

Report of Examination of  
Lime City Mutual Insurance Association  
Bowling Green, Ohio

As of December 31, 2007

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Columbus, Ohio

January 9, 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

**Lime City 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 21250 Caris Road, Bowling Green, Ohio 43402.

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:

<b>Name</b>	<b>Principal Occupation</b>
Paul Brinker	Company Secretary, Independent Agent and Farmer
Dale Brown	Farmer and Branch Manager of Lucky Farmers, Inc.
Matthew Hoffmann	Farmer and Perrysburg Township Employee

John Lintner	Branch Manager of Lucky Farmers, Inc.
John Russell	Farmer
Thomas Teet	Attorney

**Officers**

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

<b>Name</b>	<b>Title</b>
John Lintner	President
Paul Brinker	Secretary and Treasurer

**Insurance Holding Company System**

The Company is a member of a holding company system as defined in Section 3901.32 of the ORC. The following organizational chart displays ownership of the Company and affiliated companies:

- Lime City Mutual Insurance Association
  - Lime City Mutual Insurance Agency, Inc.

**Reinsurance**

**Ceded**

The Company has an excess of loss coverage with an unlimited amount above the Company's retention of \$100,000. An aggregate excess of loss agreement provides unlimited coverage above the Company's retention of \$465,196. The retention for 2009 is \$100,000 per risk and \$492,952 for the aggregate.

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	
Bonds	\$175,206
Stocks	592,623
Cash on deposit and checking	895,882
Assessments and premiums due under 90 days	<u>12,769</u>
Total ledger assets	<u>1,676,480</u>
Non Ledger Assets	
Interest due and accrued on Bonds	1,885
Interest due and accrued on cash and cash equivalents	1,052
Market value of stocks over book value	<u>140,907</u>
Total non ledger assets	<u>143,844</u>
Gross Assets	<u>1,820,324</u>
Total net admitted assets	<u>\$1,820,324</u>
Liabilities and Surplus	
Unpaid losses	\$10,800
Unearned assessment/premium reserve	101,385
Commissions due and payable to agents	8,977
Unpaid taxes	405
Unpaid general expenses	204
Reinsurance premiums due and payable	<u>7,461</u>
Total liabilities	<u>\$129,232</u>
Surplus	<u>1,691,092</u>
Total liabilities and surplus	<u>\$1,820,324</u>

### Statement of Income and Expenses

#### Income

Gross assessment or premium income	\$550,638
Less: Returned assessment or premiums	<u>9,715</u>
Total assessment or premiums	540,923
Deduct premiums for reinsurance ceded to other companies	<u>88,390</u>
Net assessment income	<u>452,533</u>
Interest on bonds	12,516
Dividends on stocks	30,878
Interest on cash and cash equivalents	28,921
Profit on sale or maturity of ledger assets	27,539
Commissions and service fees received	6,027
Other income	<u>2,440</u>
Total income receipts	<u>560,854</u>

Expenses	
Net losses incurred	242,566
Claims adjustment expenses	2,323
Commissions paid to agents	94,843
Directors' fees and expenses	6,600
Salaries to employees	44,418
Printing, stationary and office supplies	11,124
Rent and rent items	9,750
State and local insurance taxes	450
Insurance department license and fees	1,950
Payroll taxes	4,792
Legal fees and auditing	8,950
Travel and travel items	4,914
Advertising	853
Dues and donations	3,491
Insurance and bonds	6,791
Postage, telephone and bank charges	1,278
Employee relations and welfare	13,654
Data processing expense	1,414
Miscellaneous expenses	<u>9,504</u>
Total Disbursements	<u>469,665</u>

### Subsequent Events

There were no material subsequent events.

### Conclusion

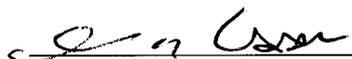
The balance sheet contained in this Report of Examination reflects the financial condition of the Company as of December 31, 2007, and is summarized as follows:

Total Admitted Assets	\$ <u>1,820,324</u>
Liabilities	\$ 129,232
Surplus	<u>1,691,092</u>
Total Liabilities and Surplus	\$ <u>1,820,324</u>

### Acknowledgement

Appreciation is expressed for the assistance extended by the officers and employees of the Company during the course of 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 of Lime City Mutual Insurance Association as of December 31, 2007.

[Signature]      1/20/09  
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, 2008.

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