

**LAWYERS MUTUAL INSURANCE
COMPANY OF KENTUCKY**
Financial Statements and Supplementary Information

*Years Ended December 31, 2009 and 2008
with Independent Auditors' Report Thereon*

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Independent Auditors' Report

Board of Directors
Lawyers Mutual Insurance Company of Kentucky
Louisville, Kentucky

We have audited the accompanying statutory basis balance sheets of Lawyers Mutual Insurance Company of Kentucky (the Company) as of December 31, 2009 and 2008, and the related statutory basis statements of operations, changes in policyholders' surplus and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described more fully in Note 2 to the financial statements, the Company prepared these financial statements using accounting practices prescribed or permitted by the Kentucky Department of Insurance, which practices differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these statutory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Company as of December 31, 2009 and 2008, or the results of its operations or its cash flows for the years then ended.

Board of Directors
Lawyers Mutual Insurance Company of Kentucky
Louisville, Kentucky
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In our opinion, the financial statements referred to above present fairly, in all material respects, the admitted assets, liabilities, and policyholders' surplus of the Company as of December 31, 2009 and 2008, and the results of its operations and its cash flows for the years then ended, on the basis of accounting described in Note 2.

The supplementary information included in the accompanying Summary Investment Schedule and Supplemental Investment Risks Interrogatories is not a required part of the basic financial statements of the Company but is supplementary information required by statutory accounting practices prescribed or permitted by the Kentucky Department of Insurance. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.



April 20, 2010
Louisville, Kentucky

LAWYERS MUTUAL INSURANCE COMPANY OF KENTUCKY

Balance Sheet - Statutory Basis

December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Admitted Assets		
Cash and invested assets:		
Bonds	\$ 17,124,674	\$ 18,893,479
Cash, cash equivalents and short-term investments	1,608,564	488,028
Other invested assets	<u>-</u>	<u>152,101</u>
Total cash and invested assets	18,733,238	19,533,608
Accrued investment income	206,714	221,377
Uncollected premiums	910,369	704,856
Reinsurance balances receivable	1,101,831	802,157
Deferred tax asset	321,117	345,997
Federal income tax recoverable	53,809	35,640
Other admitted assets	<u>12,087</u>	<u>14,200</u>
Total admitted assets	<u>\$ 21,339,165</u>	<u>\$ 21,657,835</u>
Liabilities and Policyholders' Surplus		
Reserves:		
Losses	\$ 5,768,181	\$ 5,243,325
Loss adjustment expenses	3,913,373	4,461,186
Unearned premiums	1,997,765	1,963,300
Advance premiums	<u>509,345</u>	<u>328,994</u>
Total reserves	12,188,664	11,996,805
Reinsurance balances payable	2,096,492	2,759,380
Provision for reinsurance	50,000	31,000
Accrued expenses and other liabilities	<u>241,326</u>	<u>306,269</u>
Total liabilities	14,576,482	15,093,454
Policyholders' surplus:		
Paid-in surplus	4,344,031	4,350,231
Unassigned surplus	<u>2,418,652</u>	<u>2,214,150</u>
Total policyholders' surplus	<u>6,762,683</u>	<u>6,564,381</u>
Total liabilities and policyholders' surplus	<u>\$ 21,339,165</u>	<u>\$ 21,657,835</u>

See accompanying notes.

LAWYERS MUTUAL INSURANCE COMPANY OF KENTUCKY

Statement of Operations - Statutory Basis

Years ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Premiums earned	\$ 3,951,207	\$ 4,156,472
Losses and loss adjustment expenses	3,537,253	4,046,928
Other net underwriting expenses incurred:		
General expenses	889,973	787,779
Net commissions to (from) reinsurers	<u>122,020</u>	<u>(381,191)</u>
Total other net underwriting expenses incurred	1,011,993	406,588
Underwriting loss	(598,039)	(297,044)
Investment gain (loss):		
Investment income earned	734,846	818,992
Net realized capital gains	10,896	1,814
Impairment of investments	<u>-</u>	<u>(207,063)</u>
Net investment gain	745,742	613,743
Other income	<u>58,089</u>	<u>56,436</u>
Income before federal income taxes	205,792	373,135
Federal income tax expense	<u>(738)</u>	<u>(67,711)</u>
Net income	<u>\$ 205,054</u>	<u>\$ 305,424</u>

See accompanying notes.

LAWYERS MUTUAL INSURANCE COMPANY OF KENTUCKY

Statement of Changes in Policyholders' Surplus - Statutory Basis

Years ended December 31, 2009 and 2008

	Paid-in Surplus	Unassigned Surplus	Total Policyholders' Surplus
Balance, December 31, 2007	\$ 4,359,231	\$ 1,972,278	\$ 6,331,509
Net income for the year ended December 31, 2008	-	305,424	305,424
Change in surplus subscriptions	(9,000)	-	(9,000)
Change in net unrealized capital losses	-	(63,333)	(63,333)
Change in net deferred tax asset	-	6,112	6,112
Increase in non-admitted assets	-	(36,331)	(36,331)
Change in provision for reinsurance	-	30,000	30,000
Balance, December 31, 2008	4,350,231	2,214,150	6,564,381
Net income for the year ended December 31, 2009	-	205,054	205,054
Change in surplus subscriptions	(6,200)	-	(6,200)
Change in net unrealized capital losses	-	913	913
Change in net deferred tax asset	-	(33,429)	(33,429)
Decrease in non-admitted assets	-	50,964	50,964
Change in provision for reinsurance	-	(19,000)	(19,000)
Balance, December 31, 2009	\$ 4,344,031	\$ 2,418,652	\$ 6,762,683

See accompanying notes.

LAWYERS MUTUAL INSURANCE COMPANY OF KENTUCKY

Statement of Cash Flows - Statutory Basis

Years ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities:		
Premiums collected, net of reinsurance	\$ 3,097,621	\$ 3,974,604
Net investment income	805,200	904,785
Miscellaneous income	58,089	56,436
Benefit and loss related payments	(1,846,797)	(2,607,417)
Commissions, expenses paid and aggregate write-ins	(2,809,873)	(2,903,815)
Federal income taxes paid	<u>(18,907)</u>	<u>(103,000)</u>
Net cash used in operations	(714,667)	(678,407)
Cash flows from investment activities:		
Proceeds from investments sold, matured or repaid:		
Bonds	2,044,845	9,040,000
Other invested assets	<u>142,899</u>	<u>-</u>
Total investment proceeds	2,187,744	9,040,000
Cost of investments acquired:		
Bonds	(310,720)	(8,337,347)
Other invested assets	<u>(50)</u>	<u>-</u>
Total investments acquired	<u>(310,770)</u>	<u>(8,337,347)</u>
Net cash provided by investment activities	1,876,974	702,653
Cash flows from financing and miscellaneous activities:		
Change in surplus subscriptions	(6,200)	(9,000)
Other cash applied	<u>(35,571)</u>	<u>(115,764)</u>
Net cash used in financing activities	<u>(41,771)</u>	<u>(124,764)</u>
Net increase (decrease) in cash, cash equivalents and short-term investments	1,120,536	(100,518)
Cash, cash equivalents and short-term investments, beginning of year	<u>488,028</u>	<u>588,546</u>
Cash, cash equivalents and short-term investments, end of year	<u>\$ 1,608,564</u>	<u>\$ 488,028</u>

See accompanying notes.

