

Amended Note 25 to correlate with Schedule P data. Fixed electronic NAIC notes to correctly pull in Note 30 inputs.



PROPERTY AND CASUALTY COMPANIES—ASSOCIATION EDITION

ANNUAL STATEMENT
For the Year Ended December 31, 2018
OF THE CONDITION AND AFFAIRS OF THE
MENNONITE MUTUAL INSURANCE COMPANY

NAIC Group Code	04780	NAIC Company Code	17299	Employer's ID Number	34-0396080
	(Current Period)		(Prior Period)		
Organized under the Laws of	Ohio		State of Domicile or Port of Entry	Ohio	
Country of Domicile	United States				
Incorporated/Organized	02/01/1905		Commenced Business	02/01/1895	
Statutory Home Office	1000 South Main Street			Orrville, OH, US 44667-0300	
	(Street and Number)			(City or Town, State, Country and Zip Code)	
Main Administrative Office	1000 South Main Street		Orrville, OH, US 44667-0300	330-682-2986	(Area Code) (Telephone Number)
	(Street and Number)		(City or Town, State, Country and Zip Code)		
Mail Address	PO Box 300		Orrville, OH, US 44667-0300	330-684-4118	(Area Code) (Telephone Number)
	(Street and Number or P.O. Box)		(City or Town, State, Country and Zip Code)		
Primary Location of Books and Records	1000 South Main Street		Orrville, OH, US 44667-0300	330-684-4118	(Area Code) (Telephone Number)
	(Street and Number)		(City or Town, State, Country and Zip Code)		
Internet Web Site Address	mennonitemutual.com				
Statutory Statement Contact	Scott Ezzo		330-684-4118		
	(Name)		(Area Code) (Telephone Number) (Extension)		
	sezzo@mennonitemutual.com		330-683-2083		
	(E-Mail Address)		(Fax Number)		

OFFICERS

Name	Title	Name	Title
Christopher J Blough	President	George Bixler Jr	Secretary
George Bixler Jr	Treasurer		

OTHER OFFICERS

J Todd Neville	Vice-President of Claims	Thomas A Troyer	Vice-President of Underwriting
----------------	--------------------------	-----------------	--------------------------------

DIRECTORS OR TRUSTEES

Robert Eugene Aschliman	George Bixler Jr	Paul Bontrager	Donald Dravenstott
Morris Stutzman	Patrick Helmuth #	Tyson L Stuckey	

State of Ohio
 County of Wayne
 ss

The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true 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, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

Christopher J Blough President	George Bixler Jr Secretary	George Bixler Jr Treasurer
Subscribed and sworn to before me this 1 day of May, 2019		a. Is this an original filing? Yes [] No [X] b. If no: 1. State the amendment number 1 2. Date filed 05/10/2019 3. Number of pages attached 10

Melanie J Alger, Notary Public
April 18, 2021

NOTES TO FINANCIAL STATEMENTS

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The financial statements of Mennonite Mutual Insurance Company are presented on the basis of accounting practices prescribed or permitted by the Ohio Insurance Department.

The Ohio Insurance Department recognizes only statutory accounting practices prescribed or permitted by the State of Ohio for determining and reporting the financial condition and results of operations of an insurance company, for determining its solvency under the Ohio Insurance Commissioners ("NAIC") Accounting Practices and Procedures Manual version effective January 1, 2001 ("NAIC SAP") has been adopted as a component of prescribed or permitted practices by the State of Ohio.

A reconciliation of the Company's net income and capital and surplus between NAIC SAP and practices prescribed and permitted by the State of ABC is shown below:

	State of Domicile	2018	2017
(1) Net Income ABC state basis	OH	1,780,116	762,239
(2) State Prescribed Practices (Income): Depreciation of fixed assets			
(3) State Permitted Practices (Income): Depreciation, home office property.			
(4) Net Income, NAIC SAP		1,780,116	762,239
(5) Statutory Surplus ABC basis		17,403,904	15,685,820
(6) State Prescribed Practices (Surplus): Goodwill, net Fixed Assets, net			
(7) State Permitted Practices (Surplus): Home Office Property			
(8) Statutory Surplus, NAIC SAP		17,403,904	15,685,820

B. Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

C. Accounting Policy

Premiums are earned over the terms of the related insurance policies and reinsurance contracts. Unearned premium reserves are established to cover the unexpired portion of premiums written. Such reserves are computed by pro rata methods for direct business and are based on reports received from ceding companies for reinsurance.

