

Report of Examination of
Great Lakes Protective Association
Cleveland, Ohio

As of December 31, 2007

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Columbus, Ohio

January 16, 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

Great Lakes Protective Association

an Ohio domiciled, reciprocal exchange, hereinafter referred to as the "Association." The examination was conducted at the Association's home office, located at 526 Superior Avenue East, Suite 1260, Cleveland, Ohio.

A report of this examination is hereby respectfully submitted.

The Department last examined the Association as of December 31, 2002. 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 Association is vested in its Advisory Committee, which was comprised of the following members as of the examination date:

<u>Name</u>	<u>Principal Occupation</u>
David M. Ekaitis	Manager of Risk Management and Insurance, ArcelorMittal USA
Joseph W. McHugh, Jr.	Chief Financial Officer, Rand Logistics, Inc.
Parker Mellinghausen	Manager, Indiana Harbor Steamship

Mark J. Rohn

President,
Grand River Navigation

Officers

As of the examination date, the following officers were elected and serving in accordance with the Association's vessel owners' agreement:

Name	Title
Kathleen A. Selig	Chairman
Mark J. Rohn	Treasurer
Gene B. George	Secretary and Assistant Treasurer

Insurance Holding Company System

The Association is not a member of an insurance holding Company.

Reinsurance

Ceded

The Association has an excess of loss agreement that covers all the business insured by the Association above the Association's retention of \$500,000 up to a maximum of \$52,755,836. Each vessel is deemed to be separately reinsured. The Association has an unlimited number of reinstatements with no additional cost for the reinstatement.

All reinsurance agreements appear to transfer risk.

Assumed

The Association did not assume any reinsurance.

Territory and Plan of Operations

The Association insures vessels on the Great Lakes.

Scope of Examination

One of the purposes of the examination was to make an assessment of the financial condition of the Association 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. Association history;
2. fidelity bonds and other insurance;
3. officers', employees', and agents' welfare and pension plans;
4. growth of Association;
5. loss experience; and
6. pending litigation;

Financial Statements

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

Statement of Assets, Liabilities, Surplus and Other Funds
Statement of Income

Statement of Assets, Liabilities, Surplus and Other Funds

Admitted assets	
Cash and invested assets:	
Cash and short-term investments	<u>\$1,282,829</u>
Total admitted assets	<u>\$1,282,829</u>
Liabilities and Surplus	
Losses	\$515,305
Loss adjustment expenses	51,530
Unearned premiums	47,471
Ceded reinsurance premiums payable	25,519
Aggregate write-ins for liabilities	<u>12,877</u>
Total liabilities	<u>\$652,702</u>
Surplus	<u>630,127</u>
Total liabilities and surplus	<u>\$1,282,829</u>

Statement of Income

	Underwriting Income	
Premiums earned		\$342,146
Losses incurred		338,553
Loss expenses incurred		46,436
Other underwriting expenses incurred		<u>92,243</u>
Underwriting loss		(135,086)
	Investment Income	
Net investment income earned		<u>47,107</u>
Net investment gain		<u>47,107</u>
	Other Income	
Net loss		(87,979)
	Capital and Surplus	
Surplus as regards policyholders, December 31, 2006		396,472
Net loss		(87,979)
Surplus adjustments:		
Paid in		<u>321,634</u>
Change in surplus as regards policyholders for the year		<u>233,655</u>
Surplus as regards policyholders, December 31, 2007		\$630,127

Subsequent Events

There were no material subsequent events.

Conclusion

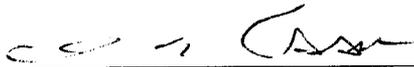
The balance sheet contained in this Report of Examination reflects the financial condition of the Association as of December 31, 2007, and is summarized as follows:

Total Admitted Assets	\$ <u>1,282,829</u>
Liabilities	\$ 652,702
Surplus	<u>630,127</u>
Total Liabilities and Surplus	\$ <u>1,282,829</u>

Acknowledgement

Appreciation is expressed for the assistance extended by the officers and employees of the Association 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 Great Lakes Protective Association as of December 31, 2007.

[Signature] 12/31/07
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 20 day of January, 2009.

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