LAWYERS MUTUAL INSURANCE COMPANY OF KENTUCKY

Notes to the Financial Statements - Statutory Basis

1. Description of the Organization

Lawyers Mutual Insurance Company of Kentucky (the Company) was incorporated under the laws of Kentucky on September 3, 1986. The Company is organized for the purpose of writing professional liability insurance coverage for qualified attorneys licensed to practice law in Kentucky, who are residents of and practice in Kentucky, including partnerships and professional corporations organized for the practice of law in Kentucky with their principal place of business in Kentucky. The Company is organized and operates as a mutual insurer in accordance with the Kentucky Insurance Code.

To obtain the necessary start-up capital, the Company offered subscriptions for subordinated surplus certificates (the Certificates) to attorneys licensed to practice in Kentucky. The initial subscription period was completed in August 1987 and resulted in approximately \$3,277,000 of statutory capital. The Company commenced operations in November 1987. The Certificates are limited debt obligations of the Company payable only from the Company's legal surplus. The Certificates have no stated or fixed maturity date and will be repayable only at the discretion of the Company's Board of Directors, subject to the availability of adequate surplus and with prior approval by the Kentucky Department of Insurance (DOI). The Certificates are subordinated in right of repayment to claims of policyholders. Holders of the Certificates have no voting rights. Interest on the Certificates will be payable to the extent declared by the Board of Directors from funds legally available for such purpose, subject to minimum surplus requirements and prior regulatory approval at a rate not in excess of six percent per annum. If in any year, no interest is paid on the Certificates, or interest is paid at a rate less than the maximum rate of six percent, such unpaid interest is not accrued and does not become due and payable to Certificate holders in subsequent years. Since the Company's inception, there has been no interest declared or paid on the Certificates. From inception through 1998, only those attorneys and firms who subscribed for Certificates were eligible to apply for insurance coverage offered by the Company. The Board of Directors voted to suspend the requirement for subscriptions indefinitely.

Following is a description of the most significant risks facing insurers and how the Company mitigates those risks:

Regulatory Risk

Regulatory risk is the risk that changes in the regulatory environment will occur and create additional losses or expenses not anticipated by the insurer in pricing its products. The Company is exposed to this risk by writing all of its business in Kentucky, thus increasing its exposure to a single jurisdiction. This risk is reduced by underwriting and loss adjusting practices that identify and minimize the adverse impact of this risk.

LAWYERS MUTUAL INSURANCE COMPANY OF KENTUCKY

Notes to the Financial Statements - Statutory Basis, continued

1. Description of the Organization, continued

Credit Risk

Credit risk is the risk that issuers of securities owned by an insurer will default or that other parties, including reinsurers, that owe the insurer money will not pay. The Company minimizes this risk by adhering to a conservative investment strategy, by utilizing financially sound reinsurers, by maintaining stringent collection policies, and by providing an allowance for any amounts deemed uncollectible.

Interest Rate Risk

Interest rate risk is the risk that interest rates will change and cause a decrease in the value of an insurer's investments. The Company mitigates this risk by attempting to match the maturity schedule of its assets with the expected payouts of its liabilities. To the extent that liabilities come due more quickly than assets mature, an insurer would have to sell assets prior to maturity and recognize a gain or loss.

2. Summary of Significant Accounting Policies

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

The accompanying financial statements have been prepared in conformity with accounting practices prescribed or permitted by the DOI. Such practices vary from accounting principles generally accepted in the United States (GAAP). The more significant variances from GAAP are as follows:

Investments

For statutory purposes, investments in bonds are reported at statement value or fair value based on their National Association of Insurance Commissioners' (NAIC) rating; for GAAP, such fixed maturity investments would be designated at purchase as held-to-maturity, trading or available-for-sale. Held-to-maturity fixed investments would be reported at amortized cost, and the remaining fixed maturity investments would be reported at fair value with unrealized holding gains and losses reported in operations for those designated as trading and as a separate component of other comprehensive income, net of the related deferred income taxes, for those designated as available-for-sale.

Cash Equivalents

For presentation purposes in the statement of cash flows, cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are so near to maturity that they present insignificant risk of changes in value due to changing interest rates. The carrying amount reported on the statutory balance sheet either is fair value or approximates fair value, due to their short-term nature.

LAWYERS MUTUAL INSURANCE COMPANY OF KENTUCKY

Notes to the Financial Statements - Statutory Basis, continued

2. Summary of Significant Accounting Policies, continued

Policy Acquisition Costs

The costs of acquiring and renewing business are expensed when incurred for statutory purposes. Under GAAP, such costs, to the extent recoverable, would be deferred and amortized over the effective period of the related insurance policies.

Non-admitted Assets

For statutory purposes, certain assets designated as "non-admitted," principally furniture and equipment, deferred tax assets in excess of statutory limitations, and other assets not specifically identified as an admitted asset within the NAIC Accounting Practices and Procedures Manual, are excluded from the accompanying balance sheets and are charged directly to unassigned surplus. Under GAAP, such assets are included in the balance sheets.

Reinsurance

Reserves for losses and loss adjustment expenses and unearned premiums ceded to reinsurers have been reported as reductions of the related reserves for statutory purposes rather than assets as would be required under GAAP.

Commissions allowed by reinsurers on business ceded are reported as income when received for statutory purposes rather than being deferred and amortized with deferred policy acquisition costs, as required under GAAP.

Any reinsurance balances deemed to be uncollectible have been written off through a charge to operations. In addition, a liability for reinsurance balances has been provided for unsecured, unearned premiums and unpaid losses ceded to reinsurers unauthorized by license to assume such business. Changes to those amounts are credited or charged directly to unassigned surplus. Under GAAP, an allowance for amounts deemed uncollectible would be established through a charge to earnings.