Expenses incurred in connection with acquiring new insurance business, including such acquisition costs as sales commissions, are charged to operations as incurred. Expenses incurred are reduced for ceding allowances received or receivable.

Reinsurance recoverables are estimates of paid and unpaid losses collectible from the Company's reinsurers. The amounts ultimately collected may be more or less than these estimates. Any adjustments of these estimates is reflected in income as they are determined. The Company periodically reviews the financial condition of its reinsurers and amounts recoverable therefrom, recording an allowance when necessary for uncollectible reinsurance.

The capitalization policy for fixed assets has not changed from prior year and the Company continues to maintain a \$2,000 capitalization policy limit.

In addition the Company uses the following accounting policies:

1. Short-Term investments are stated at cost, which is also their fair value.
2. Bonds are stated at amortized cost using the interest method unless required by the NAIC to be carried at fair value.
3. Common stocks are stated at fair value except the stock of its uncombined subsidiary is carried on the equity basis.

NOTES TO FINANCIAL STATEMENTS

4. Preferred stocks are stated at fair value.
5. Mortgage loans are valued at unpaid balance.
6. Loan backed securities are stated at amortized cost using the interest method unless required by the NAIC to be carried at fair value.
7. Investments in Subsidiary, Controlled and Affiliated Entities

The Company carries Orrville Insurance Agency, Inc. at GAAP equity.

8. Joint Ventures, Partnerships, and Limited Liability Companies - N/A
9. Derivatives - N/A
10. The Company anticipates investment income as a factor in the premium deficiency calculation
11. Unpaid Claims, Losses and Loss Adjusting Expenses

Unpaid losses and loss adjustment expenses including an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed, and any adjustments are reflected in the period determined.

12. Capitalization policy - no change
13. Pharmaceutical rebate receivables - N/A

NOTE 2 - ACCOUNTING CHANGES AND CORRECTIONS OF ERRORS

- A. (Description of above other than results from codification)

B. The Company prepares its statutory financial statements in conformity with accounting practices prescribed or permitted by the State of Ohio. Effective January 1, 2001, the State of Ohio required that insurance companies domiciled in the State of Ohio prepare their statutory basis financial statements in accordance with the NAIC Accounting

Practices Procedures Manual - Version effective January 1, 2001, subject to any deviations prescribed or permitted by the State of Ohio Insurance Commissioners.

As a result of these changes, the Company reported a change of accounting principle, as an adjustment which increased unassigned funds of \$95,541 as of January 1, 2001. Included in this total adjustment is an increase in unassigned funds of approximately \$95,541 related to deferred tax assets.

NOTE 3 - BUSINESS COMBINATIONS AND GOODWILL - N/A

NOTE 4 - DISCONTINUED OPERATIONS - N/A

NOTE 5 - INVESTMENTS

- A. Mortgage Loans - N/A
- B. Debt Restructuring - N/A
- C. Reverse Mortgages - N/A
- D. Loan Backed and Structured Securities -

No OTTI recognized. Prepayment assumptions for mortgage-backed/loan-backed and structured securities were obtained from broker dealer survey values or internal estimates.

Note 5D (4) - Impaired but not OTTI Securities as of December 31, 2018:

a. The aggregate amount of unrealized losses:

1. Less than 12 Months	754.68
2. 12 Months or Longer	<u>23,446.78</u>

b. The aggregate related fair value of securities with unrealized losses:

1. Less than 12 Months	290,669.44
2. 12 Months or Longer	<u>927,503.04</u>

NOTES TO FINANCIAL STATEMENTS

E. – I. Repurchase, Reverse Repurchase, and Dollar Repurchase Agreements

For repurchase agreements, Company policies require a minimum of 102% of the fair value of securities purchased under repurchase agreements to be maintained as collateral. Cash collateral received is invested in short-term investments and the offsetting collateral liability is included in "Miscellaneous liabilities".

