

ANNUAL STATEMENT

For the Year Ended

December 31, 2011

OF THE CONDITION AND AFFAIRS OF THE

NORTON MUTUAL FIRE ASSOCIATION

ORGANIZED UNDER THE LAWS OF THE STATE OF OHIO

Made to the

INSURANCE COMMISSIONER OF THE STATE OF OHIO

Pursuant to the Laws thereof

NAIC Company Code

10264

Home Office

529 W TUSCARAWAS AVE

BARBERTON

44203

OH

Street and Number

City

Zip Code

Mail Address

PO BOX 107

BARBERTON

44203

OH

Street and Number

City

Zip Code

Main Administrative Office

(330) 745-5225

Telephone Number

Organized

MARCH 1879

Commenced Business

MARCH 1879

Annual Statement Contact Person

DIANNE L'ANZALDI

Telephone Number

(330) 745-5225

Contact Person Email Address

danzaldi@nortonmutual.com

OFFICERS

President

CYNTHIA K KELLER

Vice President

THOMAS HARNDEN

Secretary

DIANNE L'ANZALDI

Treasurer

DIANNE L'ANZALDI

DIRECTORS

(ALL DIRECTORS MUST BE SHOWN)

WAYNE AULT
CHARLES NOVAK
SUMMIT

EDWARD GRESSER

THOMAS HARNDEN

JAMES CARPENTER

State of Ohio

1 County of

SUMMIT

CYNTHIA K KELLER
NORTON MUTUAL FIRE ASSOCIATION

President and

DIANNE L'ANZALDI

Secretary of the

being duly sworn each for himself/herself deposes and says, that they are the

claims thereon, except as herein stated, and that this statement, with the schedules and explanations herein contained, annexed or referred to, is a full and correct statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, according to the best of their information, knowledge and belief, respectively.

Subscribed and sworn to before me, this 21st

day of February 2012

Michelle R Villers

Notary Public

Cynthia K Keller
President

**ANNUAL STATEMENT FOR THE YEAR
NORTON MUTUAL FIRE ASSOCIATION**

2011

ASSETS

		Assets Current Year	Nonadmitted Assets Current Year	Net Admitted Assets Current Year	Net Admitted Assets Prior Year
1	Bonds (Schedule D - Part 1)	114,531.83	0.00	114,531.83	114,531.83
2	Preferred stocks, common stocks and mutual funds (Schedule D - Part 2)	90,224.05	0.00	90,224.05	83,661.91
3	Real estate (less liens, encumbrances) (Schedule A)	0.00	0.00	0.00	
4	Cash (Schedule E)	412,301.45	0.00	412,301.45	351,249.78
5	Short-term investments		0.00	0.00	
6	Aggregate write-ins for invested assets		0.00	0.00	
7	Subtotals, cash and invested assets	617,057.33	0.00	617,057.33	549,443.52
8	Investment income due and accrued	1,288.22	0.00	1,288.22	13,555.43
9.1	Assessments or premiums in the course of collection (including agents balances)	6,923.00	0.00	6,923.00	5,743.00
9.2	Deferred premiums, agents' balances and installments booked but deferred and not yet due	60,013.00	0.00	60,013.00	68,237.00
9.3	Earned but unbilled premiums (post assessment)		0.00	0.00	
10.1	Amounts recoverable from reinsurers	11,482.42	0.00	11,482.42	39,674.04
10.2	Funds held by or deposited with reinsured companies		0.00	0.00	
11.1	Current federal income tax recoverable and interest thereon	1,252.00	0.00	1,252.00	2,530.00
11.2	Net deferred tax asset		0.00	0.00	
12	Electronic data processing equipment and software	3,702.87	0.00	3,702.87	5,157.52
13	Furniture and equipment	9,743.57	9,743.57	0.00	
14	Receivables from parent, subsidiaries and affiliates		0.00	0.00	
15	Aggregate write-ins for other than invested assets	0.00	0.00	0.00	0.00
16	Total Assets	711,462.41	9,743.57	701,718.84	684,340.51
	Details of Write-Ins for Assets:				
1501				0.00	
1502				0.00	
1503				0.00	
1598	Summary or remaining write-ins from overflow page	0.00	0.00	0.00	0.00
1599	Total aggregate write-ins	0.00	0.00	0.00	0.00