Deferred Income Taxes

Deferred income tax assets (DTA) are limited for statutory purposes to 1) the amount of federal income taxes paid in prior years that can be recovered through loss carrybacks for existing temporary differences that reverse by the end of the subsequent calendar year, plus 2) the lesser of the remaining gross deferred income tax assets expected to be realized within one year of the balance sheet date or 10% of capital and surplus excluding any net deferred income tax assets, EDP equipment and operating software, plus 3) the amount of remaining gross deferred income tax assets that can be offset against existing gross deferred tax liabilities. Deferred income taxes do not include amounts for state taxes. Under GAAP, state taxes are included in the computation of deferred income taxes, a deferred income tax asset is recorded for the amount of gross deferred income tax assets expected to be realized in future years, and a valuation allowance is established for deferred income tax assets not realizable.

LAWYERS MUTUAL INSURANCE COMPANY OF KENTUCKY

Notes to the Financial Statements - Statutory Basis, continued

2. Summary of Significant Accounting Policies, continued

Guaranty Fund Assessments

For statutory purposes, a liability for guaranty fund assessments is accrued after an insolvency has occurred regardless of whether the assessment is based on premiums written before or after the insolvency. Under GAAP, the assessment recognized is typically accrued when premiums are written because the assessment generally is based on prospective premium writings.

Statements of Cash Flow

Cash, cash equivalents and short-term investments in the statements of cash flow for statutory purposes represent cash balances and investments with initial maturities of one year or less. Under GAAP, the corresponding caption of cash and cash equivalents includes cash balances and investments with initial maturities of three months or less.

The effects of the foregoing variances from GAAP on the accompanying statutory basis financial statements have not been determined, but are presumed to be material.

Other significant accounting policies are as follows:

Investments

Bonds not backed by other loans are stated at amortized cost, with amortization determined using the interest method.

Short-term investments include investments with remaining maturities of one year or less at the time of acquisition and are principally stated at amortized cost, which approximates market value.

Realized capital gains and losses are determined using the specific identification basis. Changes in admitted asset carrying amounts of bonds and common stocks are credited or charged directly to unassigned surplus.

Premiums

Premiums are earned pro rata over the terms of the policies. The reserve for unearned premiums is determined on a daily pro rata basis.

LAWYERS MUTUAL INSURANCE COMPANY OF KENTUCKY

Notes to the Financial Statements - Statutory Basis, continued

2. Summary of Significant Accounting Policies, continued

Reserves for Losses and Loss Adjustment Expenses

The reserves for losses and loss adjustment expenses represent management's best estimate of the ultimate net cost of all reported and unreported losses incurred through December 31. The reserves for losses and loss adjustment expenses are estimated using case-basis valuations and statistical analyses. Those estimates are subject to the effects of trends in loss severity and frequency. The Company's losses and loss adjustment expenses are not discounted. Although considerable variability is inherent in such estimates, management, in consultation with their consulting actuary, believes that the reserves for losses and loss adjustment expenses are adequate. The estimates are continually reviewed and adjusted as necessary as experience develops or new information becomes known; such adjustments are reflected in current operations in the period such estimates change.

Reinsurance

Reinsurance premiums, losses and loss adjustment expenses are accounted for on bases consistent with those used in accounting for the original policies issued and the terms of the reinsurance contracts.

Reclassifications

Certain 2008 amounts have been reclassified to conform to the 2009 presentation with no effect on total admitted assets, liabilities or policyholders' surplus.

LAWYERS MUTUAL INSURANCE COMPANY OF KENTUCKY

Notes to the Financial Statements - Statutory Basis, continued

3. Investments

The statement value and fair value of securities with gross unrealized gains and losses are presented below. Fair values are based on the securities pricing service used by the Company's broker-dealer. Unrealized gains and losses on investments reported at fair value are credited or charged directly to unassigned surplus and do not affect operations.

	Statement Value	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
December 31, 2009				
U.S. government and agency securities	\$ 6,952,738	\$ 349,753	\$ (40,241)	\$ 7,262,250
Municipal securities	3,286,876	95,379	-	3,382,255
Corporate securities	6,885,060	171,861	(49,926)	7,006,995
	\$ 17,124,674	\$ 616,993	\$ (90,167)	\$ 17,651,500
December 31, 2008				
U.S. government and agency securities	\$ 7,131,258	\$ 640,132	\$ (12,140)	\$ 7,759,250
Municipal securities	4,665,507	12,048	(48,117)	4,629,438
Corporate securities	7,096,714	30,861	(376,417)	6,751,158
	\$ 18,893,479	\$ 683,041	\$ (436,674)	\$ 19,139,846

LAWYERS MUTUAL INSURANCE COMPANY OF KENTUCKY

Notes to the Financial Statements - Statutory Basis, continued

3. Investments, continued

The following table shows gross unrealized losses and fair values of bonds, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position.

		December 31, 2009					
		Less Than 12 Months		12 Months or More		Total	
		Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. government and agency securities (2)		\$ 1,049,140	\$ (8,815)	\$ 278,862	\$ (31,426)	\$ 1,328,002	\$ (40,241)
Corporate securities (8)		-	-	1,663,216	(49,926)	1,663,216	(49,926)
		<u>\$ 1,049,140</u>	<u>\$ (8,815)</u>	<u>\$ 1,942,078</u>	<u>\$ (81,352)</u>	<u>\$ 2,991,218</u>	<u>\$ (90,167)</u>
		December 31, 2008					
		Less Than 12 Months		12 Months or More		Total	
		Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. government and agency securities (1)		\$ 299,061	\$ (12,140)	\$ -	\$ -	\$ 299,061	\$ (12,140)
Municipal securities (12)		2,796,291	(48,117)	-	-	2,796,291	(48,117)
Corporate securities (25)		1,889,985	(143,637)	2,496,369	(232,780)	4,386,354	(376,417)
		<u>\$ 4,985,337</u>	<u>\$ (203,894)</u>	<u>\$ 2,496,369</u>	<u>\$ (232,780)</u>	<u>\$ 7,481,706</u>	<u>\$ (436,674)</u>

Management regularly reviews the value of the Company's investments. If the value of any investment falls below its cost basis, the decline is analyzed to determine whether it is an other-than-temporary decline in value. To make this determination for each security, the following is considered:

- How long and by how much the fair value has been below its cost;
- The financial condition and near-term prospects of the issuer of the security, including any specific events that may affect its operations or earnings potential;
- Management's intent to hold the security long enough to recover its value;
- Any downgrades of the security by a rating agency; and
- Any reduction or elimination of dividends, or nonpayment of scheduled interest payments.

