Report

of the

Examination of

LaPrairie Mutual Insurance Company

Janesville, Wisconsin

As of December 31, 2012

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State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

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May 2, 2013

Honorable Theodore K. Nickel
Commissioner of Insurance
State of Wisconsin
125 South Webster Street
Madison, Wisconsin 53703

Commissioner:

In accordance with your instructions, an examination has been performed as of December 31, 2012, of the affairs and financial condition of:

LAPRAIRIE MUTUAL INSURANCE COMPANY
Janesville, Wisconsin

and the following report thereon is respectfully submitted:

I. INTRODUCTION

The previous examination of LaPrairie Mutual Insurance Company (the company) was made in 2008 as of December 31, 2007. The current examination covered the intervening time period ending December 31, 2012, and included a review of such subsequent transactions deemed essential to complete this examination.

The “Summary of Examination Results” contains elaboration on all areas of the company's operations. Special attention was given to the action taken by the company to satisfy the recommendations and comments made in the previous examination report.

The company is annually audited by an independent public accounting firm as prescribed by s. Ins 50.05, Wis. Adm. Code. An integral part of this compliance examination was the review of the independent accountant's work papers. Based on the results of the review of these work papers, alternative or additional examination steps deemed necessary for the completion of this examination were performed. The examination work papers contain documentation with respect to the alternative or additional examination steps performed during the course of the examination.

In addition to auditing, the public accounting firm performs non-auditing services for the company, including income taxes, annual statement preparation and electronic filling. On December 3, 2010, an exemption was granted by the Commissioner, pursuant to s. Ins 50.08 (5), Wis. Adm. Code, permitting the independent auditor to perform this non-audit work for the company.

The company was organized as a town mutual insurance company on July 3, 1873, under the provisions of the then existing Wisconsin Statutes. The original name of the company was the Mutual Fire Insurance Company of the Town of LaPrairie. Subsequent amendments to the company's articles and bylaws changed the company's name to that presently used.

During the period under examination, there were no amendments to the articles of incorporation and no amendments to the bylaws.

The company is currently licensed to write property, including windstorm and hail, and nonproperty insurance. The company is currently licensed to write business in the following counties: Dane, Green, Rock, and Walworth.

A review was made of the policy and application forms currently used by the company. The company issues approved policies with or without endorsements for terms of one year with premiums payable on the advance premium basis. The company does not charge any other fees to policyholders.

Business of the company is acquired through four agents, one of whom is a director of the company. Agents are presently compensated for their services as follows:

Type of Policy	**Compensation**
All types	15%

Agents do not have the authority to adjust losses. Losses are adjusted by a shared adjuster employed by Grinnell Mutual Reinsurance Company. The adjuster receives $795 a month. If the company exceeds the limit of losses included in the sharing arrangement, the adjuster receives $400 per loss adjusted.

Policyholders may participate in the management and control of the company by attending and voting at all annual or special meetings of the members. No member may vote by proxy. The annual meeting of the company for the election of directors and special meetings of the company are held in accordance with its articles of incorporation.

Board of Directors

The board of directors consists of nine members divided into three classes. One class is elected at each annual meeting for a term of three years. Vacancies on the board may be filled by the directors for the interim to the next annual meeting when a director shall be chosen for the unexpired term.

The current board of directors consists of the following policyholders of the company:

Name	Principal Occupation	Residence	Expiry
James V. Huisheere	Farmer	Beloit, Wisconsin	2015
Mary Schulze	Administrative Assistant	Janesville, Wisconsin	2015
Hank Brill	Retired	Janesville, Wisconsin	2015
Lin Howard	Retired	Beloit, Wisconsin	2014
Gary Kraus	Farmer	Janesville, Wisconsin	2014
Richard O'Leary	Retired	Janesville, Wisconsin	2014
Kenneth Luety	Farmer	Clinton, Wisconsin	2013
Georgia L. Weis*	Manager	Edgerton, Wisconsin	2013
Richard E. Hahn	Retired	Clinton, Wisconsin	2013

Directors who are also agents are identified with an asterisk.

Members of the board currently receive $50 for each meeting attended and $0.565 per mile for travel expenses.

Section 612.13 (1m), Wis. Stat., requires:

(1) If a town mutual has fewer than nine directors, no more than one director may be an employee or representative of the town mutual; and

(2) Employees and representatives of a town mutual may not constitute a majority of its board.

The company is in compliance with these requirements.