**ANNUAL STATEMENT FOR THE YEAR
NORTON MUTUAL FIRE ASSOCIATION**

2011

LIABILITIES, SURPLUS AND OTHER FUNDS

		Current Year	Prior Year
1	Unpaid Losses (Underwriting Exhibit - Part 2A)	25,000.00	38,000.00
2	Unpaid loss adjustment expenses (Underwriting Exhibit - Part 2A)	0.00	
3	Commissions due and payable to agents	10,133.16	10,755.27
4	Other expenses (excluding taxes, licenses and fees)	21,632.00	11,976.47
5	Taxes, licenses and fees (excluding federal income taxes)		
6	Current federal income taxes (including \$0 on realized capital gains (losses))		
7	Net deferred tax liability		
8	Borrowed money and interest thereon		
9	Unearned assessment/premium reserve	194,377.00	221,469.00
10	Advance premium		
11	Ceded reinsurance premiums payable		
12	Funds held by company under reinsurance treaties		
13	Amounts withheld or retained by company for account of others		
14	Provision for unauthorized reinsurance		
15	Payable to parent, subsidiaries and affiliates		
16	Aggregate write-ins for liabilities	0.00	0.00
17	Total liabilities	251,142.16	282,200.74
18	Surplus as regards policyholders	450,576.68	402,139.77
19	Total liabilities and surplus	701,718.84	684,340.51
	Details of Write-Ins for Liabilities:		
1601			
1602			
1603			
1698	Summary or remaining write-ins from overflow page	0.00	0.00
1699	Total aggregate write-ins	0.00	0.00

**ANNUAL STATEMENT FOR THE YEAR
NORTON MUTUAL FIRE ASSOCIATION
STATEMENT OF INCOME**

2011

		Current Year	Prior Year
UNDERWRITING INCOME			
1.1	Gross Assessments/Premiums earned	440,152.66	430,069.34
1.2	Less: Return Assessments/Premiums earned	0.00	0.00
1.3	Direct Assessments/Premiums earned	440,152.66	430,069.34
1.4	Deduct premiums for reinsurance ceded (Reinsurance Schedule)	194,226.96	162,681.42
1.5	Add premiums received for reinsurance assumed (Reinsurance Schedule)	0.00	0.00
1.6	Net Assessments/Premiums earned	245,925.70	267,387.92
DEDUCTIONS			
2	Losses incurred (Underwriting Exhibit - Part 2)	18,205.60	25,769.96
3	Loss expenses incurred (Expense Exhibit)	0.00	9,502.45
4	Other underwriting expenses incurred (Expense Exhibit)	203,061.18	204,009.39
5	Aggregate write-ins for underwriting deductions	0.00	0.00
6	Total underwriting deductions	221,266.78	239,281.80
7	Net underwriting gain (loss)	24,658.92	28,106.12
INVESTMENT INCOME			
8	Net investment income earned	10,810.09	20,158.74
9	Net realized capital gains (losses) less capital gains tax	0.00	0.00
10	Net investment gain (loss)	10,810.09	20,158.74
OTHER INCOME			
11	Net gain (loss) from agents' or premium balances charged off	0.00	0.00
12	Finance and service charges not included in premiums	0.00	0.00
13	Aggregate write-ins for miscellaneous income	10,036.91	9,871.99
14	Total other income	10,036.91	9,871.99
15	Net income, after capital gains tax and before federal income taxes	45,505.92	58,136.85
16	Federal income taxes incurred	1,262.61	2,500.01
17	Net income	44,243.31	55,636.84
SURPLUS ACCOUNT			
18	Surplus as regards policyholders, December 31 prior year	402,139.77	295,370.41
19	Net income	44,243.31	55,636.84
20	Change in net unrealized capital gains or (losses) less capital gains tax	1,135.74	-1,942.02
21	Change in net deferred income tax	0.00	0.00
22	Change in nonadmitted assets (Exhibit of Nonadmitted Assets)	3,057.86	53,074.54
23	Change in provision for reinsurance	0.00	0.00
24	Aggregate write-ins for gains and losses in surplus	0.00	0.00
25	Change in surplus as regards policyholders for the year	48,436.91	106,769.36
26	Surplus as regards policyholders, December 31 current year	450,576.68	402,139.77
DETAILS OF WRITE-INS			
0501		0.00	0.00
0502		0.00	0.00
0503		0.00	0.00
0599	Total Aggregate write-ins for underwriting deductions	0.00	0.00
1301	RENT INCOME	2,652.00	2,652.00
1302	OTHER INCOME	7,384.91	7,219.99
1303		0.00	0.00
1304		0.00	0.00
1399	Total Aggregate write-ins for miscellaneous income	10,036.91	9,871.99
2401		0.00	0.00