LAWYERS MUTUAL INSURANCE COMPANY OF KENTUCKY

Notes to the Financial Statements - Statutory Basis, continued

3. Investments, continued

These unrealized losses relate principally to current interest rates for similar types of securities. Bond market values are subject to fluctuation based on, among other things, changes in interest rates. In a rising rate environment, bond values may experience a drop in market price which is normally recovered as the bond approaches its maturity date. In analyzing an issuer's financial condition, management considers whether the securities are issued by the federal government, its agencies, or other governments, whether downgrades by bond rating agencies have occurred, and the results of reviews of the issuer's financial condition. During 2009, the Company had no other-than-temporary impairments. During 2008, the Company recorded other-than-temporary impairments of \$207,063 on securities.

The amortized cost and fair value of bonds at December 31, 2009, by contractual maturity, are as shown below. Expected maturities may differ from contractual maturities because certain borrowers have the right to call or prepay obligations, sometimes without call or prepayment penalties.

	Statement	
	Value	Fair Value
Years to maturity:		
One or less	\$ 1,489,914	\$ 1,505,220
After one through five	7,634,506	7,981,465
After five through ten	8,000,254	8,164,815
	\$ 17,124,674	\$ 17,651,500

Major categories of net investment gain are summarized as follows:

	<u>2009</u>	<u>2008</u>
Income:		
U.S. government and agency securities	\$ 310,312	\$ 377,889
Municipal securities	126,224	117,425
Corporate securities	346,865	141,833
Common stocks	-	100
Cash and short-term investments	1,848	15,736
	785,249	652,983
Expenses:		
Portfolio management fees	1,266	1,434
Other	38,241	37,806
	39,507	39,240
Net investment gain	\$ 745,742	\$ 613,743

LAWYERS MUTUAL INSURANCE COMPANY OF KENTUCKY

Notes to the Financial Statements - Statutory Basis, continued

3. Investments, continued

At December 31, 2009 and 2008, investment securities with an admitted asset value of \$1,010,076 and \$1,014,535, respectively, were on deposit in accordance with regulations of the DOI. Proceeds from the sales of investments during 2009 and 2008 were \$2,044,845 and \$9,040,000, respectively. In 2009, gross gains and losses on those sales were \$17,755 and \$7,003, respectively. In 2008, gross gains of \$1,814 were realized on those sales.

4. Losses and Loss Adjustment Expenses

Loss and loss adjustment expense reserve analyses performed by the Company include both the Company's own experience and professional liability insurance industry data. Although management believes the present estimation techniques produce estimates of losses and loss adjustment expenses that are reasonable in the circumstances, there are several factors that may cause the ultimate settlement of such losses and loss adjustment expenses, net of related reinsurance recoverables, to vary significantly from the estimated amounts included in the accompanying financial statements.

Activity in the liability for unpaid losses and loss adjustment expenses (LAE) is summarized as follows:

	<u>2009</u>	<u>2008</u>
Reserve for losses and LAE, net of related reinsurance recoverables, at beginning of year	\$ 9,704,511	\$ 10,621,593
Incurred related to:		
Current year	3,994,995	4,302,678
Prior year	<u>(457,742)</u>	<u>(255,750)</u>
Total incurred	3,537,253	4,046,928
Paid related to:		
Current year	(668,651)	(665,814)
Prior year	<u>(2,891,559)</u>	<u>(4,298,196)</u>
Total paid	<u>(3,560,210)</u>	<u>(4,964,010)</u>
Reserve for losses and LAE, net of related reinsurance recoverables, at end of year	\$ <u>9,681,554</u>	\$ <u>9,704,511</u>

As a result of changes in estimates of insured events in prior years, the liability for unpaid losses and loss adjustment expenses (net of reinsurance recoverables) decreased by approximately \$458,000 and \$256,000 in 2009 and 2008, respectively. Paid losses and loss adjustment expenses related to prior years are net of reinsurance recoveries of \$4,951,554 and \$1,783,969 in 2009 and 2008, respectively.

LAWYERS MUTUAL INSURANCE COMPANY OF KENTUCKY

Notes to the Financial Statements - Statutory Basis, continued

5. Reinsurance

The Company is reinsured on an excess of loss basis and retains \$250,000 of each insurance risk written. The Company's policy limit is \$5,000,000 per insured and per occurrence. The ceded reinsurance agreements provide the Company with increased capacity to write larger risks and maintain its exposure to loss within its capital resources.

Under the previously mentioned agreements, the Company may ultimately be required to pay additional reinsurance premiums or receive refunds from the reinsurers based upon actual experience during the agreement periods, subject to certain limitations.

In the accompanying statutory basis financial statements, reserves for losses and loss adjustment expenses and unearned premiums are presented net of amounts reinsured. Information with respect to reinsurance recoverable by the Company is as follows:

	<u>2009</u>	<u>2008</u>
Balances at December 31:		
Ceded loss and LAE payments	\$ 1,101,831	\$ 802,157
Ceded loss and LAE reserves	4,906,033	5,819,166
Ceded unearned premiums	948,699	985,908

The Company had the following reinsurance recoverables that exceeded 3% of policyholders' surplus:

	<u>2009</u>	<u>2008</u>
Balances at December 31:		
Transatlantic Reinsurance Company	\$ 1,018,000	\$ 1,079,000
Lloyd's Syndicate No. 435	966,000	1,303,000
Hannover Ruckversicherung	913,000	902,000
Lloyd's Syndicate No. 623	476,000	572,000
Lloyd's Syndicate No. 2791	422,000	573,000
Aspen Insurance UK Limited	392,000	488,000
TOA Reinsurance of America	376,000	268,000
Lloyd's Syndicate No. 1084	361,000	525,000
Endurance Reinsurance Corporation of America	335,000	224,000
Lloyd's Syndicate No. 2003	270,000	-
Lloyd's Syndicate No. 2001	242,000	273,000
Catlin Insurance Company Limited	233,000	340,000
Everest Reinsurance	227,000	-
Lawyers Reinsurance Company	-	235,000
Lloyd's Syndicate No. 570	-	260,000

LAWYERS MUTUAL INSURANCE COMPANY OF KENTUCKY

Notes to the Financial Statements - Statutory Basis, continued

5. Reinsurance, continued

Amounts of ceded premiums written, ceded losses and loss adjustment expenses incurred, and commission income on premiums ceded are as follows:

	<u>2009</u>	<u>2008</u>
Ceded premiums written	\$ 2,520,225	\$ 2,678,892
Ceded losses incurred	2,048,836	2,227,128
Ceded loss adjustment expenses incurred	1,989,586	532,515
Commission income on premiums ceded	77,966	164,920

In the event that the reinsuring companies are unable to meet their obligations under existing reinsurance agreements, the Company will remain liable for such obligations.

In 2009 and 2008, the Company did not commute any ceded reinsurance nor did it enter into or engage in any loss portfolio transfers.