Officers

Officers are elected by the board of directors from among its members and hold office for one year or until their successors are duly elected and qualified. Officers serving at the present time are as follows:

Name	Office	2012 Compensation
James V. Huisheere	President	$ 2,600
Richard E. Hahn	Vice-President	250
Georgia L. Weis	Secretary/Treasurer	120,363

Reported compensation is the total compensation paid by the insurer for the year and includes salary, commissions, director fees and rental income as applicable.

Committees of the Board

The company's bylaws allow for the formation of certain committees by the board of directors. The committees at the time of the examination are listed below:

Adjusting Committee
The full Board of Directors

Adjusting Subcommittee
Mary Schulze Chair
Lin Howard
James V. Huisheere

Finance Committee
Georgia L. Weis, Chair
Hank Brill
Richard E. Hahn

Employee Benefits and Salary Committee
Richard E. Hahn, Chair
Kenneth Luety
James V. Huisheere

Growth of Company

The growth of the company since the previous examination as compiled from its filed annual statements was as follows:

Year	Net Premiums Earned	Policies In Force	Net Income	Admitted Assets	Policyholders' Surplus
2012	$457,187	793	$(129,760)	$2,238,097	$1,847,557
2011	425,009	804	(135,958)	2,368,665	1,972,601
2010	433,846	827	83,921	2,460,529	2,080,410
2009	429,042	874	44,548	2,356,898	1,977,531
2008	422,482	927	110,532	2,293,689	1,910,330
2007	429,105	974	157,172	2,324,833	1,877,416

The ratios of gross and net premiums written to surplus as regards policyholders since the previous examination were as follows:

Year	Gross Premiums Written	Net Premiums Written	Policyholders' Surplus	Writings Ratios Net	Writings Ratios Gross
2012	$613,266	$454,683	$1,847,557	25%	33%
2011	614,955	432,541	1,972,601	22	31
2010	597,177	427,945	2,080,410	21	29
2009	607,505	427,082	1,977,531	22	31
2008	619,472	421,237	1,910,330	22	32
2007	625,618	424,672	1,877,416	23	33

For the same period, the company's operating ratios were as follows:

Year	Net Losses and LAE Incurred	Other Underwriting Expenses Incurred	Net Premiums Earned	Loss Ratio	Expense Ratio	Com-posite Ratio
2012	$326,415	$278,121	$457,187	71%	61%	132%
2011	351,768	266,962	425,009	83	62	145
2010	90,016	280,657	433,846	21	66	87
2009	176,379	260,870	429,042	41	61	102
2008	91,471	265,440	422,482	22	63	85
2007	31,635	252,475	429,105	7	59	66

Gross premium written has decreased 2% since the year 2007, while net premium written has increased 7%. Surplus has remained stable, reflecting fairly stable gross and net writing ratios. Since 2007, policies in force have dropped significantly by 181 policies. For the past two years, the company has reported underwriting and net losses from operations. In 2011 and 2012 the company experienced substantial losses due to severe wind and hail storms and house fires, which explains the high loss ratios of 83% and 71%, respectively. The company implemented rate and deductible increases at the beginning of 2013. The company is adequately capitalized with a surplus exceeding $ 1.8 million.

II. REINSURANCE

The examiners' review of the company's reinsurance portfolio revealed there is currently one ceding treaty. The treaty contained a proper insolvency clause and complied with s. Ins 13.09 (3), Wis. Adm. Code, concerning maximum wind loss. Company retentions of risk complied with s. Ins 13.06, Wis. Adm. Code.

Reinsurer:	Grinnell Mutual Reinsurance Company
Effective date:	January 1, 2013
Termination provisions:	At the end of the calendar year by either party giving no less than 90 days' notice in writing

The coverages provided under this treaty are summarized as follows:

1.	Type of contract:	Individual Occurrence of Loss Reinsurance
	Lines reinsured:	Property
	Company's retention:	$200,000
	Coverage:	100% of an individual occurrence loss above the company's retention
		100% of losses caused by earthquakes
		100% of losses due to pollution cleanup or removal
	Reinsurance premium:	$0.0081 per $1,000 of adjusted gross fire risk in force at the end of each month during the contract year
2.	Type of contract:	Aggregate Excess Reinsurance
	Lines reinsured:	Property
	Company's retention:	$427,169 with the agreement to comply with s. Ins 13.09, Wis. Adm. Code
	Coverage:	100% of unlimited losses above retention
	Reinsurance premium:	$0.0241 per $1,000 of adjusted gross fire risk in force at the end of each month during the contract year
3.	Type of contract:	Facultative Reinsurance
	Lines reinsured:	Property
	Company's retention:	Item determined on a per risk basis
	Coverage:	Item determined on a per risk basis
	Reinsurance premium:	Item determined on a per risk basis

