

2022 Financial Statements

We are a community of
Kentucky Lawyers.





MCM CPAs & Advisors LLP, performed an independent audit of the Company's 2022 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
Statements of Admitted Assets, Liabilities and Surplus - Statutory Basis
Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Admitted assets		
Invested assets and cash		
Bonds	\$ 22,801,273	\$ 21,183,780
Stocks	2,643,363	2,384,530
Cash	<u>1,213,469</u>	<u>1,315,781</u>
Total invested assets and cash	26,658,105	24,884,091
Investment income due and accrued	198,869	175,862
Premiums receivable	1,249,853	1,290,610
Reinsurance recoverables on paid losses	82,180	234,866
Reinsurance premiums receivable	65,666	-
Deferred tax assets - net	<u>114,963</u>	<u>115,498</u>
Total assets	<u><u>\$ 28,369,636</u></u>	<u><u>\$ 26,700,927</u></u>
Liabilities and surplus		
Liabilities for losses and loss adjustment expenses	\$ 8,415,388	\$ 8,136,900
Unearned premiums - net of unearned premiums for ceded reinsurance of \$1,062,650 and \$1,084,472 in 2022 and 2021, respectively	2,505,092	2,500,566
Advance premiums	405,972	362,818
Reinsurance premiums payable	-	538,437
Accrued expenses and other liabilities	201,188	89,857
Federal income tax payable	110,194	160,875
Payable for securities	346,870	202,425
Amounts withheld or retained for accounts of others	<u>179,223</u>	<u>190,907</u>
Total liabilities	12,163,927	12,182,785
Surplus	<u>16,205,709</u>	<u>14,518,142</u>
Total	<u><u>\$ 28,369,636</u></u>	<u><u>\$ 26,700,927</u></u>

Lawyers Mutual Insurance Company of Kentucky
Statements of Income - Statutory Basis
Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Earned premiums, net	\$ 5,296,432	\$ 4,736,667
Losses and loss adjustment expenses, net	2,847,588	3,062,990
Underwriting expenses	<u>1,056,174</u>	<u>935,500</u>
Underwriting income	1,392,670	738,177
Net investment income	687,952	620,900
Net realized capital losses - net of tax benefit of (\$691) and (\$648) in 2022 and 2021, respectively	(2,600)	(2,436)
Other miscellaneous income - net	<u>73,893</u>	<u>74,429</u>
Income before federal income tax provision	2,151,915	1,431,070
Federal income tax provision	<u>428,645</u>	<u>284,625</u>
Net income	<u><u>\$ 1,723,270</u></u>	<u><u>\$ 1,146,445</u></u>

Lawyers Mutual Insurance Company of Kentucky
Statements of Changes in Capital and Surplus - Statutory Basis
Years Ended December 31, 2022 and 2021

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	14,518,142
Net income	1,723,270
Net unrealized gain on investments - net of tax expense of \$4,082	14,779
Surplus certificate redemptions	(8,190)
Decrease in net deferred income taxes	3,548
Change in nonadmitted assets	<u>(45,840)</u>
Balance, December 31, 2022	<u><u>\$ 16,205,709</u></u>

Lawyers Mutual Insurance Company of Kentucky
Statements of Cash Flows - Statutory Basis
Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operations		
Premiums collected - net of reinsurance	\$ 4,780,766	\$ 4,798,716
Net investment income	703,780	671,955
Miscellaneous income - net	<u>73,893</u>	<u>74,429</u>
Total receipts	5,558,439	5,545,100
Benefit and loss related payments	(1,041,318)	(1,114,710)
Underwriting expenses and loss adjustment expenses	(2,319,939)	(2,080,083)
Federal income taxes paid	<u>(478,634)</u>	<u>(274,152)</u>
Total payments	<u>(3,839,891)</u>	<u>(3,468,945)</u>
Net cash provided by operations	1,718,548	2,076,155
Cash flows from investment activities		
Proceeds from investments sold, matured or repaid	2,981,901	2,411,789
Cost of investments acquired	<u>(4,736,468)</u>	<u>(4,043,102)</u>
Net cash used in investing activities	(1,754,567)	(1,631,313)
Cash flows from financing activities		
Surplus certificate redemptions	(8,190)	(6,300)
Other cash (applied) received	<u>(58,103)</u>	<u>14,863</u>
Net cash (used in) provided by financing activities	<u>(66,293)</u>	<u>8,563</u>
Net change in cash	(102,312)	453,405
Cash at beginning of year	<u>1,315,781</u>	<u>862,376</u>
Cash at end of year	<u><u>\$ 1,213,469</u></u>	<u><u>\$ 1,315,781</u></u>