J. Real Estate - N/A

K. Investment in Low Income Housing - N/A

L. Restricted Assets - N/A

M. Working Capital Finance Investments - N/A

N. Offsetting and Netting of Assets and Liabilities - N/A

O. Structured Notes - N/A

P. 5* Securities - N/A

Q. Short Sales - N/A

R. Prepayment Penalty and Acceleration Fees – YTD as of December 31, 2018:

	General Account	Separate Account
(1) Number of CUSIPs	5	_____
(2) Aggregate Amount of Investment Income	3,944.00	_____

NOTE 6 - INVESTMENTS IN JOINT VENTURES, PARTNERSHIPS, AND LLC'S - N/A

NOTE 7 - INVESTMENT INCOME - N/A

NOTE 8 – DERIVATIVES – N/A

NOTE 9 - INCOME TAXES:

MENNOMITE MUTUAL INSURANCE COMPANY
Income Tax Disclosures Required under SSAP 101
December 31, 2018

A. The components of the net deferred tax asset / (liability) at December 31, 2018 are as follows:

1. Deferred Tax Asset / (Liability) Components Description

	2018			2017			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Gross deferred tax assets	\$ 656,451	\$ --	\$ 656,451	\$ 660,372	\$ --	\$ 660,372	\$ (3,921)	\$ --	\$ (3,921)
Statutory valuation allowance adjustment	--	--	--	--	--	--	--	--	--
Adjusted gross deferred tax assets	656,451	--	656,451	660,372	--	660,372	(3,921)	--	(3,921)
Non-admitted deferred tax assets	--	--	--	--	--	--	--	--	--
Net admitted deferred tax asset	656,451	--	656,451	660,372	--	660,372	(3,921)	--	(3,921)
Deferred tax liabilities	(115,608)	(65,143)	(180,751)	(140,470)	(203,061)	(343,531)	24,862	137,918	162,780
Net admitted deferred tax asset (liability)	\$ 540,843	\$ (65,143)	\$ 475,700	\$ 519,902	\$ (203,061)	\$ 316,841	\$ 20,941	\$ 137,918	\$ 158,859

NOTES TO FINANCIAL STATEMENTS

2. Admission Calculation Components

	2018		
	Ordinary	Capital	Total
Admission calculation components - SSAP 101, paragraph 11:			
Recovered through loss carryback 11.a	\$ 493,155	\$ --	\$ 493,155
Lesser of paragraph 11.b.i and 11.b.ii	--	--	--
Deferred tax asset offset against deferred tax liabilities 11.c	--	--	--
Total admitted deferred tax assets under paragraph 11	<u>\$ 493,155</u>	<u>\$ --</u>	<u>\$ 493,155</u>

	2017		
	Ordinary	Capital	Total
Admission calculation components - SSAP 101, paragraph 11:			
Recovered through loss carryback 11.a	\$ 660,372	\$ --	\$ 660,372
Lesser of paragraph 11.b.i and 11.b.ii	--	--	--
Deferred tax asset offset against deferred tax liabilities 11.c	--	--	--
Total admitted deferred tax assets under paragraph 11	<u>\$ 660,372</u>	<u>\$ --</u>	<u>\$ 660,372</u>

3. Ratio Percentage

	2018	2017
Ratio percentage of authorized control level risk-based capital	932%	1038%
Amount of adjusted surplus	16,914,587	15,342,355

4. Current Income Tax

	2018	2017
Federal	\$ 539,736	\$ 376,907
Foreign	-	-
Subtotal	\$ 539,736	\$ 376,907
Federal income tax on net capital gains	(20,913)	-
Other	-	(2,022)
Federal and foreign income taxes incurred	\$ 518,823	\$ 374,885

NOTES TO FINANCIAL STATEMENTS

C. Current tax and change in deferred tax at December 31, 2018 are as follows:

Deferred tax assets:	2018	2017	Change
Ordinary:			
Discounting of unpaid losses and loss adjustment expense	\$ 26,956	\$ 20,561	6,395
Unearned and advanced premiums	448,961	383,112	65,849
Other	180,534	256,699	(76,165)
Subtotal	656,451	660,372	(3,921)
Statutory valuation allowance adjustment	--	--	--
Non-admitted deferred tax assets	--	--	--
Admitted ordinary deferred tax assets	656,451	660,372	(3,921)
Capital:			
Other	--	--	--
Statutory valuation allowance adjustment	--	--	--
Non-admitted deferred tax assets	--	--	--
Admitted capital deferred tax assets	--	--	--
Admitted deferred tax assets	656,451	660,372	(3,921)
Deferred tax liabilities:			
Ordinary - other	115,608	140,470	(24,862)
Capital - investments	65,143	203,061	(137,918)
Total deferred tax liabilities	180,751	343,531	(162,780)
Net deferred tax assets	\$ 475,700	\$ 316,841	\$ 158,859

