

Report of Examination of

**The Farmers' Mutual Relief Association
Upper Sandusky, Ohio**

As of December 31, 2013

Table of Contents

Subject	Page
Salutation.....	1
Description of Company.....	1
Scope of Examination.....	1
Management and Control:	
Board of Directors.....	2
Officers.....	2
Insurance Holding Company System.....	2
Reinsurance:	
Ceded.....	3
Assumed.....	3
Territory and Plan of Operations.....	3
Significant operation results.....	3
Financial Statements:	
Statement of Assets, Liabilities, Surplus and Other Funds.....	5
Statement of Income and Expenses.....	6
Statement of Changes in the Capital and Surplus Account.....	7
Subsequent Events.....	7
Conclusion.....	7

Columbus, Ohio

July 25, 2014

Honorable Mary Taylor
Lt. Governor/Director
State of Ohio
Department of Insurance (“Department”)
50 West Town Street, 3rd Floor - Suite 300
Columbus, Ohio 43215

Dear Madam:

In accordance with Section 3901.07 of the Ohio Revised Code (“ORC”), an examination was made of

The Farmers’ Mutual Relief 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 247 Tarhe Trail, Upper Sandusky, Ohio 43351.

A report of this examination is hereby respectfully submitted.

The Department last examined the Company as of December 31, 2008. Representatives of the Department conducted the current examination covering the intervening period to and including December 31, 2013.

Scope of Examination

The examination was conducted 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:

Name	Principal Occupation
Charles Gabel	Independent Insurance Agent
Gary Gwinn	Vice President – Claims Western Reserve Insurance Group
David Karcher	Farmer
Dennis Lenhart	Independent Insurance Agent
Rick McCullough	Farmer and Business Owner
Christy Neumeyer	Senior Property Accountant, Columbus County Club
Larry Roll	Retired

Officers

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

Name	Title
David Karcher	Chairman of the Board
Larry Roll	Vice Chairman of the Board
Danny Oakes	President
Wendie Stillberger	Secretary and Treasurer

Insurance Holding Company System

The Company is a member of a holding company system as defined by ORC 3901.32. The corporate organizational chart is as follows:

Farmers' Mutual Relief Association
Farmers Mutual Insurance Agency, Inc.

Reinsurance

Ceded

The Company has an individual occurrence excess of loss that provides coverage of \$900,000 above the Company's retention of \$100,000. A per occurrence catastrophe contract provides 95% coverage above the Company's retention of \$500,000, there is no limit on the catastrophe reinsurance agreement.

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 and writes throughout the State.

Significant Operating Results

The Company reported the following net underwriting results for the last 2 years.

	<u>2013</u>	<u>2012</u>
Net Premiums earned	\$ 6,149,304	\$ 5,665,388
Losses incurred	3,847,034	3,146,558
Loss expenses incurred	42,353	0
Other underwriting expenses incurred	<u>2,850,794</u>	<u>2,530,418</u>
Total underwriting deductions	<u>6,740,181</u>	<u>5,676,976</u>
Net underwriting gain or (loss)	<u>\$ (590,877)</u>	<u>\$ (11,588)</u>
Pure loss ratio	62.5	55.5
Loss expense ratio	<u>.7</u>	<u>0.0</u>
Loss ratio	63.2	55.5
Underwriting expense ratio	<u>46.4</u>	<u>44.7</u>
Combined ratio	<u>109.6</u>	<u>100.2</u>

Financial Statements

The financial condition and the results of its operations for the period under examination as reported and filed by the Company with the Department are reflected in the following:

Statement of Assets, Liabilities, Capital and Surplus

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	\$7,864,655
Stocks	2,290,961
Real estate	9,076
Cash on deposit and checking	<u>866,953</u>
Cash and invested assets	<u>11,031,645</u>
Investment income due and accrued	64,671
Assessments or premiums in course of collection	655,862
Deferred premiums, agents' balances and installments booked But deferred and not yet due	1,334,408
Current federal income tax recoverable and interest thereon	4,000
Receivables from parent, subsidiaries and affiliates	<u>126,697</u>
Total net admitted assets	<u>\$13,217,283</u>
Liabilities and Surplus	
Unpaid losses	\$597,235
Commissions due and payable to agents	392,534
Other expenses	95,876
Unearned assessment/premium reserve	4,286,450
Ceded reinsurance premiums payable	212,335
Amounts withheld or retained by Company for account of others	<u>246,268</u>
Total liabilities	<u>5,830,698</u>
Surplus	<u>7,386,585</u>
Total liabilities and surplus	<u>\$13,217,283</u>

Statement of Income
As of December 31, 2013

Net Premiums earned	<u>\$ 6,149,304</u>
Losses incurred	3,847,034
Loss expenses incurred	42,353
Other underwriting expenses incurred	<u>2,850,794</u>
Total underwriting deductions	<u>6,740,181</u>
Net underwriting loss	<u>(590,877)</u>
Net investment income earned	110,217
Net realized capital gains	<u>88,715</u>
Net investment gain	<u>198,932</u>
Miscellaneous income	<u>286,697</u>
Total other income	<u>286,697</u>
Net loss before federal income taxes	(105,248)
Federal income taxes incurred	<u>(986)</u>
Net income	<u>\$ (104,262)</u>

Statement of Changes in the Capital and Surplus Account

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Capital and surplus, beginning of the year	<u>\$7,129,530</u>	<u>\$6,586,824</u>	<u>\$7,023,930</u>	<u>\$5,869,337</u>	<u>\$4,702,778</u>
Net income (loss)	(104,262)	379,273	(353,316)	1,081,563	924,670
Change in net unrealized gains or losses	381,292	161,826	(133,631)	74,884	248,067
Change in non-admitted assets	<u>(19,975)</u>	<u>1,607</u>	<u>49,841</u>	<u>(1,854)</u>	<u>(6,178)</u>
Change in surplus during the year	<u>\$ 257,055</u>	<u>\$542,706</u>	<u>\$(437,106)</u>	<u>\$1,154,593</u>	<u>\$1,166,559</u>
Capital and surplus, end of the year	<u>\$7,386,585</u>	<u>\$7,129,530</u>	<u>\$6,586,824</u>	<u>\$7,023,930</u>	<u>\$5,869,337</u>

Subsequent Events

The Company changed their name to Wyandot Mutual Insurance Company effective July 11, 2014.

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>13,217,283</u>
Liabilities	\$ 5,830,698
Surplus	<u>7,386,585</u>
Total Liabilities and Surplus	<u>\$ 13,217,283</u>

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 The Farmers' Mutual Relief Association as of December 31, 2013.

Janice 8/6/2014
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 6 day of August, 2014.

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