**ANNUAL STATEMENT FOR THE YEAR
NORTON MUTUAL FIRE ASSOCIATION
CASH FLOW STATEMENT**

2011

		Current Year	Prior Year
Cash from Operations			
1	Premiums/Assessments collected net of reinsurance	225,877.70	259,232.92
2	Net investment income	23,077.30	11,702.00
3	Miscellaneous income	10,036.91	9,871.99
4	Total	258,991.91	280,806.91
5	Benefit and loss related payments	-3,013.98	56,629.16
6	Commissions, expenses paid and aggregate write-ins for deductions	194,027.76	220,753.71
7	Federal and foreign income taxes paid (recovered)	-15.39	2,365.01
8	Total	197,026.35	279,747.88
9	Net cash from operations	61,965.56	1,059.03
Cash from Investments			
10	Proceeds from investments sold, matured or repaid:		
10.1	Bonds		45,000.00
10.2	Stocks		
10.3	Real estate		
10.4	Net gains (losses) on cash, cash equivalents and short- term investments		
10.5	Miscellaneous proceeds		
10.6	Total investment proceeds	0.00	45,000.00
11	Cost of investments acquired (long-term only):		
11.1	Bonds		54,531.83
11.2	Stocks	5,426.40	
11.3	Real estate		
11.4	Miscellaneous applications		
11.5	Total investments acquired	5,426.40	54,531.83
11.6	Net cash from investments	-5,426.40	-9,531.83
Cash from Financing and Miscellaneous Sources			
12.1	Borrowed funds (cash provided/applied)		
12.2	Other cash provided (applied)	4,512.51	4,659.22
13	Net cash from financing and miscellaneous sources	4,512.51	4,659.22
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT- TERM INVESTMENTS			
14	Net change in cash, cash equivalents and short-term investments	61,051.67	-3,813.58
15.1	Beginning of year (cash, cash equivalents and short-term investments)	351,249.78	355,063.36
15.2	End of year (cash, cash equivalents and short-term investments)	412,301.45	351,249.78

**ANNUAL STATEMENT FOR THE YEAR
NORTON MUTUAL FIRE ASSOCIATION**

2011

EXPENSE EXHIBIT

		Current Year
1.1	Claim Adjusting: Direct	6,664.00
1.2	Reinsurance assumed	0.00
1.3	Reinsurance ceded excluding contingent (commission and brokerage)	0.00
1.4	Net claim adjusting	6,664.00
2.1	Commission and Brokerage: Direct commission and brokerage	42,275.68
2.2	Reinsurance assumed excluding contingent	0.00
2.3	Reinsurance ceded excluding contingent (commission and brokerage)	0.00
2.4	Contingent - direct (commission and brokerage)	0.00
2.5	Contingent - reinsurance assumed (commission and brokerage)	0.00
2.6	Contingent - reinsurance ceded (commission and brokerage)	0.00
2.7	Policy and membership fees (commission and brokerage)	0.00
2.8	Net commission and brokerage	42,275.68
3	Allowances to managers and agents	0.00
4	Advertising	6,148.43
5	Boards, bureaus and associations	5,524.88
6	Surveys and underwriting reports	0.00
7	Audit of assureds' records	0.00
8.1	Salary and related items: Salaries	0.00
8.2	Payroll taxes	0.00
9	Employee relations and welfare	0.00
10	Insurance	4,823.35
11	Directors' fees	6,700.00
12	Travel and travel items	478.74
13	Rent and rent items	5,400.00
14	Equipment	7,655.43
15	Cost or depreciation of EDP equipment and software	0.00
16	Printing and stationery	5,004.34
17	Postage, telephone, exchange and express	4,492.21
18	Legal and auditing	12,637.25
19	Loss adjustment expenses	0.00
18	Investment expenses	0.00
19	Totals	58,864.63
20.1	Taxes, licenses and fees: State and local insurance taxes	250.00
20.2	Insurance department licenses and fees	350.00
20.3	All other (excluding federal income and real estate)	0.00
20.4	Total taxes, licenses and fees	600.00
21	Real estate expenses	210.00
22	Real estate taxes	0.00
23	Aggregate write-ins for miscellaneous expenses	94,446.87
24	Total expenses incurred (a)	203,061.18
25	Less unpaid expenses - current year	31,765.16
26	Add unpaid expenses - prior year	22,731.74
27	Total expenses paid	194,027.76
	Details of Write-Ins:	
2301	CLERICAL	91,200.00
2302	UTILITIES	3,158.87
2303	OTHER EXPENSES	88.00