D. Current tax and change in deferred tax at December 31, 2018 are as follows:

	2018	%	2017	%
Provision computed at statutory rate	\$ 489,510	21.0	\$ 386,622	34.0
Tax exempt investment income	(26,729)	(1.1)	(30,576)	(2.7)
Dividends received deduction	(89,489)	(3.8)	(40,204)	(3.5)
Proration of tax exempt investment income	11,380	0.5	10,617	0.9
Dissallowed travel and entertainment	20,990	0.9	15,249	1.3
Accrual adjustment - prior year	54,314	2.3	(1,540)	(0.1)
Enacted rate changes	--	--	321,844	28.3
Discounted Loss Reserve Restatement	(1,439)	(0.1)	--	--
Other	60,258	2.6	(63,922)	(5.6)
 Total statutory income tax expense	 \$ 518,795	 22.3	 \$ 598,090	 52.6
 Current year income tax incurred	 \$ 518,823	 22.3	 \$ 339,600	 29.9
Realized Capital Gains Tax	20,913	0.9	35,285	3.1
Change in net deferred income taxes	(20,941)	(0.9)	223,205	19.6
 Total statutory income tax expense	 \$ 518,795	 22.3	 \$ 598,090	 52.6

E. Operating loss and tax credit carryforwards:

1. The Company did not have any unused net operating loss carryforwards available to offset future taxable income.
2. The Company has income tax expense for 2018 and 2017 of \$624,049 and \$322,594, respectively, which is available for the recoupment in the event of a future net losses.
3. The Company did not have any protective tax deposits under Section 6603 of the Internal Revenue Code.

NOTES TO FINANCIAL STATEMENTS

- F. Consolidated federal income tax return – N/A
- G. Federal or foreign income tax loss contingencies – N/A

NOTE 10 - INFORMATION CONCERNING PARENTS, SUBSIDIARIES, AND AFFILIATES

All outstanding shares of the Orrville Insurance Agency are owned by the Mennonite Mutual Insurance Company domiciled in the state of Ohio. Mennonite Mutual Aid Society became an affiliate of Mennonite Mutual Insurance Company in 2013.

NOTE 11 - DEBT - N/A

NOTE 12 - BENEFIT PLANS

The Company has provided its employees with an employer matched 401 (K) retirement plan and also makes additional calculated 401 (K) contributions each year for all qualified employees. Mennonite Mutual Insurance Company also makes set annual contributions into qualified employee Health Savings Accounts.

NOTE 13 - CAPITAL AND SURPLUS AND SHAREHOLDERS' AND POLICYHOLDERS' DIVIDEND RESTRICTIONS

- 1. N/A
- 2. The Company has no preferred stock outstanding.
- 3. N/A
- 4. N/A
- 5. N/A
- 6. There were no restrictions placed on the Company's surplus, including for whom the surplus is being held.
- 7. N/A
- 8. N/A
- 9. N/A
- 10. The portion of unassigned funds (surplus) represented or reduced by each item below is as follows:

	Change	CY Balance	PY Balance
1. Unrealized gains and losses:	(542,455)	424,504	966,959
2. Non-admitted asset values:	435,861	(729,894)	(1,165,755)
3. Provision for reinsurance:	0	0	0

- 11. N/A
- 12. N/A
- 13. N/A

NOTE 14 - CONTINGENCIES

A. Liabilities, Contingencies and Impairment of Assets

Various lawsuits against the Company regarding questions of coverage have arisen in the course of the Company's business. Contingent liabilities arising from litigation and other matters are not considered material in relation to the financial position of the Company.

- B. Guarantee Fund and Other Assessments – N/A
- C. Gain Contingencies – N/A
- D. Claims Related Extra Contractual Obligation and Bad Faith Losses Stemming from Lawsuits – N/A
- E. Product Warranties – N/A

NOTES TO FINANCIAL STATEMENTS

F. Joint and Several Liabilities – N/A

G. All Other Contingencies – N/A

NOTE 15 - LEASES - N/A

NOTE 16 - FINANCIAL INSTRUMENTS AND OFF-BALANCE SHEET RISK - N/A

NOTE 17 – SALE, TRANSFER AND SERVICING OF FINANCIAL ASSETS AND EXTINGUISHMENTS OF LIABILITIES - N/A

NOTE 18 - UNINSURED PLANS - NA

NOTE 19 - MANAGING GENERAL AGENTS/THIRD PARTY ADMINISTRATORS – NA

NOTE 20 – FAIR VALUE MEASUREMENT

Fair values are based on quoted market prices when available. The Company's financial assets and liabilities carried at fair value have been classified, for disclosure purposes, based on Statutory Accounting Principle No. 100, Fair Value Measurements. Level 1 inputs consist of unadjusted quoted prices for identical assets and liabilities in active markets accessible at the measurement date. Level 2 inputs consist of quoted prices for similar assets and liabilities in active markets, quoted prices from those willing to trade markets that are not active, or other inputs that are observable or can be confirmed by market data for the term of the instrument. Level 3 inputs consist of unobservable inputs (supported by little or no market activity) and reflect the Company's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