During 2008, the Company wrote off reinsurance recoverable balances from Reliance Reinsurance Inc. totaling \$28,304. The Company did not write off any reinsurance recoverable balances in 2009.

Return commissions or other equivalent amounts pursuant to contractual agreements of a profit sharing nature are accrued based on the experience of the underlying business using case and statistical methods. The Company had no receivables related to profit commissions as of December 31, 2009 and 2008. Profit commissions repayable included in reinsurance payable at December 31, 2009 and 2008, were \$200,000 and \$0, respectively.

6. Federal Income Taxes

There are no amounts of federal income taxes incurred in the current year and each preceding year that are available for recoupment in the event of future net losses at December 31, 2009 and 2008.

LAWYERS MUTUAL INSURANCE COMPANY OF KENTUCKY

Notes to the Financial Statements - Statutory Basis, continued

6. Federal Income Taxes, continued

The Company's net deferred income tax asset at December 31 is summarized as follows:

	<u>2009</u>	<u>2008</u>
Total deferred income tax assets	\$ 646,934	\$ 681,082
Total deferred income tax liabilities	<u>(4,109)</u>	<u>(4,828)</u>
Net deferred income tax assets	642,825	676,254
Deferred income tax assets non-admitted	<u>(321,708)</u>	<u>(330,257)</u>
Net admitted deferred income tax asset	\$ <u>321,117</u>	\$ <u>345,997</u>
Decrease in deferred income tax assets non-admitted	\$ <u>8,549</u>	\$ <u>17,977</u>

The components of the Company's net deferred income tax amounts at December 31 are as follows:

	<u>2009</u>	<u>2008</u>	<u>Change</u>
Deferred income tax assets:			
Losses and LAE reserves	\$ 342,119	\$ 372,284	\$ (30,165)
Unearned premium reserves	170,483	155,876	14,607
Unrealized losses on investments	81,028	81,338	(310)
Other	<u>53,304</u>	<u>71,584</u>	<u>(18,280)</u>
Total deferred income tax assets	646,934	681,082	(34,148)
Non-admitted deferred income tax assets	<u>(321,708)</u>	<u>(330,257)</u>	<u>8,549</u>
Admitted deferred income tax assets	325,226	350,825	(25,599)
Deferred income tax liabilities:			
Depreciation of fixed assets	<u>4,109</u>	<u>4,828</u>	<u>(719)</u>
Net admitted deferred income tax asset	\$ <u>321,117</u>	\$ <u>345,997</u>	\$ <u>(24,880)</u>

LAWYERS MUTUAL INSURANCE COMPANY OF KENTUCKY

Notes to the Financial Statements - Statutory Basis, continued

6. Federal Income Taxes, continued

The amounts of each result or component of the calculation, by tax character, of paragraphs 10.a., 10.b., and 10.c. of the NAIC's Statement of Statutory Accounting Principles No. 10R, *Income Taxes - Revised*, are as follows:

	<u>2009</u>		<u>2008</u>	
Prior years' taxes recoverable by loss carrybacks for temporary differences reversing by December 31, 2010 and 2009, respectively (10.a.)	\$ 67,832	\$ 67,832	\$ -	\$ -
Lesser of: Adjusted gross DTA, after applying 10.a., expected to be realized by December 31, 2010 and 2009, respectively (10.b.i.), or 10% of adjusted surplus (10.b.ii.)	253,285	253,285	345,997	345,997
	643,016		597,670	
Lesser of: Adjusted gross DTA, after applying 10.a. & 10.b., or Gross deferred tax liability	244,789		253,747	
	4,109	<u>4,109</u>	4,828	<u>4,828</u>
Admitted deferred income tax assets		<u>\$ 325,226</u>		<u>\$ 350,825</u>

The provision for federal income taxes incurred is different from that which would be obtained by applying the statutory federal income tax rate of 34% to income before taxes in 2009 and 2008. The significant items causing this difference are as follows:

	<u>2009</u>		<u>2008</u>	
Expected tax expense	\$ 69,969		\$ 126,866	
Prior year true-up of provision to return		(6,653)		(17)
Utilization of net operating losses		-		(7,098)
Tax-exempt investment income		(42,916)		(39,924)
Other		<u>(19,662)</u>		<u>(12,116)</u>
Total federal income tax expense		<u>\$ 738</u>		<u>\$ 67,711</u>

LAWYERS MUTUAL INSURANCE COMPANY OF KENTUCKY

Notes to the Financial Statements - Statutory Basis, continued

7. Statutory Restrictions on Surplus

Statutory regulations do not permit the Company to underwrite risks in which losses, after reinsurance, could exceed ten percent of policyholders' surplus. The Company is required to maintain minimum policyholders' surplus of \$2,500,000.

Property/casualty companies are subject to certain Risk-Based Capital (RBC) requirements as specified by the NAIC. Under those requirements, the amount of capital and surplus maintained by a property/casualty insurance company is to be determined based on the various risk factors to which it is related. At December 31, 2009 and 2008, the Company met the RBC requirements.

Dividend payments may not reduce the amount of capital and surplus below the minimum statutory requirement. There are no other restrictions on the availability of unassigned surplus for the payment of dividends to policyholders.

8. Commitments and Contingencies

The Company is named as a defendant in various legal actions arising principally from claims made under insurance policies and contracts. Those actions are considered by the Company in estimating the loss and loss adjustment expense reserves. The Company's management believes the resolution of those actions will not have a material effect on the Company's financial position or results of operations.

The Company leases its office space under an agreement that provides for monthly rental payments increasing from \$3,539 to \$4,115 throughout its term, which expires June 30, 2016. Rental expense under the lease was \$40,044 for 2009 and \$39,560 for 2008. Future minimum lease payments at December 31, 2009 are:

2010	\$	42,463
2011		45,919
2012		49,375
2013		49,375
2014		49,375
Thereafter		<u>74,063</u>
	\$	<u>310,570</u>

9. Retirement Savings Plan

The Company has established a Salary Reduction Simplified Employee Pension plan under which discretionary contributions may be made on behalf of all employees over twenty-one years of age. Contributions are fully vested and nonforfeitable at all times. The Board of Directors approved contributions to the plan of \$55,943 and \$51,568 for 2009 and 2008, respectively.

LAWYERS MUTUAL INSURANCE COMPANY OF KENTUCKY

Notes to the Financial Statements - Statutory Basis, continued

10. Subsequent Events

The Company's management evaluated the period from December 31, 2009 to April 20, 2010 (the date the financial statements were ready to be issued) for items requiring recognition or disclosure in the financial statements. No events occurred during the evaluation period that require disclosure or recognition in the financial statements.