4.	Type of contract:	Comprehensive Personal Liability and Farmers Comprehensive Personal Liability
	Lines reinsured:	Liability
	Company's retention:	$0
	Coverage:	100% of liability
	Reinsurance premium:	100% of premiums charged to insured less 20% ceding commission

LaPrairie Mutual Insurance Company also receives a contingent commission from Grinnell Mutual Reinsurance Company for successful performance. Contingent commission is based upon net underwriting profits realized by the company on all lines of property and liability insurance as a part of the reinsurance contract.

III. FINANCIAL DATA

The following financial statements reflect the financial condition of the company as reported to the Commissioner of Insurance in the December 31, 2012, annual statement. Adjustments made as a result of the examination are noted at the end of this section in the area captioned "Reconciliation of Policyholders' Surplus."

LaPrairie Mutual Insurance Company
Statement of Assets and Liabilities
As of December 31, 2012

Assets	Ledger	Nonledger	Not Admitted	Net Admitted
Cash on hand	$ 43	$	$	$ 43
Cash in checking	182,639			182,639
Cash deposited at interest	1,317,542			1,317,542
Stocks and mutual fund investments	496,813			496,813
Real estate	179,571			179,571
Premiums, agents' balances and installments:				
In course of collection	6,622			6,622
Deferred and not yet due	43,213			43,213
Investment income accrued		1,809		1,809
Electronic data processing equipment	3,402			3,402
Fire dues recoverable	134			134
Other nonexpense-related assets:				
Federal income tax recoverable	6,309			6,309
Furniture and fixtures	4,717		4,717	0
Totals	$2,241,005	$1,809	$4,717	$2,238,097

Liabilities and Surplus

Net unpaid losses	$ 37,368
Unpaid loss adjustment expenses	1,000
Commissions payable	41,548
Unearned premiums	267,287
Reinsurance payable	11,244
Other liabilities:	
Expense-related:	
Accounts payable	19,068
Nonexpense-related:	
Premiums received in advance	13,025
Total liabilities	390,540
Policyholders' surplus	1,847,557
Total Liabilities and Surplus	$2,238,097

LaPrairie Mutual Insurance Company
Statement of Operations
For the Year 2012

Net premiums and assessments earned		$ 457,187
Deduct:		
Net losses incurred	$283,782	
Net loss adjustment expenses incurred	42,633	
Net other underwriting expenses incurred	278,121	
Total losses and expenses incurred		604,536
Net underwriting gain (loss)		(147,349)
Net investment income:		
Net investment income earned		13,222
Other income (expense):		
Miscellaneous		4,367
Net Income (Loss)		$(129,760)

LaPrairie Mutual Insurance Company
Reconciliation and Analysis of Surplus as Regards Policyholders
For the Five-Year Period Ending December 31, 2012

The following schedule is a reconciliation of surplus as regards policyholders during the period under examination as reported by the company in its filed annual statements:

	2012	2011	2010	2009	2008
Surplus, beginning of year	$1,972,601	$2,080,410	$1,977,531	$1,910,330	$1,877,416
Net income	(129,760)	(135,958)	83,921	44,548	110,532
Net unrealized capital gain or (loss)	3,012	26,445	27,083	22,653	(77,618)
Change in nonadmitted assets	1,704	1,704	(8,125)		
Surplus, End of Year	$1,847,557	$1,972,601	$2,080,410	$1,977,531	$1,910,330

Reconciliation of Policyholders' Surplus

The examination resulted in no adjustments to policyholders’ surplus. The amount of $1,847,557 reported by the company as of December 31, 2012, is accepted.

IV. SUMMARY OF EXAMINATION RESULTS

Compliance with Prior Examination Report Recommendations

Comments and recommendations contained in the last examination report and the action taken on them by the company are as follows:

1. Accounts and Records—It is recommended that the company establish and comply with a reasonable threshold above which two signatures are required for general disbursements pursuant to s. Ins 13.05 (4), Wis. Adm. Code.

   Action—Compliance

2. Net Unpaid Losses—It is recommended that the company assign a claim number to and record in the loss register each claim when reported pursuant to s. Ins 13.05 (4) (e), Wis. Adm. Code, and document all pertinent communications in order to avoid the unfair claims settlement practice set forth in s. Ins 6.11 (3) (a) 1., Wis. Adm. Code.