The following table provides information as of December 31, 2018 about the Company's financial assets measured at fair value on a recurring basis:

Fair Value Hierarchy - Note 20 A. (1)

MENNOMITE MUTUAL INSURANCE COMPANY

Year to Date as of: December 31, 2018

Description for each class of Asset or Liability	(Level 1)	(Level 2)	(Level 3)	Net Asset Value (NAV)	Total
a. Assets at Fair Value					
Common Stock					
INDUSTRIAL & MISCELLANEOUS	5,989,732.90	95,208.00			6,084,940.90
PARENTS, SUBSIDIARIES AND AFFILIATES		100.00			100.00
Total Common Stock:	5,989,732.90	95,208.00	100.00		6,085,040.90
Total a. Assets at Fair Value:	5,989,732.90	95,208.00	100.00		6,085,040.90
Total MENNOMITE MUTUAL INSURANCE COMPANY:	5,989,732.90	95,208.00	100.00		6,085,040.90

Level 1 Transfers – Details

MENNOMITE MUTUAL INSURANCE COMPANY -

Year to Date as of: December 31, 2018

	Current Fair Value	Transfers into Level 1 from Level 2	Transfers from Level 1 into Level 2	Comments
N/A	0.00	0.00	0.00	
Total Assets MENNOMITE MUTUAL INSURANCE COMPANY:	0.00	0.00	0.00	

NOTES TO FINANCIAL STATEMENTS

Fair Value Measurements - Level 3

Reconciliation

MENNONTIE MUTUAL INSURANCE
COMPANY

Year to Date as of: December 31, 2018

Description	Beginning Balance at 01/01/2018	Transfers into Level 3	Transfers out of Level 3	Total gains and (losses) included in Net Income	Total gains and (losses) included in Surplus	Purchases			Settlements	Ending Balance at 12/31/2018							
						Issuances	Sales										
a. ASSETS																	
Common Stock																	
PARENTS, SUBSIDIARIES AND AFFILIATES	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	100.00							
Total a. ASSETS:	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	100.00							
Total MENNONITE MUTUAL INSURANCE COMPANY:	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	100.00							

Aggregate Fair Value by Hierarchical Level -Note 20C.

MENNONTIE MUTUAL INSURANCE COMPANY

Year to Date as of: December 31, 2018

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Net Asset Value (NAV)	Not Practicable (Carrying Value)
Bond	9,892,317	9,936,605	9,892,317				
CMO	1,508,362	1,462,124	1,508,362				
MBS	1,647,631	1,667,729	1,647,631				
Common Stock	6,085,041	6,085,041	5,989,733	95,208		100	
Cash Equivalents	3,766,022	3,766,022	3,766,022				
Total Assets MENNONITE MUTUAL INSURANCE COMPANY:	22,899,373	22,917,521	22,804,065	95,208		100	

Note D - Not Practicable to Estimate Fair Value Detail

MENNONTIE MUTUAL INSURANCE COMPANY

Year to Date as of: December 31, 2018

Type or Class of Financial Instrument

	Carrying Value	Effective Interest Rate
Total Short Term:	5,935,405	12/31/2018
Total Assets MENNONITE MUTUAL INSURANCE COMPANY:	5,935,405	

NOTE 21 – OTHER ITEMS - N/A

NOTE 22 – EVENTS SUBSEQUENT - N/A

NOTE 23 - REINSURANCE

A. Unsecured Reinsurance Recoverables in Excess of 3% of Surplus – N/A

B. Reinsurance Recoverable in Dispute – N/A

NOTES TO FINANCIAL STATEMENTS

C. Reinsurance Assumed and Ceded:

	ASSUMED REINSURANCE		CEDED REINSURANCE		NET	
	(1)	(2)	(3)	(4)	(5)	(6)
	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity	Premium Reserve	Commission Equity
1 Affiliates	\$212,412	\$57,308	0	0	\$212,412	\$57,308
2. All Other	\$76,790	\$27,897	\$406,850	\$134,261	(\$330,060)	(\$106,364)
3. Total	\$289,202	\$85,205	\$406,850	\$134,261	(\$117,648)	(\$49,056)

