

# 2021 Financial Statements

We are a community of  
Kentucky Lawyers.



**MCM CPAs & Advisors LLP**, performed an independent audit of the Company's 2021 financial statements. A complete copy of the audited statements, with all explanatory notes, and the Independent Auditor's Report on Statutory-basis Financial Statements is available upon request.

**Lawyers Mutual Insurance Company of Kentucky**  
**Statutory-basis Statements of Admitted Assets, Liabilities and Surplus**  
**Years Ended December 31, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>Admitted assets</b>		
Invested assets and cash		
Bonds	\$ 21,183,780	\$ 19,700,743
Stocks	2,384,530	2,077,105
Cash	<u>1,315,781</u>	<u>862,376</u>
Total invested assets and cash	24,884,091	22,640,224
Investment income due and accrued	175,862	168,131
Premiums receivable	1,290,610	1,281,588
Reinsurance recoverables on paid losses	234,866	432,335
Deferred tax assets - net	<u>115,498</u>	<u>149,764</u>
Total assets	<u>\$ 26,700,927</u>	<u>\$ 24,672,042</u>
<b>Liabilities and surplus</b>		
Liabilities for losses and loss adjustment expenses	\$ 8,136,900	\$ 7,539,321
Unearned premiums - net of unearned premiums for ceded reinsurance of \$1,084,472 and \$1,081,353 in 2021 and 2020, respectively	2,500,566	2,513,103
Advance premiums	362,818	397,220
Reinsurance premiums payable	538,437	420,428
Accrued expenses and other liabilities	89,857	81,207
Federal income tax payable	160,875	151,051
Payable for securities	202,425	192,735
Amounts withheld or retained for accounts of others	<u>190,907</u>	<u>162,961</u>
Total liabilities	12,182,785	11,458,026
Surplus	<u>14,518,142</u>	<u>13,214,016</u>
Total	<u>\$ 26,700,927</u>	<u>\$ 24,672,042</u>

**Lawyers Mutual Insurance Company of Kentucky**  
**Statutory-basis Statements of Income**  
**Years Ended December 31, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
Earned premiums	\$ 4,736,667	\$ 4,682,306
Losses and loss adjustment expenses	3,062,990	2,900,398
Underwriting expenses	<u>935,500</u>	<u>992,344</u>
Underwriting income	738,177	789,564
Net investment income	620,900	597,710
Net realized capital losses - net of capital gains tax benefit of (\$648) and (\$49) in 2021 and 2020, respectively	(2,436)	(186)
Other miscellaneous income - net	<u>74,429</u>	<u>216,681</u>
Income before federal income tax provision	1,431,070	1,603,769
Federal income tax provision	<u>284,625</u>	<u>264,046</u>
Net income	<u>\$ 1,146,445</u>	<u>\$ 1,339,723</u>

**Lawyers Mutual Insurance Company of Kentucky**  
**Statutory Basis - Statements of Changes in Capital and Surplus**  
**Years Ended December 31, 2021 and 2020**

Balance, December 31, 2019	\$ 12,066,286
Net income	1,339,723
Net unrealized loss on investments - net of tax benefit of \$50,804	(191,040)
Surplus certificate redemptions	(5,325)
Decrease in net deferred income taxes	(8,221)
Change in nonadmitted assets	<u>12,593</u>
Balance, December 31, 2020	13,214,016
Net income	1,146,445
Net unrealized gain on investments - net of tax expense of \$46,238	182,803
Surplus certificate redemptions	(6,300)
Decrease in net deferred income taxes	11,973
Change in nonadmitted assets	<u>(30,795)</u>
Balance, December 31, 2021	<u><u>\$ 14,518,142</u></u>

**Lawyers Mutual Insurance Company of Kentucky**  
**Statutory-basis Statements of Cash Flows**  
**Years Ended December 31, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
Cash flows from operations		
Premiums collected - net of reinsurance	\$ 4,798,716	\$ 3,879,937
Net investment income	671,955	667,362
Miscellaneous income - net	<u>74,429</u>	<u>216,681</u>
Total receipts	5,545,100	4,763,980
Benefit and loss related payments	(1,114,710)	(2,814,328)
Underwriting expenses and loss adjustment expenses	(2,080,083)	(2,366,168)
Federal income taxes paid	<u>(274,152)</u>	<u>(99,070)</u>
Total payments	<u>(3,468,945)</u>	<u>(5,279,566)</u>
Net cash provided by (used in) operations	2,076,155	(515,586)
Cash flows from investment activities		
Proceeds from investments sold, matured or repaid	2,411,789	2,240,635
Cost of investments acquired	<u>(4,043,102)</u>	<u>(2,202,200)</u>
Net cash (used in) provided by investing activities	(1,631,313)	38,435
Cash flows from financing activities		
Surplus certificate redemptions	(6,300)	(5,325)
Other cash received	<u>14,863</u>	<u>12,283</u>
Net cash provided from financing activities	<u>8,563</u>	<u>6,958</u>
Net change in cash	453,405	(470,193)
Cash at beginning of year	<u>862,376</u>	<u>1,332,569</u>
Cash at end of year	<u>\$ 1,315,781</u>	<u>\$ 862,376</u>