

2023 Financial Statements

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Cherry Bekaert LLP, performed an independent audit of the Company's 2023 financial statements. A complete copy of the audited statements, with all accompanying notes, and the Report of Independent Auditor 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, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
ADMITTED ASSETS		
Invested Assets and Cash:		
Bonds	\$ 23,014,180	\$ 22,801,273
Stocks	2,520,372	2,643,363
Cash	1,232,618	1,213,469
Total Invested Assets and Cash	26,767,170	26,658,105
Investment income due and accrued	213,415	198,869
Premiums receivable	1,257,146	1,249,853
Reinsurance recoverables on paid losses	284,219	82,180
Reinsurance premiums receivable	-	65,666
Federal income tax receivable	123,520	-
Deferred tax assets - net	174,901	114,963
Total Assets	<u>\$ 28,820,371</u>	<u>\$ 28,369,636</u>
LIABILITIES AND SURPLUS		
Liabilities for losses and loss adjustment expenses	\$ 8,368,306	\$ 8,415,388
Unearned premiums - net of unearned premiums for ceded reinsurance of \$1,092,483 and \$1,062,650 in 2023 and 2022, respectively	2,496,938	2,505,092
Advance premiums	381,762	405,972
Reinsurance premiums payable	1,156,554	-
Accrued expenses and other liabilities	182,190	201,188
Federal income tax payable	-	110,194
Payable for securities	-	346,870
Amounts withheld or retained for accounts of others	183,144	179,223
Total Liabilities	12,768,894	12,163,927
Surplus	16,051,477	16,205,709
Total Liabilities and Surplus	<u>\$ 28,820,371</u>	<u>\$ 28,369,636</u>

LAWYERS MUTUAL INSURANCE COMPANY OF KENTUCKY
STATEMENTS OF INCOME - STATUTORY BASIS

YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
Earned premiums, net	\$ 4,026,427	\$ 5,296,432
Losses and loss adjustment expenses, net	3,561,953	2,847,588
Underwriting expenses	<u>1,221,921</u>	<u>1,056,174</u>
Underwriting (loss) income	(757,447)	1,392,670
Net investment income	806,890	687,952
Net realized capital losses - net of tax benefit of (\$21,619) and (\$691) in 2023 and 2022, respectively	(81,328)	(2,600)
Other miscellaneous income - net	<u>74,626</u>	<u>73,893</u>
Income before federal income tax provision	42,741	2,151,915
Federal income tax provision	<u>35,320</u>	<u>428,645</u>
Net income	<u><u>\$ 7,421</u></u>	<u><u>\$ 1,723,270</u></u>

LAWYERS MUTUAL INSURANCE COMPANY OF KENTUCKY
STATEMENTS OF CHANGES IN CAPITAL AND SURPLUS - STATUTORY BASIS

YEARS ENDED DECEMBER 31, 2023 AND 2022

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	16,205,709
Net income	7,421
Net unrealized loss on investments - net of tax benefit of \$(47,105)	(177,462)
Surplus certificate redemptions	(7,425)
Decrease in net deferred income taxes	12,833
Change in nonadmitted assets	<u>10,401</u>
Balance, December 31, 2023	<u>\$ 16,051,477</u>

LAWYERS MUTUAL INSURANCE COMPANY OF KENTUCKY
STATEMENTS OF CASH FLOWS - STATUTORY BASIS

YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Premiums collected - net of reinsurance	\$ 5,208,990	\$ 4,780,766
Net investment income	789,542	703,780
Miscellaneous income - net	<u>74,626</u>	<u>73,893</u>
Total receipts	<u>6,073,158</u>	<u>5,558,439</u>
Benefit and loss related payments	(2,729,130)	(1,041,318)
Underwriting expenses and loss adjustment expenses	(2,322,863)	(2,319,939)
Federal income taxes paid	<u>(247,415)</u>	<u>(478,634)</u>
Total payments	<u>(5,299,408)</u>	<u>(3,839,891)</u>
Net cash flows from operating activities	<u>773,750</u>	<u>1,718,548</u>
Cash flows from investment activities:		
Proceeds from investments sold, matured or repaid	2,460,866	2,981,901
Cost of investments acquired	<u>(3,222,106)</u>	<u>(4,736,468)</u>
Net cash flows from investing activities	<u>(761,240)</u>	<u>(1,754,567)</u>
Cash flows from financing activities:		
Surplus certificate redemptions	(7,425)	(8,190)
Other cash received (applied)	<u>14,064</u>	<u>(58,103)</u>
Net cash flows from financing activities	<u>6,639</u>	<u>(66,293)</u>
Net change in cash	19,149	(102,312)
Cash at beginning of year	<u>1,213,469</u>	<u>1,315,781</u>
Cash at end of year	<u>\$ 1,232,618</u>	<u>\$ 1,213,469</u>