C. Direct Reinsurance Unearned Premium Reserve - \$ 10,445,002

D. Uncollectible Reinsurance - N/A

E. Commutation of Ceded Reinsurance - N/A

F. Retroactive Reinsurance - N/A

G. Reinsurance Accounted for as a Deposit - N/A

H. Transfer of Property and Casualty Run-off Agreements - N/A

I. Certified Reinsurer Rating Downgrade - N/A

J. Reinsurance Agreements Qualifying for Reinsurer Aggregation - N/A

NOTE 24 - RETROSPECTIVELY RATED CONTRACTS - N/A

NOTE 25 - CHANGES IN INCURRED LOSSES AND LAE:

Reserves for incurred losses and LAE as of 12/31/17 were \$2,162,880. As of 12/31/18, \$1,557,342 has been paid for incurred losses attributable to insured events of prior years. Reserves remaining for prior years are now \$947,000 as a result of re-estimation of unpaid claims and claim adjustment expenses. Therefore, there has been \$342,020 of unfavorable development from prior years. Increases and decreases of this nature occur as a result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased, as additional information becomes known regarding individual claims.

NOTE 26 - INTERCOMPANY POOLING ARRANGEMENTS - N/A

NOTE 27 - STRUCTURED SETTLEMENTS - N/A

NOTE 28 – HEALTH CARE RECEIVABLES - N/A

NOTE 29 – PARTICIPATING POLICIES - N/A

NOTE 30 – PREMIUM DEFICIENCY RESERVES:

	<u>FIRE</u>	<u>HO / FO</u>	<u>CMP</u>	<u>GL / UMB</u>	<u>CAP / APD</u>	<u>Total</u>
Net unearned premium reserve at 12/31/18	\$ 847,891	\$ 3,032,347	\$ 5,470,322	\$ 179,329	\$ 637,999	\$ 10,167,888
Anticipated loss and adjusting (5 year average)	(277,705)	(1,347,512)	(2,643,864)	(89,712)	(321,076)	(4,679,869)
Acquisition costs (at renewal)	-	-	-	-	-	-
Policy maintenance cost (10.0% estimate)	(84,789)	(303,235)	(547,032)	(17,933)	(63,800)	(1,016,789)
Surplus / (Deficiency)	\$ 485,397	\$ 1,381,600	\$ 2,279,426	\$ 71,684	\$ 253,123	\$ 4,471,231

Net earned premium 2014	1,803	4,327	3,657	537	708
Net earned premium 2015	1,598	4,585	4,759	463	729
Net earned premium 2016	1,508	4,782	5,294	415	763
Net earned premium 2017	1,472	4,954	7,052	115	899
Net earned premium 2018	1,423	5,201	7,609	367	1,048
	\$ 7,804	\$ 23,849	\$ 28,371	\$ 1,897	\$ 4,147

Net incurred loss & lae 2014	568	1,674	2,605	330	319
Net incurred loss & lae 2015	768	1,918	2,018	175	218
Net incurred loss & lae 2016	421	1,885	2,920	65	198
Net incurred loss & lae 2017	489	3,829	2,308	153	946
Net incurred loss & lae 2018	310	1,292	3,861	226	406
	\$ 2,556	\$ 10,598	\$ 13,712	\$ 949	\$ 2,087

NOTE 30 (continued):

The Company evaluated the need to record a premium deficiency reserve as of the end of the year and determined a reserve was not required. This evaluation was completed subsequent to year end. The Company does not anticipate investment income when evaluating the need for premium deficiency reserves.

NOTES TO FINANCIAL STATEMENTS

NOTE 31 – HIGH DEDUCTIBLES – N/A

NOTE 32 – DISCOUNTING OF LIABILITIES FOR UNPAID LOSSES AND LAE – N/A

A. – C. The Company does not discount its liabilities for unpaid loss and loss adjustment expenses.

NOTE 33 – ASBESTOS AND ENVIRONMENTAL CLAIMS – N/A

A. – F. The Company does not have on the books, nor has it ever written an insured for which it has identified a potential for the existence of a liability due to asbestos or environmental losses.

NOTE 34 – SUBSCRIBER SAVINGS ACCOUNTS – N/A

NOTE 35 – MULTIPLE PERIL CROP INSURANCE – N/A

NOTE 36 – FINANCIAL GUARANTY INSURANCE – N/A