   Action—Compliance

Current Examination Results

Corporate Records

The minutes of the annual meetings of policyholders and meetings of the board of directors and committees thereof were reviewed for the period under examination and also for the subsequent period.

Biographical data relating to company officers and directors have been reported in accordance with the provisions of s. Ins 6.52, Wis. Adm. Code.

The company has executed formal written agreements with its agents. The contracts include language indicating the agent will represent the company's interests "in good faith."

Conflict of Interest

In accordance with a directive of the Commissioner of Insurance, each company is required to establish a procedure for the disclosure to its board of directors of any material interest or affiliation on the part of its officers, directors, or key employees which conflicts or is likely to conflict with the official duties of such person. A part of this procedure is the annual completion of a conflict of interest questionnaire by the appropriate persons. The company has adopted such a procedure for disclosing potential conflicts of interest. Conflict of interest questionnaires were reviewed for the period under examination with no apparent conflicts being noted.

Fidelity Bond and Other Insurance

The company is afforded coverage under the terms of the following bonds or contracts and has complied with s. Ins 13.05 (6), Wis. Adm. Code, which sets forth the minimum requirements for fidelity bond coverage:

Type of Coverage	Coverage Limits
Fidelity bond	$ 110,000
Worker's compensation:	
Employee injury	Statutory
Employee liability:	
Each accident	500,000
Each employee	500,000
Policy limit	500,000
Property:	
Business personal property	50,000
Building	301,600
Commercial liability umbrella:	
Personal and advertising injury	1,000,000
Policy aggregate	1,000,000
Liability each occurrence	1,000,000
General liability level I:	
General aggregate	1,000,000
General liability level II:	
General aggregate	2,000,000
Professional liability	3,000,000

Underwriting

The company has a written underwriting guide. The guide covers all the lines of business that the company is presently writing.

The company has a formal inspection procedure for both new and renewal business. A sampling of new applications and renewal business is inspected by committee members who are independent of the risk under consideration and review.

Claims Adjusting

The company has an adjusting committee consisting of at least three directors as required by s. 612.13 (4), Wis. Stat. The function of this committee is to adjust or supervise the adjustment of losses.

Accounts and Records

The examiners' review of the company's records indicated that the company is in compliance with s. Ins 13.05, Wis. Adm. Code, which sets forth the minimum standards for the handling of cash and recording of cash transactions by town mutual insurance companies. The examiners noted the following:

1. A proper policy register is maintained.
2. A proper cash receipts journal is maintained.
3. A proper cash disbursements journal is maintained.
4. A proper general journal is maintained.

5. A proper general ledger is maintained.

An extensive review was made of income and disbursement items. Cash receipts were traced from source records and the proper recording and eventual deposit thereof ascertained. Negotiated checks issued during the period under examination were reviewed, test checked for proper endorsement, and traced to cash records. The verification of assets and determination of liabilities were made as of December 31, 2012.

The company is audited annually by an outside public accounting firm.

EDP Environment

Company personnel were interviewed with respect to the company's electronic data processing environment. Access to the computers is limited to people authorized to use the computers.

Company personnel back up the computers daily and the backed-up data is kept off-site. The company has manuals documenting the use of its software and outlining the steps to complete specific tasks. The manuals assist in the continuity of operations by providing instructions for seldom-used applications or when staff turnover occurs. The examination determined that the level of documentation contained in the manuals was reasonable.

Business Continuity Plan

A business continuity plan identifies steps to be performed by a company in the event of business interruptions including, but not limited to, the inability to access its computer, the loss of information on its computer, the loss of a key employee, or the destruction of its office building. The company has developed a business continuity plan. The company's business continuity plan appears to be adequate.

Invested Assets

Section 610.23, Wis. Stat., requires insurers to hold all investments and deposits of its funds in its own name except that:

(1) Securities kept under a custodial agreement or trust arrangement with a bank or banking and trust company may be issued in the name of a nominee of the bank or banking and trust company; and

(2) Any insurer may acquire and hold securities in bearer form.

For securities not held under a custodial agreement or trust arrangement with a bank or banking and trust company, s. Ins 13.05 (4), Wis. Adm. Code, requires that:

> Non-negotiable evidences of company investments such as registered bonds, certificates of deposits, notes, etc., shall be maintained in a safe or vault with adequate safety controls or in a safety deposit box in a bank. Negotiable evidences of company investments shall be maintained in a safety deposit box in a bank. Access to a company safety deposit box containing negotiable securities shall require the presence and signature of at least 2 officers, directors or employees of the company.