**ANNUAL STATEMENT FOR THE YEAR
NORTON MUTUAL FIRE ASSOCIATION**

2011

INSURANCE IN FORCE

		Amount (dollars)	Number
1	In force December 31 of previous year (to equal prior year's statement)	51,516,516	645
2	Written during the year	11,243,468	149
3	Total	62,759,984	794
4	Deduct those expired and cancelled	11,824,732	152
5	In force December 31 of current year	50,935,252	642
6	Deduct amount reinsured	0	XXX
7	Net amount in force	50,935,252	XXX

**ANNUAL STATEMENT FOR THE YEAR
NORTON MUTUAL FIRE ASSOCIATION**

2011

**UNDERWRITING EXHIBIT - PART 2
LOSSES INCURRED**

1 Lines of Business	2 Direct Losses Incurred	3 Losses Incurred on Reinsurance Assumed	4 Deduct: Reinsurance Recovered on Incurred Losses	5 Deduct: Salvage and Subrogation Converted To Cash	6 * Net Losses Incurred Columns 2 and 3 minus Columns 4 and 5
PROPERTY	\$ 163,644.02		\$ 145,438.42		\$ 18,205.60
OVERFLOW AMOUNTS					
Totals	\$ 163,644.02	\$ -	\$ 145,438.42	\$ -	\$ 18,205.60

* Total should equal Line 2, Page 4, Current Year.

**UNDERWRITING EXHIBIT - PART 2A
UNPAID LOSSES and LOSS ADJUSTMENT EXPENSES**

1 Lines of Business	2 Direct Unpaid Losses	3 Unpaid Losses on Reinsurance Assumed	4 Deduct: Reinsurance Recoverable on Unpaid Losses	5 ** Unpaid Loss Adjustment Expenses	6 *** Net Unpaid Losses Columns 2 and 3 minus Column 4
INCURRED BUT NOT REPORTED	\$ 25,000.00				\$ 25,000.00
OVERFLOW AMOUNTS					
Totals	\$ 25,000.00	\$ -	\$ -	\$ -	\$ 25,000.00

** Total should equal Line 2, Page 3, Current Year.

*** Total should equal Line 1, Page 3, Current Year.

**ANNUAL STATEMENT FOR THE YEAR
NORTON MUTUAL FIRE ASSOCIATION**

2011

EXHIBIT OF NONADMITTED ASSETS

		Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets
1	Bonds			0.00
2	Preferred and common stocks and mutual funds			0.00
3	Real estate (less liens, encumbrances)			0.00
4	Cash			0.00
5	Short-term investments			0.00
6	Aggregate write-ins for invested assets			0.00
7	Subtotals, cash and invested assets	0.00	0.00	0.00
8	Investment income due and accrued			0.00
9.1	Assessments or premiums in the course of collection (including agents balances)			0.00
9.2	Premium receivable for advance pay			0.00
9.3	Earned but unbilled premiums (post assessment)			0.00
10.1	Amounts recoverable from reinsurers			0.00
10.2	Funds held by or deposited with reinsured companies			0.00
11.1	Current federal income tax recoverable and interest thereon			0.00
11.2	Net deferred tax asset			0.00
12	Electronic data processing equipment and software			0.00
13	Furniture and equipment	9,743.57	12,801.43	3,057.86
14	Receivables from parent, subsidiaries and affiliates			0.00
15	Aggregate write-ins for other than invested assets	0.00	0.00	0.00
16	Total Assets	9,743.57	12,801.43	3,057.86
	Details of Write-Ins for Assets:			
1501		0.00	0.00	0.00
1502		0.00	0.00	0.00
1503		0.00	0.00	0.00
1598	Summary or remaining write-ins from overflow page	0.00	0.00	0.00
1599	Total aggregate write-ins	0.00	0.00	0.00