SUPPLEMENTARY INFORMATION

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
	1 Amount	2 Percentage	3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. treasury securities.....	2,068,032	11.0	2,068,032	11.0
1.2 U.S. government agency obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies.....		0.0		0.0
1.22 Issued by U.S. government sponsored agencies.....	4,884,706	26.1	4,884,706	26.1
1.3 Non-U.S. government (including Canada, excluding mortgage-backed securities).....		0.0		0.0
1.4 Securities issued by states, territories and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations.....		0.0		0.0
1.42 Political subdivisions of states, territories & possessions & political subdivisions general obligations.....	3,286,876	17.5	3,286,876	17.5
1.43 Revenue and assessment obligations.....		0.0		0.0
1.44 Industrial development and similar obligations.....		0.0		0.0
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Issued or guaranteed by GNMA.....		0.0		0.0
1.512 Issued or guaranteed by FNMA and FHLMC.....		0.0		0.0
1.513 All other.....		0.0		0.0
1.52 CMOs and REMICs:				
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA.....		0.0		0.0
1.522 Issued by non-U.S. Government issuers and collateralized by mortgage-backed securities issued or guaranteed by agencies shown in Line 1.521.....		0.0		0.0
1.523 All other.....		0.0		0.0
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans and hybrid securities).....	6,885,060	36.8	6,885,060	36.8
2.2 Unaffiliated non-U.S. securities (including Canada).....		0.0		0.0
2.3 Affiliated securities.....		0.0		0.0
3. Equity interests:				
3.1 Investments in mutual funds.....		0.0		0.0
3.2 Preferred stocks:				
3.21 Affiliated.....		0.0		0.0
3.22 Unaffiliated.....		0.0		0.0
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated.....		0.0		0.0
3.32 Unaffiliated.....		0.0		0.0
3.4 Other equity securities:				
3.41 Affiliated.....		0.0		0.0
3.42 Unaffiliated.....		0.0		0.0
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated.....		0.0		0.0
3.52 Unaffiliated.....		0.0		0.0
4. Mortgage loans:				
4.1 Construction and land development.....		0.0		0.0
4.2 Agricultural.....		0.0		0.0
4.3 Single family residential properties.....		0.0		0.0
4.4 Multifamily residential properties.....		0.0		0.0
4.5 Commercial loans.....		0.0		0.0
4.6 Mezzanine real estate loans.....		0.0		0.0
5. Real estate investments:				
5.1 Property occupied by company.....		0.0		0.0
5.2 Property held for production of income (including \$.....0 of property acquired in satisfaction of debt).....		0.0		0.0
5.3 Property held for sale (including \$.....0 property acquired in satisfaction of debt).....		0.0		0.0
6. Contract loans.....		0.0		0.0
7. Receivables for securities.....		0.0		0.0
8. Cash, cash equivalents and short-term investments.....	1,608,564	8.6	1,608,564	8.6
9. Other invested assets.....	50	0.0		0.0
10. Total invested assets.....	18,733,289	100.0	18,733,239	100.0

*** 24520200928500:**

SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES

For the year ended December 31, 2009

(To be filed by April 1)

Of Lawyers Mutual Insurance Company of Kentucky

Address (City, State, Zip Code): Louisville KY 40202-4272

NAIC Group Code.....0

NAIC Company Code.....24520

Employer's ID Number.....61-1122974

The Investment Risks Interrogatories are to be filed by April 1. They are also to be included with the Audited Statutory Financial Statements.

Answer the following interrogatories by reporting the applicable U.S. dollar amounts and percentages of the reporting entity's total admitted assets held in that category of investments.

1. Reporting entity's total admitted assets as reported on Page 2 of this annual statement. \$.....21,339,166

2. Ten largest exposures to a single issuer/borrower/investment.

1	2	3	4
<u>Issuer</u>	<u>Description of Exposure</u>	<u>Amount</u>	<u>Percentage of Total Admitted Assets</u>
2.01 EVANSVILLE IN SEWER WORKS.....	BOND.....	\$.....525,327	.....2.462 %
2.02 HSBC FINANCE.....	BOND.....	\$.....402,897	.....1.888 %
2.03 CITIGROUP.....	BOND.....	\$.....400,761	.....1.878 %
2.04 GENERAL ELECTRIC CAPITAL.....	BOND.....	\$.....400,000	.....1.874 %
2.05 MERRILL LYNCH.....	BOND.....	\$.....398,126	.....1.866 %
2.06 GOLDMAN SACHS GROUP.....	BOND.....	\$.....394,638	.....1.849 %
2.07 MADISON CTY KY SCH DIST.....	BOND.....	\$.....360,077	.....1.687 %
2.08 MOREHEAD STATE UNIV - KY.....	BOND.....	\$.....352,627	.....1.652 %
2.09 BANK OF AMERICA.....	BOND.....	\$.....322,128	.....1.510 %
2.10 S HARRISON IN 2000 SCH BLDG.....	BOND.....	\$.....308,694	.....1.447 %

3. Amounts and percentages of the reporting entity's total admitted assets held in bonds and preferred stocks by NAIC rating.

<u>Bonds</u>	1	2
3.01 NAIC-1.....	\$.....16,525,610	.....77.443 %
3.02 NAIC-2.....	\$.....540,318	.....2.532 %
3.03 NAIC-3.....	\$.....0.000	.....0.000 %
3.04 NAIC-4.....	\$.....0.000	.....0.000 %
3.05 NAIC-5.....	\$.....0.000	.....0.000 %
3.06 NAIC-6.....	\$.....58,746	.....0.275 %
<u>Preferred Stocks</u>	3	4
3.07 P/RP-1.....	\$.....0.000	.....0.000 %
3.08 P/RP-2.....	\$.....0.000	.....0.000 %
3.09 P/RP-3.....	\$.....0.000	.....0.000 %
3.10 P/RP-4.....	\$.....0.000	.....0.000 %
3.11 P/RP-5.....	\$.....0.000	.....0.000 %
3.12 P/RP-6.....	\$.....0.000	.....0.000 %

4. Assets held in foreign investments:

4.01 Are assets held in foreign investments less than 2.5% of the reporting entity's total admitted assets?	Yes [X]	No []
If response to 4.01 above is yes, responses are not required for interrogatories 5-10.		
4.02 Total admitted assets held in foreign investments	\$.....	.....0.000 %
4.03 Foreign-currency-denominated investments	\$.....	.....0.000 %
4.04 Insurance liabilities denominated in that same foreign currency	\$.....	.....0.000 %