The company is in compliance with these requirements.

Investment Rule Compliance

The investment rule for town mutual insurers allows a company to invest in common stocks, common stock mutual funds, and other higher risk investments (referred to as "Type 2") provided that the town mutual has a sufficient amount of lower risk investments (referred to as "Type 1"). A town mutual may invest in Type 2 securities only if it already has sufficient Type 1 investments. Type 1 investments must equal or exceed the greater of items 1, 2, or 3.

1.	Liabilities plus $300,000	$ 690,540
2.	Liabilities plus 33% of gross premiums written	592,918
3.	Liabilities plus 50% of net premiums written	617,882
4.	Amount required (greater of 1, 2, or 3)	690,540
5.	Amount of Type 1 investments as of 12/31/2012	1,675,489
6.	Excess or (deficiency)	$ 984,949

The company has sufficient Type 1 investments.

ASSETS

Cash and Invested Cash **$1,500,224**

The above asset is comprised of the following types of cash items:

Cash in company's office	$ 43
Cash deposited in banks—checking accounts	182,639
Cash deposited in banks at interest	1,317,542
Total	$1,500,224

Cash in company's office at year-end represents the company's petty cash fund. A physical count was made by the examiners during the course of the examination and the balance reconciled to year-end.

Cash deposited in banks subject to the company's check and withdrawal consists of three accounts maintained in three banks. Verification of checking account balances was made by obtaining confirmations directly from the depositories and reconciling the amounts shown thereon to company records.

Cash deposited in banks represents the aggregate of 14 deposits in 9 depositories. Deposits were verified by direct correspondence with the respective depositories and by an actual count and inspection of certificates and/or passbooks. Interest received during the year 2012 totaled $10,980 and was verified to company cash records. Rates of interest earned on cash deposits ranged from 0.75% to 2.75%. Accrued interest on cash deposits totaled $1,809 at year-end.

Stocks and Mutual Fund Investments **$496,813**

The above asset consists of the aggregate market value of stocks and mutual funds held by the company as of December 31, 2012. The majority of stocks and mutual funds owned by the company are held in trading accounts with the company’s custodian, Waukesha State Bank. Those not held by the company’s custodian were physically examined by the examiners.

Stock and mutual fund purchases and sales for the period under examination were checked to brokers' invoices and advices. The company's investment in stocks and mutual funds was in conformance with Wisconsin Statutes and the rules of the Commissioner of Insurance as regards investments made by town mutual insurers.

Dividends received during 2012 on stocks and mutual funds amounted to $15,033 and were traced to cash receipts records. There were no due and accrued dividends at year-end.

Book Value of Real Estate **$179,571**

The above amount represents the company's investment in real estate, net of depreciation, as of December 31, 2012. The company's real estate holdings consisted of its home office building with a book value of $177,571 and land with a book value of $2,000.

The required documents supporting the validity of this asset were reviewed and were in order. Adequate hazard insurance was carried on the real estate and contents as noted under the caption "Fidelity Bond and Other Insurance." The company's investment in real estate and related items was in conformance with the Wisconsin Statutes and the rules of the Commissioner of Insurance as regards investments made by town mutual insurers.

Premiums, Agents' Balances in Course of Collection **$6,622**

This asset represents the amounts due from agents or policyholders which are not in excess of 90 days past due at year-end. A review of detailed premium records verified the accuracy of this asset.

Premiums Deferred and Not Yet Due **$43,213**

This asset represents modal premium installments (such as monthly, quarterly, etc.) that are not yet due. A review of a sample from the company's detailed list of deferred premiums verified the accuracy of this asset.

Investment Income Accrued **$1,809**

Interest due and accrued on the various assets of the company at December 31, 2012, consists of the following:

Cash deposited at interest	$1,809

Electronic Data Processing Equipment **$3,402**

The above balance consists of computer hardware and operating system software, net of depreciation as of December 31, 2012. A review of receipts and other documentation verified the balance. The company does not have non-operating system software.

Fire Dues Recoverable **$134**

This asset represents the amount overpaid to the state of Wisconsin for 2012 fire dues. The examiners reviewed the company's fire department dues calculation and found this asset to be correctly calculated.

Federal Income Tax Recoverable **$6,309**

The asset represents the amount of federal income taxes that the company had overpaid as of December 31, 2012. The examiners verified the balance to the income tax filing form.