SCHEDULE A

Showing All Real Estate OWNED December 31 of Current Year

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FIXTURES and AUTOMOBILES

Showing All Furniture Fixtures and Automobiles OWNED December 31 of Current Year

STATEMENT OF THE

NORTON MUTUAL FIRE ASSOCIATION

SCHEDULE D - PART 1
Showing all BONDS Owned on December 31 of Current Year

Description	3	4	5	6	7	8	Interest	9	10	11	12	13	14	Amount of Interest due and accrued Dec. 31. Current year, on bonds in default as to principal or interest	15	16	
Accurate description of all bonds owned.																	
D																	
MERRILL LYNCH	10/14/2009	20,000.00	20,000.00	20,000.00	20,000.00	20,295.20	2,450%	93.97	490.00	295.20					10/2/2012	1FE	
MERRILL LYNCH	10/14/2009	20,000.00	20,000.00	20,000.00	20,000.00	20,841.40	3,100%	118.90	620.00	841.40					10/16/2013	1FE	
CD																	
MERRILL LYNCH	10/14/2009	20,000.00	20,000.00	20,000.00	20,000.00	20,558.60	2,700%	110.96	540.00	558.60					10/2/2014	1FE	
MERRILL LYNCH	10/27/2010	15,000.00	14,919.21	14,919.21	14,919.21	17,059.25	4,500%	223.13	701.25	2,120.04					9/1/2040	1FE	
MERRILL LYNCH	10/27/2010	15,000.00	14,866.81	14,866.81	14,866.81	16,927.95	4,500%	166.88	682.50	2,261.14					10/1/2040	1FE	
MERRILL LYNCH	10/27/2010	15,000.00	14,781.99	14,781.99	14,781.99	14,624.25	5,500%	341.46	825.00	157.74					8/1/2035	1FE	
MERRILL LYNCH	10/20/2010	15,000.00	10,163.82	10,163.82	10,163.82	11,549.60	4,875%	232.92	487.50	1,385.78					7/8/2040	1FE	
FROM PAGE 19	XXX	XXX	\$ 120,000.00	\$ 114,531.83	\$ 114,531.83	\$ 121,837.25	XXX	\$ 1,288.22	\$ 4,346.25	\$ 157.74	\$ 7,463.16	\$ -	\$ -		XXX	XXX	

-STATEMENT OF THE

NORTON MUTUAL FIRE ASSOCIATION -

SCHEDULE D - PART 2
Showing all Preferred & Common Stocks and Mutual Funds Owned December 31 of Current Year

ANNUAL STATEMENT OF THE

NORTON MUTUAL FIRE ASSOCIATION

SCHEDULE D - PART 3

Showing all Bonds and Preferred & Common Stocks ACQUIRED During the Current Year

Red stocks, common stocks and mutual funds to be accounted separately.

*** You can insert additional rows in yellow above if needed

Each issue of bonds or stocks acquired at public offerings may be totaled in one line and the word "various" inserted in Columns 2 and 3.

JOURNAL STATEMENT OF THE

NORTON MUTUAL FIRE ASSOCIATION

SCHEDULE D - PART 4
Showing all Bonds and Preferred & Common Stocks SOLD, REDEEMED OR OTHERWISE DISPOSED OF During the Current Year

stocks, common stocks and mutual funds to be grouped separately.

↑ additional rows in yellow above if needed!

ANNUAL STATEMENT FOR THE YEAR NORTON MUTUAL FIRE ASSOCIATION

2011

SCHEDULE E - CASH or CASH EQUIVALENTS

Showing All Balances (according to Company's Records) Carried in Each Bank or Savings and Loan

All Columns Must Be Completed for Each Deposit, CD, Checking Account, etc.