5. Aggregate foreign investment exposure categorized by NAIC sovereign rating:

	1	2
5.01 Countries rated NAIC-1.....	\$.....	.....0.000 %
5.02 Countries rated NAIC-2.....	\$.....	.....0.000 %
5.03 Countries rated NAIC-3 or below.....	\$.....	.....0.000 %

6. Largest foreign investment exposures by country, categorized by the country's NAIC sovereign rating:

	1	2
Countries rated NAIC-1:		
6.01 Country 1: .....	\$.....	.....0.000 %
6.02 Country 2: .....	\$.....	.....0.000 %
Countries rated NAIC-2:		
6.03 Country 1: .....	\$.....	.....0.000 %
6.04 Country 2: .....	\$.....	.....0.000 %
Countries rated NAIC-3 or below:		
6.05 Country 1: .....	\$.....	.....0.000 %
6.06 Country 2: .....	\$.....	.....0.000 %

	1	2	
7. Aggregate unhedged foreign currency exposure:	\$.....	.....	0.000 %
8. Aggregate unhedged foreign currency exposure categorized by NAIC sovereign rating:	1	2	
8.01 Countries rated NAIC-1.....	\$.....	.....	0.000 %
8.02 Countries rated NAIC-2.....	\$.....	.....	0.000 %
8.03 Countries rated NAIC-3 or below.....	\$.....	.....	0.000 %
9. Largest unhedged foreign currency exposures by country, categorized by the country's NAIC sovereign rating:	1	2	
Countries rated NAIC-1:			
9.01 Country 1: .....	\$.....	.....	0.000 %
9.02 Country 2: .....	\$.....	.....	0.000 %
Countries rated NAIC-2:			
9.03 Country 1: .....	\$.....	.....	0.000 %
9.04 Country 2: .....	\$.....	.....	0.000 %
Countries rated NAIC-3 or below:			
9.05 Country 1: .....	\$.....	.....	0.000 %
9.06 Country 2: .....	\$.....	.....	0.000 %
10. Ten largest non-sovereign (i.e. non-governmental) foreign issues:	1	2	
	<u>Issuer</u>	<u>NAIC Rating</u>	
		3	4
10.01 .....	\$.....	.....	0.000 %
10.02 .....	\$.....	.....	0.000 %
10.03 .....	\$.....	.....	0.000 %
10.04 .....	\$.....	.....	0.000 %
10.05 .....	\$.....	.....	0.000 %
10.06 .....	\$.....	.....	0.000 %
10.07 .....	\$.....	.....	0.000 %
10.08 .....	\$.....	.....	0.000 %
10.09 .....	\$.....	.....	0.000 %
10.10 .....	\$.....	.....	0.000 %
11. Amounts and percentages of the reporting entity's total admitted assets held in Canadian investments and unhedged Canadian currency exposure:			
11.01 Are assets held in Canadian investments less than 2.5% of the reporting entity's total admitted assets?			Yes [X] No []
If response to 11.01 is yes, detail is not required for the remainder of Interrogatory 11.			
11.02 Total admitted assets held in Canadian Investments	\$.....	.....	0.000 %
11.03 Canadian currency-denominated investments	\$.....	.....	0.000 %
11.04 Canadian-denominated insurance liabilities	\$.....	.....	0.000 %
11.05 Unhedged Canadian currency exposure	\$.....	.....	0.000 %
12. Report aggregate amounts and percentages of the reporting entity's total admitted assets held in investments with contractual sales restrictions.			
12.01 Are assets held in investments with contractual sales restrictions less than 2.5% of the reporting entity's total admitted assets?			Yes [X] No []
If response to 12.01 is yes, responses are not required for the remainder of Interrogatory 12.			
	1	2	3
12.02 Aggregate statement value of investments with contractual sales restrictions:	\$.....	.....	0.000 %
Largest three investments with contractual sales restrictions:			
12.03 .....	\$.....	.....	0.000 %
12.04 .....	\$.....	.....	0.000 %
12.05 .....	\$.....	.....	0.000 %
13. Amounts and percentages of admitted assets held in the ten largest equity interests:			
13.01 Are assets held in equity interest less than 2.5% of the reporting entity's total admitted assets?			Yes [X] No []
If response to 13.01 above is yes, responses are not required for the remainder of Interrogatory 13.			
	1	2	3
	<u>Name of Issuer</u>		
13.02 .....	\$.....	.....	0.000 %
13.03 .....	\$.....	.....	0.000 %
13.04 .....	\$.....	.....	0.000 %
13.05 .....	\$.....	.....	0.000 %
13.06 .....	\$.....	.....	0.000 %
13.07 .....	\$.....	.....	0.000 %
13.08 .....	\$.....	.....	0.000 %
13.09 .....	\$.....	.....	0.000 %
13.10 .....	\$.....	.....	0.000 %
13.11 .....	\$.....	.....	0.000 %