Furniture and Fixtures **$0**

This asset consists of $4,717 of office furniture and equipment owned by the company at December 31, 2012. In accordance with annual statement requirements, this amount has been reported as a nonadmitted asset, thus the balance shown above is $0.

LIABILITIES AND SURPLUS

Net Unpaid Losses **$37,368**

This liability represents losses incurred on or prior to December 31, 2012, that remained unpaid as of that date. The examiners reviewed the reasonableness of this liability by totaling actual loss payments made subsequent to December 31, 2012, with incurred dates in 2012 and prior years. To the actual paid loss figure was added an estimated amount for 2012 and prior losses remaining unpaid at the time of the examination. The examiners' development of unpaid losses is compared with the amount estimated by the company in the following schedule.

	Company Estimate	Examiners' Development	Difference
Incurred but unpaid losses	$52,934	$62,508	$ (9,574)
Less: Reinsurance recoverable on unpaid losses	15,565	0	15,565
Net Unpaid Losses	$37,369	$62,508	$(25,139)

The deficiency in the loss reserves was a result of incurred but not reported losses in 2012. The above difference of $25,139 was not considered material for purposes of this examination. No adjustment to surplus was made.

The examiners' review of claim files included open claims, paid claims, claims closed without payment, and claims that were denied during the examination period. The review indicated that claims are investigated and evaluated properly and that payments are made promptly and in accordance with policy provisions upon the submission of a proper proof of loss. In addition, the review of claims handling procedures and files revealed the following:

1. A proper loss register is maintained.
2. Claim files contained sufficient investigatory data and documentation to verify settlement payments or reserve estimates.
3. Proofs of loss were properly signed.

Unpaid Loss Adjustment Expenses **$1,000**

This liability represents the company's estimate of amounts necessary to settle losses which were incurred prior to December 31, 2012, but which remained unpaid as of year-end. The methodology used by the company in establishing this liability is based on a ten-year average adjusted for extraordinary events.

The examiners' analysis of expenses incurred in the current year related to the settlement of prior year losses, as well as estimates of amounts necessary to settle any prior losses remaining unpaid at the examination date, determined this liability to be adequately stated.

Commissions Payable **$41,548**

This liability represents the commissions payable to agents as of December 31, 2012. The examiners reviewed the company's subsequent commission payments and found the liability to be reasonably stated.

Unearned Premiums **$267,287**

This liability represents the reserve established for unearned premiums in compliance with s. Ins 13.08 (3), Wis. Adm. Code. This reserve was established using a daily pro rata methodology.

Reinsurance Payable **$11,244**

This liability consists of amounts due to the company's reinsurer at December 31, 2012, relating to transactions which occurred on or prior to that date.

Aggregate Excess Fire Reinsurance	$ 4,546
Individual Occurrence of Loss Reinsurance	1,523
Equipment Breakdown Reinsurance	881
Facultative Reinsurance	261
Liability Reinsurance	4,033
Total	$11,244

Accounts Payable **$ 19,068**

This liability represents accrued expenses on employee wages, retirement contributions, federal and state unemployment taxes, utilities and other expenses at year-end. The examiners verified supporting records and subsequent cash disbursements related to these expenses and found the liability to be reasonably stated.

Premiums Received in Advance **$13,025**

This liability represents the total premiums received prior to year-end for policies with effective dates after December 31, 2012. The examiners reviewed 2012 premium and cash receipt records to verify the accuracy of this liability.

V. CONCLUSION

LaPrairie Mutual Insurance Company is a town mutual insurer with an authorized territory of four counties in south central Wisconsin. The company has been in business for 140 years providing property and liability insurance to its policyholders.

Considering economic conditions and soft insurance market, the company's premium volume has remained fairly stable. Gross premium written has decreased 2% since 2007, while net premium written has increased 7%. The company has reported significant losses in years 2011 and 2012; however, the company has remained financially stable with admitted assets of $2,238,097, liabilities of $390,540 and surplus of $1,847,557. Policies in force decreased from 927 in 2008 to 793 in 2012.

The company complied with the two recommendations from the previous examination report.

VI. SUMMARY OF COMMENTS AND RECOMMENDATIONS

There were no recommendations made as a result of this examination.

VII. ACKNOWLEDGMENT

The courteous cooperation extended to the examiners by the company's personnel is hereby acknowledged.

In addition to the undersigned, Vickie Ostien of the Office of the Commissioner of Insurance, State of Wisconsin, participated in the examination.

Respectfully submitted,

Ana Careaga
Examiner-in-Charge