurance Agency
Larry Mawhorr	Principal, Sloan Insurance Agency
Lewis Renollet	Interim President, Monroe Federal Savings & Loan
Scott Rothweiler	Owner, HPJ Industries, Inc.
Jonathon Younker	President and Treasurer, The Company

### **Officers**

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

<b>Name</b>	<b>Title</b>
Jonathon Younker	President and Treasurer
Galen Koepke	Secretary
Andrew Younker	Vice President

## **Insurance Holding Company System**

The Company is a member of an insurance holding company system as defined in ORC Section 3901.32. The Company owns 100% of Woodville Mutual Insurance Agency, Inc.

## **Territory and Plan of Operations**

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

## **Reinsurance**

The Company has a property per risk excess of loss reinsurance contract that provides coverage of \$400,000 above the Company's retention of \$100,000. A semiautomatic facultative excess of loss contract provides coverage from \$500,000 to \$1,500,000. Additional facultative reinsurance is available for risks above \$1,500,000.

A property catastrophe excess of loss reinsurance contract provides coverage of \$3,000,000 above the company's retention of \$250,000.

An aggregate excess of loss reinsurance contract provides coverage limited to 25% of gross net earned premium income in excess of the company's retention of 74% of gross net earned premium income.

The Company did not assume any reinsurance.

## **Financial Statements**

The financial condition and the results of its operations for the year ending December 31, 2013 as reported by the Company and filed with the Department are reflected in the following:

- Statement of Assets, Liabilities, Surplus and Other Funds
- Statement of Income
- Statement of Changes in the Capital and Surplus Account

**Statement of Assets, Liabilities, Surplus and Other Funds  
As of December 31, 2013**

Bonds	\$ 1,943,081
Preferred stocks, common stocks, and mutual funds	1,359,340
Real estate	141,729
Cash	<u>513,798</u>
Subtotal, cash and invested assets	3,957,948
Investment income due and accrued	20,223
Assessments or premiums in the course of collection	38,880
Amounts recoverable from reinsurers	134,285
Deposits	<u>96</u>
<b>Total assets</b>	<b><u>\$ 4,151,432</u></b>
Unpaid losses	\$ 281,879
Commissions due and payable to agents	9,909
Other expenses	22,874
Taxes, licenses, and fees	5,342
Unearned assessment/premium reserve	1,376,213
Amounts withheld or retained on account of others	20,471
Amounts due on reinsurance recoveries in excess of contract	<u>12,779</u>
<b>Total liabilities</b>	<b>1,729,467</b>
Surplus	<u>2,421,965</u>
<b>Total liabilities and surplus</b>	<b><u>\$ 4,151,432</u></b>

**Statement of Income**  
**For the Year Ending December 31, 2013**

Underwriting Income

Gross assessments/premiums earned	\$ 3,516,563
Deduct premiums for reinsurance ceded	<u>757,777</u>
Net assessments/premiums earned	2,758,786

Deductions

Losses incurred	2,066,182
Loss expenses incurred	230,454
Other underwriting expenses incurred	<u>1,096,235</u>
Total underwriting deductions	<u>3,392,871</u>
Net underwriting loss	(634,085)

Investment Income

Net investment income earned	127,059
Net realized capital gains	<u>80,030</u>
Net investment gain	207,089

Other Income

Commissions	<u>54,457</u>
Net income, after capital gains tax and before federal income taxes	(372,539)
Federal income taxes incurred	<u>(34,111)</u>
Net loss	<u>\$ (338,428)</u>

## Statement of Changes in the Capital and Surplus Account

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Capital and surplus, beginning of the year	\$2,649,582	\$2,554,479	\$2,319,149
Net income (loss)	(338,428)	35,896	346,468
Change in net unrealized capital gains (losses)	99,898	51,455	(74,263)
Change in non-admitted assets	<u>10,913</u>	<u>7,752</u>	<u>(36,875)</u>
Change in surplus during the year	<u>(227,617)</u>	<u>95,103</u>	<u>235,330</u>
Capital and surplus, end of the year	<u>\$2,421,965</u>	<u>\$2,649,582</u>	<u>\$2,554,479</u>

### Notes to Financial Statements

#### Investments

The Company's investments in Fremont Federal Credit Union were not in compliance with ORC Section 3925.08(J). In December 2014, the Company took the necessary steps to become compliant with the ORC investment statute. No gain or loss was recognized as a result of the transactions to become compliant with the investment statutes.

#### Conclusion

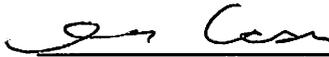
The balance sheet contained in this Report of Examination reflects the financial condition of the Company as of December 31, 2013, and is summarized as follows:

Total Admitted Assets	\$ <u>4,151,432</u>
Liabilities	\$ 1,729,467
Surplus	<u>2,421,965</u>
Total Liabilities and Surplus	<u>\$ 4,151,432</u>

### Acknowledgement

In addition to the undersigned, David T. Finkler, CPA, CFE, CISA, AES of the Department participated in this examination.

Respectfully,



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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 as of December 31, 2013.

*[Signature]*      12/15/14  
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 15 day of December, 2014.

*Elizabeth Chase*  
(Notary Public)  
**ELIZABETH CHASE**  
NOTARY PUBLIC, STATE OF OHIO  
MY COMMISSION EXPIRES MAY 22, 2017  
My Commission Expires