14. Amounts and percentages of the reporting entity's total admitted assets held in nonaffiliated, privately placed equities:
- 14.01 Are assets held in nonaffiliated, privately placed equities less than 2.5% of the reporting entity's total admitted assets? Yes [X] No []
- If response to 14.01 above is yes, responses are not required for the remainder of Interrogatory 14.
- | | | | |
|--|---------|-------|---------|
| | 1 | 2 | 3 |
| 14.02 Aggregate statement value of investments held in nonaffiliated, privately placed equities: | \$..... | ..... | 0.000 % |
| Largest three investments held in nonaffiliated, privately placed equities: | | | |
| 14.03 ..... | \$..... | ..... | 0.000 % |
| 14.04 ..... | \$..... | ..... | 0.000 % |
| 14.05 ..... | \$..... | ..... | 0.000 % |
15. Amounts and percentages of the reporting entity's total admitted assets held in general partnership interests:
- 15.01 Are assets held in general partnership interests less than 2.5% of the reporting entity's total admitted assets? Yes [X] No []
- If response to 15.01 above is yes, responses are not required for the remainder of Interrogatory 15.
- | | | | |
|---|---------|-------|---------|
| | 1 | 2 | 3 |
| 15.02 Aggregate statement value of investments held in general partnership interests: | \$..... | ..... | 0.000 % |
| Largest three investments in general partnership interests: | | | |
| 15.03 ..... | \$..... | ..... | 0.000 % |
| 15.04 ..... | \$..... | ..... | 0.000 % |
| 15.05 ..... | \$..... | ..... | 0.000 % |
16. Amounts and percentages of the reporting entity's total admitted assets held in mortgage loans:
- 16.01 Are mortgage loans reported in Schedule B less than 2.5% of the reporting entity's total admitted assets? Yes [X] No []
- If response to 16.01 above is yes, responses are not required for the remainder of Interrogatory 16 and Interrogatory 17.
- | | | | |
|---|---------|-------|---------|
| | 1 | 2 | 3 |
| <u>Type (Residential, Commercial, Agricultural)</u> | | | |
| 16.02 ..... | \$..... | ..... | 0.000 % |
| 16.03 ..... | \$..... | ..... | 0.000 % |
| 16.04 ..... | \$..... | ..... | 0.000 % |
| 16.05 ..... | \$..... | ..... | 0.000 % |
| 16.06 ..... | \$..... | ..... | 0.000 % |
| 16.07 ..... | \$..... | ..... | 0.000 % |
| 16.08 ..... | \$..... | ..... | 0.000 % |
| 16.09 ..... | \$..... | ..... | 0.000 % |
| 16.10 ..... | \$..... | ..... | 0.000 % |
| 16.11 ..... | \$..... | ..... | 0.000 % |
- Amount and percentage of the reporting entity's total admitted assets held in the following categories of mortgage loans:
- | | |
|---|-----------------|
| | Loans |
| 16.12 Construction loans..... | \$..... 0.000 % |
| 16.13 Mortgage loans over 90 days past due..... | \$..... 0.000 % |
| 16.14 Mortgage loans in the process of foreclosure..... | \$..... 0.000 % |
| 16.15 Mortgage loans foreclosed..... | \$..... 0.000 % |
| 16.16 Restructured mortgage loans..... | \$..... 0.000 % |
17. Aggregate mortgage loans having the following loan-to-value ratios as determined from the most current appraisal as of the annual statement date:
- | | | | | |
|-----------------------|----------------------|--------------------|-------------------|---------------------|
| | <u>Loan-to-Value</u> | <u>Residential</u> | <u>Commercial</u> | <u>Agricultural</u> |
| | 1 | 2 | 3 | 4 |
| 17.01 above 95%..... | \$..... 0.000 % | \$..... 0.000 % | \$..... 0.000 % | \$..... 0.000 % |
| 17.02 91% to 95%..... | \$..... 0.000 % | \$..... 0.000 % | \$..... 0.000 % | \$..... 0.000 % |
| 17.03 81% to 90%..... | \$..... 0.000 % | \$..... 0.000 % | \$..... 0.000 % | \$..... 0.000 % |
| 17.04 71% to 80%..... | \$..... 0.000 % | \$..... 0.000 % | \$..... 0.000 % | \$..... 0.000 % |
| 17.05 below 70%..... | \$..... 0.000 % | \$..... 0.000 % | \$..... 0.000 % | \$..... 0.000 % |
18. Amounts and percentages of the reporting entity's total admitted assets held in each of the five largest investments in real estate:
- 18.01 Are assets held in real estate reported less than 2.5% of the reporting entity's total admitted assets? Yes [X] No []
- If response to 18.01 above is yes, responses are not required for the remainder of Interrogatory 18.
- Largest five investments in any one parcel or group of contiguous parcels of real estate.
- | | | | |
|-------------|-------------|-------|---------|
| | Description | 2 | 3 |
| 18.02 ..... | \$..... | ..... | 0.000 % |
| 18.03 ..... | \$..... | ..... | 0.000 % |
| 18.04 ..... | \$..... | ..... | 0.000 % |
| 18.05 ..... | \$..... | ..... | 0.000 % |
| 18.06 ..... | \$..... | ..... | 0.000 % |
19. Report aggregate amounts and percentages of the reporting entity's total admitted assets held in investments held in mezzanine real estate loans.
- 19.01 Are assets held in investments held in mezzanine real estate loans less than 2.5% of the reporting entity's admitted assets? Yes [X] No []
- If response to 19.01 is yes, responses are not required for the remainder of Interrogatory 19.
- | | | | |
|---|---------|-------|---------|
| | 1 | 2 | 3 |
| 19.02 Aggregate statement value of investments held in mezzanine real estate loans: | \$..... | ..... | 0.000 % |
| Largest three investments held in mezzanine real estate loans: | | | |
| 19.03 ..... | \$..... | ..... | 0.000 % |
| 19.04 ..... | \$..... | ..... | 0.000 % |
| 19.05 ..... | \$..... | ..... | 0.000 % |

20. Amounts and percentages of the reporting entity's total admitted assets subject to the following types of agreements:

	<u>At Year-End</u>		<u>At End of Each Quarter</u>		
	1	2	1st Qtr 3	2nd Qtr 4	3rd Qtr 5
20.01 Securities lending agreements (do not include assets held as collateral for such transactions).....	\$.....	0.000 %	\$.....	\$.....	\$.....
20.02 Repurchase agreements.....	\$.....	0.000 %	\$.....	\$.....	\$.....
20.03 Reverse repurchase agreements.....	\$.....	0.000 %	\$.....	\$.....	\$.....
20.04 Dollar repurchase agreements.....	\$.....	0.000 %	\$.....	\$.....	\$.....
20.05 Dollar reverse repurchase agreements.....	\$.....	0.000 %	\$.....	\$.....	\$.....

21. Amounts and percentages of the reporting entity's total admitted assets for warrants not attached to other financial instruments, options, caps and floors:

	<u>Owned</u>		<u>Written</u>	
	1	2	3	4
21.01 Hedging.....	\$.....	0.000 %	\$.....	0.000 %
21.02 Income generation.....	\$.....	0.000 %	\$.....	0.000 %
21.03 Other.....	\$.....	0.000 %	\$.....	0.000 %

22. Amounts and percentages of the reporting entity's total admitted assets of potential exposure for collars, swaps, and forwards:

	<u>At Year-End</u>		<u>At End of Each Quarter</u>		
	1	2	1st Qtr 3	2nd Qtr 4	3rd Qtr 5
22.01 Hedging.....	\$.....	0.000 %	\$.....	\$.....	\$.....
22.02 Income generation.....	\$.....	0.000 %	\$.....	\$.....	\$.....
22.03 Replications.....	\$.....	0.000 %	\$.....	\$.....	\$.....
22.04 Other.....	\$.....	0.000 %	\$.....	\$.....	\$.....

23. Amounts and percentages of the reporting entity's total admitted assets of potential exposure for futures contracts:

	<u>At Year-End</u>		<u>At End of Each Quarter</u>		
	1	2	1st Qtr 3	2nd Qtr 4	3rd Qtr 5
23.01 Hedging.....	\$.....	0.000 %	\$.....	\$.....	\$.....
23.02 Income generation.....	\$.....	0.000 %	\$.....	\$.....	\$.....
23.03 Replications.....	\$.....	0.000 %	\$.....	\$.....	\$.....
23.04 Other.....	\$.....	0.000 %	\$.....	\$.....	\$.....